

# Crystal Ball: **GAZING INTO 2020**

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# Crystal Ball: GAZING INTO 2020

We barely entered 2020 and what a year it has been so far.

Natural disasters, a worsening viral pandemic, uncertain global trade relations...

Who would have known that 2020 could be turning out to be even more challenging than the year that just ended?

In this issue, business leaders in Southeast Asia will sum up 2019 and peer into their crystal balls to spot the risks and advise on how best to rise up to this new year that promises more volatility and unpredictability than before.

Tighten your seat belt for a tough ride ahead.

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# Keeping up in 2020

By Celeste Lim  
Director  
Dale Carnegie Singapore

# Keeping up in 2020

## RAPID CHANGES

Looking at the latest business and economic developments, we can hardly escape the conclusion that everything is in a flux. Where technological disruption meets banking, we have the advent of digital currency. Traditional financial institutions face competition from new players into the field, entrants that have never been in the business of credit and loan. Think China's Tencent. Evolution is also taking place in other industries. Henry Ford, if he was to be alive today, would marvel at the ambition of the pioneers of self-driving vehicles. We no longer look to NASA to further our adventures in outer space. Put Elon Musk, Richard Branson and Mark Zuckerberg in the same room and we might just speed up the quest for the colonization of space.

Looking at all these transformations (some say disruptions), we might easily come away with the understanding that ordinary people with ordinary ideas (business and otherwise) will never capitalize and profit in such an environment. The phenomenal achievements of the chief executive and co-founder of Facebook is something that mere mortals can only fantasize about. In this case, do we all throw our hands up in the air and abandon all efforts to generate greater success?





