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Education 2.0 In Indonesia: Inspiring Bamboo Innovators

Koon Boon KEE
Singapore Management University, kbkee@smu.edu.sg

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"What use is an esoteric academic theory like Einstein's theory of relativity?" scoff street-smart students and "practical" businesspeople. Answering this question using the Bamboo Innovator framework can help foster resilient value creators in varied disciplines and remake Education 2.0 in Indonesia as we walk through the seemingly unrelated stories below and be amazed by how the dots connect toward the end.

Without Einstein's modern physics theory, it would be impossible to use your iPhone to find your location on a map. The transistors in the phone rely on effects predicted accurately to several decimal places by quantum mechanics.

The Global Positioning System (GPS) that the phone uses to determine locations incorporates in its software the deformation of space-time predicted by relativity theory to achieve navigation accuracy within about 15 meters of one's actual position.

Without the proper application of relativity, GPS would fail in its navigational functions within about two minutes. Thus, this theory plays a critical role in the multi-billion growth industry centered on GPS.

GPS, in turn, has enabled the development of the Geographic Information System (GIS) to revolutionize the way we capture and analyze all types of geographical data for multiple applications from urban planning, disaster response, epidemic planning, mining and oil exploration to location-based services.

ESRI is the GIS software pioneer, founded by Jack Dangermond in 1969. ESRI has an installed base of more than 1 million users in more than 350,000 organizations with over US$1 billion in annual revenue achieved by 3,000 employees. ESRI grew by focusing on its users and employees, eschewing incentives such as sales commissions.

ESRI, in turn, is linked to Singaporean entrepreneur Wong Fong Fui, who runs the conglomerate Boustead, which has an exclusive country license to ESRI GIS software in Southeast Asia and Australia.

Wong is known as a turnaround specialist, having helped the loss-making unfocused QAF with a market cap of US$15 million; then in 1988, built the Gardenia bakery brand in Singapore into a $500 million food business by the time it was sold, and now Boustead, which he bought for $14 million in 1996 has a current market value of $580 million.

Interestingly, this $500 million market value has been exceeded by Wendy Yap who helped focus her family business, Nippon Indosari, to become a Gardenia 2.0 and the largest mass-market producer of bread in Indonesia under the "Sari Roti" brand, which has a market value of $750 million.

Around the same time FF Wong got into Boustead, Wendy started Indosari in 1995 with her father, Piet Yap, a Salim Group executive who cofounded the Bogasari flour mills. The typical businessman might

shrug and point out that for Indosari to be larger than Gardenia is a given, since Indonesia is a far larger market than Singapore.

However, many companies and multinational corporations (MNC), such as SaraLee, had earlier tried to expand in Indonesia but all retreated with heavy losses. So, why was Wendy Yap able to scale up while others with abundant tangible resources failed?

Indosari has adopted an open innovation business model in collaboration with Japan's Shikishima Baking, which helped Indosari in its technological processes in introducing Japanese-style soft breads that won over the Indonesian palate.

Importantly, Indosari has built trust with retailers and customers to overcome the logistics nightmare that doomed its better-capitalized rivals through its strong distribution network for its highly perishable commodity of more than 2 million pieces of bread daily, resulting in a dominant 90 percent market share.

It sells its products through modern distribution channels and an innovative system of around 3,000 mobile tricycle carts to penetrate more than 17,000 small traditional shops in rural parts of Indonesia.

However, Indosari's market value of $750 million pales in comparison to Mexico's Grupo Bimbo's $15 billion, even though both Indonesia and Mexico have gross domestic product (GDP) of $1 trillion.

Bimbo is also the world's largest bread manufacturer, making more than $13 billion in sales. So, how was this "small white teddy bear", Bimbo's corporate image, which "began with great limitations" in 1945 in Mexico, a country where half the population lived below the poverty line, able to become the largest in the world and compound 24-fold in market value since 1994?

Given that over 80 percent of bread is sold in mom-and-pop stores in Mexico, scattered miles from one another over poor roads, cultivating trust and support among its community of customers, suppliers and employees is critical to overcome the geographical limitations in scaling up.

Small store owners tend to ask for credit, which is provided informally by Bimbo. Its partnership with community bank FinComún leveraged upon the bank's pioneering expertise in providing micro-loans to extend credit yet reduce bad debt and improve the working capital position to free up more cash to carry out expansions.

In a country known for the exploitation of workers, Bimbo has built an unusually people-oriented culture with its well-known policy of avoiding layoffs even in times of crisis and sponsoring its employees' education, which has helped foster loyalty and commitment.

As a result, Bimbo was able to resist the 1991 threat from the arrival on the Mexican market of giant PepsiCo. While Bimbo innovated in integrating production-delivery-finance, none of it would amount to much if Bimbo had not offered the country affordable, edible aspiration, spreading this dream to nearly every remote corner of Mexico.

There is a common thread running through these stories: the resilient Bamboo Innovator. The vitality of the bamboo revolves around its empty hollow center in the same way as the “emptiness” of the Bamboo Innovator with its “indestructible intangibles” derives its strength from “know-how” and “trust and support in the community”.

The “emptiness” is why bamboo bends but does not break, even in the wildest storms that snap the mighty but resisting oak tree.

The intangible know-how in relativity theory has led to the multi-billion dollar GPS industry, which in turn enabled the development of the GIS pioneered by ESRI under Jack Dangermond, whose leadership nurtured a culture of empowerment and innovation.

FF Wong was attracted by this intangible know-how of ESRI, having built the “intangible” Gardenia brand. While FF Wong was building Boustead, Wendy Yap developed a larger, more focused Gardenia 2.0 at Indosari by cultivating trust and support among the company’s customers, suppliers, partners and employees, in the same way that this “emptiness” worked wonders at Grupo Bimbo.

In the landscape of Education 2.0 in Indonesia, students can search for facts on Google, but Google and Facebook cannot tell them how to connect the dots in alignment with their talent and personality to pursue what they can excel in.

With the Bamboo Innovator in their hearts, they will experience the uncanny: The raw sensual data reaching their eyes before and after are the same, but with this pertinent framework of meaning, the chaotic features and anomalies in the marketplace are visible.

Instead of producing “grades”, “checklist-based holistic CVs” and “high graduation salaries”, the education system inspires students to be the Jack Dangermond inventor, the FF Wong and Wendy Yap entrepreneur, the quantum mechanics engineer and physics expert, the geography-based business and trade specialist, the teacher and the value investor, and so on.

Their fates all intertwined as Bamboo Innovators to forge their own larger-than-self path to create value for Indonesia and the world.