



Starting up your business

A step-by-step approach

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SME Bank, Malaysia

Although many entrepreneurs start with strong capabilities and personal instincts on how to succeed, there are also many who start businesses with limited knowledge and resources on how to grow a business. The will to become an entrepreneur often stems from a business idea or the development of new product or service. However, a high percentage of businesses in the small and medium enterprise (SME) category tend to fail each year, frequently within the first two years of operations where numerous factors contribute towards the success or failure of a new business.

Within any field of business endeavor, there are opportunities as well as limitations in being a smaller company or start-up where the willingness to work hard sometimes is just not enough to sustain business growth in competitive marketplaces. Getting the business model right is important not only at the start of a business, but through the whole business lifecycle where ready access to market-critical knowledge, relationships and work experience determines how fast or how slow a company grows. The business route they take usually travels through the following four phases of development, as shown below. □

Phase	Trigger	Drivers
1. Starting Up	<ul style="list-style-type: none"> ▪ Business Idea ▪ Self-determination 	<ul style="list-style-type: none"> ▪ Personal expertise ▪ Sound business model/plan ▪ Sources of financing ▪ Brand knowledge ▪ Product/Service innovation ▪ Design ▪ IP/Trademark Protection
2. Producing the product/service	<ul style="list-style-type: none"> ▪ Contract ▪ Market Opportunity 	<ul style="list-style-type: none"> ▪ Production expertise ▪ Process/Systems expertise ▪ Certification ▪ Operational skills ▪ Risk management ▪ Cash flow/Debt management ▪ Brand knowledge ▪ Pricing ▪ Packaging
3. Marketing/ distributing the product/service	<ul style="list-style-type: none"> ▪ Product/service competitiveness ▪ Channel/partner opportunity ▪ Business matching opportunity 	<ul style="list-style-type: none"> ▪ Market knowledge & research ▪ Competitor monitoring ▪ Brand knowledge ▪ Advertising & promotions effectiveness ▪ 3rd party/channel management ▪ Effective order fulfillment logistics ▪ Network connections
4. Growing the business and going global	<ul style="list-style-type: none"> ▪ Market competitiveness ▪ Contract/sponsor ▪ Market endorsement ▪ Customer satisfaction ▪ Business growth opportunity 	<ul style="list-style-type: none"> ▪ Stable sources of financing ▪ Financial management ▪ Brand knowledge ▪ Customer acquisition & retention ▪ Tax planning management ▪ Operational risk management ▪ Legal issues management ▪ Communications integration ▪ Image management ▪ People & human resource management ▪ Knowledge/information management ▪ Network/partner management, etc.

A start-up success story



Innova Biotechnology, Thailand

<http://www.boi.go.th>

Less than a decade ago, Thai researchers involved with the National Centre for Genetic Engineering and Biotechnology (BIOTEC) found little interest among existing biotech companies when they attempted to market some of the techniques that they had developed to detect local viral strains. At that time, the biotech industry in Thailand was still relatively small and existing companies seemed to have little desire to market the type of localized diagnostic tests that the researchers had developed. After two years of unsuccessfully pitching their product, BIOTEC recommended that the researchers consider establishing their own commercial operation to deliver their product to the market.

About five years ago, researchers and co-founders Dr. Tararaj Dharakul and Dr. Sirirug Songsivilai heeded those words of advice. Together with support from the National Science and Technology Development Agency (the parent of BIOTEC), private investors and academia, they established Innova Biotechnology Company Ltd. With a slogan of "Biotechnology for improving the quality of life," Innova specializes in the manufacture of rapid diagnostic tests and in the research and development (R&D) of diagnostic tools. Furthermore, in addition to the company's own line of products, Innova also receives contracts to carry out R&D, including the development of prototypes, from other companies as well.

Innova's main products consist of rapid tests for detecting local strains of infectious diseases and drug abuse, together with other tests for both human and veterinary use. Interestingly, during the first outbreak of avian influenza, Innova needed just 10 days to develop a rapid test for detecting the bird flu virus in infected chickens and human beings.

Innova's test kits are also unique in that they have been designed and produced specifically for the local market. In the past, Thailand had to rely on imported diagnostic tests for certain infectious diseases. While these tests are better than nothing, they were not ideal because they do not always pick up on local strains unique to Thailand or the region. Because Innova's tests are developed for local strains and thoroughly tested locally, they tend to yield more accurate results. The tests are also extremely simple to use and require no special equipment or refrigeration. Of course, as simple as they make it look, all of these tests employ a high level of technology and methodology. As Dr. Sirirug puts it, "Innova uses technology to make it simple."

Each of Innova's products is manufactured using modern

The Board of Investments (BOI), Thailand

automated and climate controlled facilities. From the outset, Innova has met or exceeded international standards, and the company has both ISO 9001 and GMP certification. Innova also benefits from its partnership with both the private and public sectors, which it claims allows it "to enjoy the best of business and industrial operations with strong strategic alliances with world-class biotechnology institutes in Thailand and abroad."

Though Innova's focus remains set on developing and manufacturing diagnostics for the local market, they also see potential to expand both within the region and internationally. At the moment, the company is working on new rapid tests for tropical diseases such as malaria, dengue fever, tuberculosis and melioidosis. In addition to that, Innova's research and development team are constantly at work devising the next generation of their current tests. With each new generation, the development process tends to become more and more complex, while the ease of use improves without an increase in price. As Dr. Tararaj explains, "the trend is that you will get better and better tests at the same price." As a result of its persistent efforts to continually advance its products, the company is able to introduce a new generation at a rate of every six to twelve months.

Both of Innova's founders are optimistic about Thailand's potential in becoming a base of operations for biotech companies. "Biotech in Thailand is rather new," explains Dr. Sirirug, "but there are lots of opportunities. The opportunities lie in the availability of skilled personnel and good raw materials based on our bioresources and biodiversities." He cites Innova as a prime example of "a small business that developed based on skill and high technology." Dr. Sirirug also notes that the recent expansion of BOI incentives for biotechnology is a step in the right direction towards further encouraging Thailand's budding biotech industry.

Thailand's biotech industry also stands to gain from the country's status as a medical tourism hub. Dr. Sirirug believes that the large number of foreigners being treated in Thai hospitals is great asset for both the biotech and health services sectors. Furthermore, Thailand has a very good and relatively unexplored biodiversity, which represents a distinctive opportunity for R&D.

As the biotech industry continues to develop in Thailand, Innova Biotechnology aims to maintain its position as both a pioneer and leader in the field. Now, if only the path to success were as quick and easy as one of their rapid diagnostic tests. □