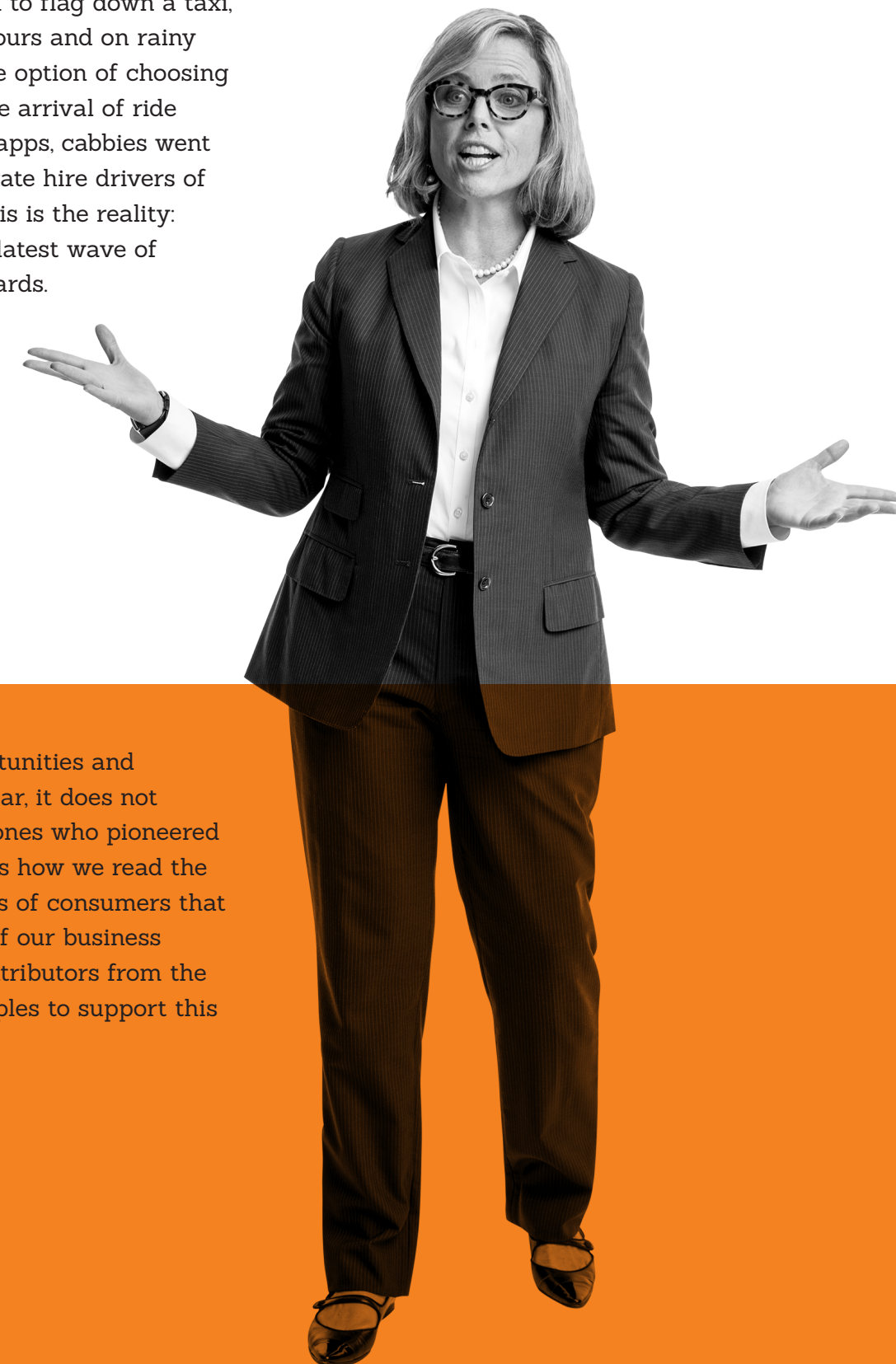
## NEEDS AND OPPORTUNITIES

Forging a path to success may seem daunting in this new year. But let's take a step back before we all get swept away by the numerous tides of disruption. Yes, new-fangled technologies and modes of conducting businesses constantly appear and replace current ones. But the needs of people are more or less constant. Let's just look at the food delivery business. Getting food delivered on time and on demand have always been needed. Pizza restaurants thrived on that. With the proliferation of smartphones and the realization that food delivery can be as convenient as downloading an app onto our phones and clicking on the various food options wherever we are, the food delivery industry exploded.

The ones who benefit are not just companies like Deliveroo, Food Panda and Grab (in Singapore). Fancy restaurants, humble food stalls in non-descript coffeeshops, delivery riders and even suppliers of food containers for take outs saw increased business activity. The pie is big enough for everyone. The basic needs – that of satisfying hunger and expecting convenience, have always been around. Those who profit from it are the ones who fully utilize current trends and technology to better meet those needs.

## RIDING THE WAVE

Adapting and thriving are key to 2020. Not so long ago, it was a pain to flag down a taxi, especially during peak hours and on rainy days. Taxi drivers had the option of choosing their passengers. With the arrival of ride sharing and ride-hailing apps, cabbies went up in arms, accusing private hire drivers of stealing their jobs. But this is the reality: whoever can ride on the latest wave of change will reap the rewards.



So, gazing into the opportunities and challenges of this new year, it does not matter if we are not the ones who pioneered something totally new. It's how we read the market to fulfill the needs of consumers that will determine the level of our business success. In this issue, contributors from the region will provide examples to support this perspective.





By Paul J. Siregar  
Managing Director  
Dale Carnegie Indonesia

# THRIVING

## amid the gloom

### GLOOMY OUTLOOK

The Indonesian economy did not perform well in 2019. According to the Asian Development Bank and the Institute of Economic and Social Research Annual, the annual growth rate for the country will not exceed 5.1 per cent. This is not a good sign, considering that the economy grew by just over 6 per cent in 2012. Despite its huge geographical size, Indonesia's economic performance puts the country in sixth place among the 11 countries in Southeast Asia.

Growth of working capital loan has slowed down. It dropped from above 11 per cent in the third quarter of 2018 to just 4.1 per cent in October 2019. It was lowest in the processing industry which registered 3.8 per cent. Consumption loan has also dropped from above 11 per cent in the third quarter of 2018 to 6.5 per cent in October 2019. The only bright spot was in investment loan which has increased from around 9 per cent in the

fourth quarter of 2018 to 14.6 per cent in June 2019. However, it dipped to 11.4 per cent in October 2019.

The situation in the oil and gas industry was not rosy, too. Traditionally regarded as the backbone of the Indonesian economy for the past five decades, the production of oil decreased from 829,000 barrels a day in 2016 to 752,000 barrels a day at the end of 2019. Gas production declined from 1.2 million barrels a day in 2014 to 1.8 million barrels a day at the close of 2019.

We saw the same picture in export, another pillar of the country's economy. It registered a disappointing negative year-on-year (YoY) growth in every single month of 2019 compared to 2018, with the worst in August 2019 when YoY export dropped by almost 10 per cent.



Even though Jakarta is relying on domestic consumption as a key driver of the country's economy, retail is showing a declining trend in the past five years. Retail growth in 2019 performed a lot better than in 2017. But it declined in the second half of 2019. Over the course of five years, retail growth dropped ominously from an average 14 per cent in 2014 to an average of barely 1 per cent in 2019. It became obvious when megastores such as Giant had to shutter six of its outlets in 2019. The owner, Hero Supermarket, suffered losses for two years running even after closing 165 stores between 2015 and 2018.

## BRIGHT SPOTS

Interestingly, some retail stores have bucked the downward trend. They grew, both in the number of outlets as well as profits. Alfamart, the second largest chain of convenience store, has added more than 1,200 new stores since 2017 and reached an 80 per cent increase in net profit in 2018. Its competitor, Indomaret, which has Indonesia's largest chain of convenience stores, has added more than 1,000 stores in the same period and increased net profit by almost 80 per cent. Between the megastores and the convenience stores are the supermarkets. The largest player is Super Indo and it plans to double its store count to 351 by 2023. In fact, in December 2019, they have opened six new supermarkets.



## SINK OR SWIM?

Putting all these developments together, the picture might appear to be patchy. There seems to be no coherent narrative when it comes to summarizing Indonesia's economic performance in the past year. This makes projections about 2020 difficult. Most economic indicators suggest that it might take a while before the Indonesian economy can perform better. Factor in the looming global recession with the US-China trade war as a catalyst and the pessimistic financial outlook that many companies might face, we do not have many reasons to be optimistic. However, as we have seen in the case of the convenience stores and the supermarkets, it is still possible to thrive and register meaningful growth in spite of the overall negative climate. How different sectors and organizations will do so will depend largely on their leadership. Leaders' agility to navigate obstacles and turn risks into opportunities may very well be the deciding factor as to whether their organizations sink or swim in 2020.

# GEARING UP

## for the 4th Industrial Revolution

By Dato' Wan Hisham Wan Salleh - CEO/President  
Dale Carnegie Malaysia



## ARTIFICIAL INTELLIGENCE

Technology has grown by leaps and bounds. This is especially evident in the area of Artificial Intelligence (AI) which is rapidly changing the way we live and work. Malaysia is quickly jumping on the bandwagon. Late last year, Artificial Intelligence in Medical Epidemiology (AIME) Healthcare announced the usage of AI in predicting dengue outbreak 30 days before it happens. Let's also not forget AI4Good's technology, AIagriculture, that can not only tell you where to grow, but what to grow on a designated land parcel.

Earlier this year, a study by Microsoft and IDC Asia/Pacific found that only 26 per cent of organizations in Malaysia have embraced AI. Titled Future Ready Business: Assessing Asia Pacific's Growth Potential Through AI, the study found that the number of companies using AI is expected to grow at an accelerated pace. This is because IDC forecasts an improvement of 1.6 times in the next three years for AI users.

## GOING BEYOND

But the question on everyone's mind now is this: after we load everyone onto the AI bandwagon, are organizations ready to do more? Are business owners and leaders ready to embrace AI in change management, organizational development and digital transformation?

**2020 will be the year for human resource to ask the following questions:**

- What skills are needed for employees to work with new technologies?
- How do we redefine work around human capabilities in the context of greater adoption of AI at the workplace?
- How can Big Data and AI provide the best learning path for each employee?
- How will corporate culture evolve to cope with the Fourth Industrial Revolution?

Given the rapidly changing technological landscape and its impact on how we work, the new year will pose several challenges for corporations and organizations in staff management and all the issues that come with it. Dale Carnegie Malaysia will be partnering stakeholders to rise up to the challenges that 2020 will bring.





CP Paper Corporation was founded with the goal of focusing on environmentally friendly products such as eye-friendly paper, FSC-certified paper, food packaging, paper cups, paper straws (replacing single-use plastic). CP Paper is also proud to be the first paper company in Vietnam that achieved the LEED Silver certificate by the US Green Building Council. The leading perception and awareness in environmentally friendly products have helped the company gain the trust of business partners in the industry. Its parent company, Phung Vinh Hung Paper JSC, is the leading paper trading company in Vietnam.

## Going GREEN

By To My Chau  
CEO - CP Paper Corporation

## TAKING STOCK

It has been a challenging year due to the impact of the US-China trade war. In 2019, we saw stiff competition in the export market and the domestic market. The shift towards using more recycled paper products was also another factor. Businesses tried hard to strike a balance between production and efficiency to stay in the game.

### We spotted the following developments in 2019:

- The price of paper decreased by more than 20 per cent due to lower demand in China.
- Increased Chinese investments in Vietnam for processing, manufacturing and then exporting to the US.
- Chinese and Vietnamese governments tightened environmental policies.
- Packaging and labelling products dominated the market, followed by printing and writing, industrial use, building and construction, and food services.
- Packaging grew all over the world, focusing more on environmentally friendly solutions and products.

To stay competitive in the light of these business trends, our company invested in green products and buildings to strengthen our competitive advantage in Vietnam and aim for sustainable development.

# NEW YEAR, NEW STRATEGIES



CP PAPER

The US-China trade spat will very likely continue in 2020. In 2019, we realized that this created opportunities for us in Vietnam to export more of our products to the US. However, China also moved into non-US markets aggressively. In addition, paper prices will continue to decline significantly in the new year.

It is impossible for us to know when the two global powers will have improved trade ties. Since it has been happening for almost a year, the market would have made, and will continue to make, adjustments to better cope with it. For the paper industry, the current prevailing economic and political climate translates into more export business. This is especially so when the country of origin is not China or the US. With the increased focus on climate change, there will be higher demand for environmentally friendly products. We will see more demand for cardboard as a packaging material in e-commerce. Automation in logistics, process management and digital manufacturing will become a prioritized strategy for cost reduction and operational efficiency enhancement.

## 5Gs

For the past 31 years, we have been relentless in our effort to become the leading paper and packaging merchant by market share in every product line in Vietnam. For the next stage of development, we will commit to meeting the 5Gs: **Green Factory, Green Energy, Green Idea, Green Process and Green Products.**



- Building green factories for better working environment.
- Using more renewable energy like solar power and automatic irrigation system to optimize energy usage.
- Reducing plastic in packaging design.
- Replacing single-use plastic with paper. For example, paper cup and not plastic cup; paper straw and not plastic straw.
- Thinking green in every process.
- Introducing more green products.





Generali Life Assurance (Thailand) was founded in September 2002. It has created a network of care that includes over 400 doctors, hospitals, clinics and healthcare providers in Thailand. It serves a host of international corporations that includes Pepsi-Cola, Philips Electronics, Auto Alliance, Starbucks Coffee, DHL Express International, Microsoft, Google, among many others.

# Planning for Success

By Bundit Jiamanukoonkit  
CEO - Generali Life Assurance (Thailand) Plc

## Frenetic competition

I would use three words to describe 2019: Fast, competitive and challenging.

Fast because the business environment transforms very quickly. Things seem to be moving a lot faster today than in the past. In order to really achieve good results, you need to keep pace with developments to stay in business. Whether it is the consumer, your competitor, the ecosystem that we operate in and other related functions that are constantly evolving, everything is developing more rapidly.

There is stiff competition as there are more players in the market and we are starting to see lower returns globally. Everyone is gunning for a bigger market share and we are willing to do more to get a bigger slice of the pie. Some even resort to price dumping just to stay in the game. It's also not just about price cutting. Innovation compels everyone to constantly be on our toes to maintain and enlarge market share.

A combination of quick pace and competitive environment created the challenging conditions we witnessed in 2019.

## Rising above challenges

To stay in the game, my company started going paperless and better utilized technology. Robots were used to perform manual, repetitive work so that we do not need to increase headcount. To provide a better customer service experience, digital applications were introduced. We have been adopting new technologies all along prior to 2019. What was unique about the year that just passed was that we started to reap the rewards we sowed in the years that preceded.

It's not always just about profits and the balance sheet. Generali found time to give back to society. For corporate social responsibility, we worked with a children's hospital in Thailand to help new-borns who have asphvixia. Generali assisted the hospital

to acquire a new chamber that is required for treating the babies who are born with a lack of oxygen. So far, five lives are saved because of this program. We are really proud of this corporate social responsibility program.

I believe that our efforts to improve our operations as well as being a more socially responsible organization will lead to better business outcomes. That was what we saw in 2019 when more business partners joined us or showed interest to work with us.



# Strategy

The global trade war, coupled with the overall slowing down of the global economy, have depressed interest rates. As a result, the life insurance industry in Thailand has been negatively impacted. This is because in Thailand, most life insurance products are guaranteed savings products. When we cannot earn enough interest, we cannot give good products to our clients. Just because we cannot help generate more returns for our clients, several life insurance products that are really beneficial for consumers can no longer be offered.

I foresee that this issue – that of low interest rate, will persist for the next two to three years. This is something that all the players in the Thai insurance industry will have to deal with. This might mean that there will be more insurance products that offer more protection and less savings. Or, we might see investment products with life protection that do not guarantee investment returns.

Given the various roadblocks ahead, a strategic plan is needed to get through 2020 and succeed. For instance, we need to know what to do when interest rates take a hike or go lower. Scenario planning will enable us to act decisively and according to plan. It's about offering the right product at the right price and to continue to attract customers to believe in the organization.

# Leadership

I always believe in teamwork. Leaders must surround themselves with good people and empower them to do what they know best. Allow them to have the authority to execute what they believe improves the organization. Mutual trust is then established. In addition, greater staff autonomy will translate into faster reaction time to deal with unexpected developments.

In order to stay in touch with market changes and consumer expectations, leaders need to keep themselves updated. They must always seek information, keep updated with the latest technology and engage with experts in various fields, including the younger generation.





## Agility

# The New Competitive Divide

## Preparing for Success in the Era of AI

Agility refers to an organization's ability to gather and act on information, make decisions quickly, and implement change to meet rapidly-evolving needs of customers and the business environment.

### Few Organizations Have Made the Transformation

4%

have implemented  
agility company-wide,  
but more would like to

37%

of organizations say  
they are "in progress"

### Agility Makes a Difference



81% of executives consider agility to be the most important characteristic of successful organizations

More agile companies report a 60% faster time to market and 59% faster innovation

### Change Requires an Agile Response

AI is expected to bring massive changes and is already impacting many:

23%

say their role is already  
impacted by AI

44%

expect it to be impacted  
in the next 1-5 years

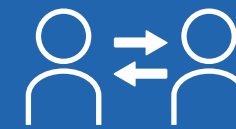
## Key Agility Indicators

Less than a third strongly agree their organization exhibits key agility characteristics:



31%

have a positive attitude  
toward new information



29%

openly share new  
information



30%

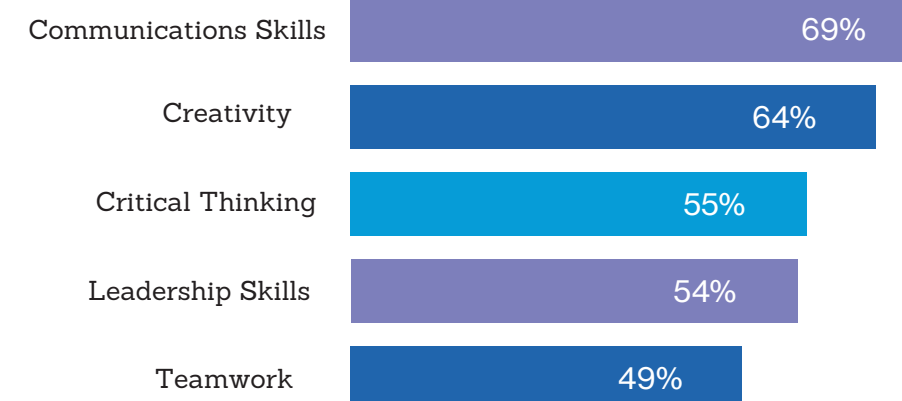
have the capacity to act  
in response to new  
information

## Upskilling for Agility

Digital transformation and AI will require employees to have the right skills to adapt.

73% believe soft skills, rather than hard (STEM) skills,  
are needed to stay relevant.

According to VP-Level+ respondents, these are the soft skills employees will need:



To learn how to build the foundations for agility in your organization, download our whitepaper.

\*In 2019 Dale Carnegie & Associates conducted an online survey of more than 3,500 employees (about 60% leaders with direct reports and 40% individual contributors) across eleven countries including the U.S., India, China, Taiwan, Germany, U.K., Sweden, Norway, Italy, Canada, and Brazil.





- Pioneer in adult learning industry since 1912
- Consistently rated by TrainingIndustry.com to be among the top 20 global training organization in Leadership, Sales and Workforce Development since 2012
- The only company in the industry globally to be awarded ISO 9001:2015 for trainer development and certification
- 2,800 certified trainers/coaches
- Our clients include 80% of Fortune 500 companies
- Global network of 91 countries in 270 offices – biggest footprint in the industry globally
- Best selling books of the century: How to Win Friends and Influence People; How to Stop Worrying and Start Living
- 99% of our graduates said they are satisfied with the training they have received