



**CREATIVITY
THROUGH
ADVERSITY**
**CHRISTIAN ENTREPRENEURSHIP
IN A PANDEMICISED WORLD**

A WEBINAR BY THE CHRISTIAN INSTITUTE FOR
THEOLOGICAL ENGAGEMENT (CHRISTE)

1



*ALMIGHTY God,
to whom all hearts are open, all desires known,
and from whom no secrets are hid;
Cleanse the thoughts of our hearts
by the inspiration of your Holy Spirit,
that we may perfectly love you,
and worthily magnify your holy Name;
through Christ our Lord. Amen.*

(From the Book of Common Prayer 1928)

2




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3



“Civilisations die from suicide, not by murder.”

Arnold Toynbee (1889-1975)
English historian

4



internal decline, not external assault

5



*“creative minorities”
in the midst of civilisational crisis*

6

*Church's response to the collapse of the
Western Roman Empire in the 5th century*

7

Covid-19: A civilisational crisis?

8

definitely an economic crisis

9

a call to creative fidelity

10

*choice and response
instead of blind conformity*

11



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12

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Before we start, why are we here?

13

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COVID-19

Global public health measures to combat infection and fatality have since led to:

1. National Lockdowns/Movement Control Orders
2. **\$28tn** in lost global GDP (IMF, 2020)
3. Loss of **400 million** full-time jobs, **\$3.5 trillion** in wages (ILO, 2020)
4. Largest drop in the stock market value since 1987 (Bloomberg, 2020)

14

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Covid-19 Impact on Businesses

These challenges have arisen for small and large businesses alike:

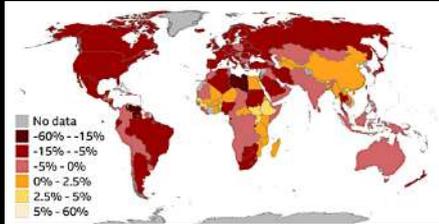


15

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Covid-19 Impact on Businesses

Shrinking Global Gross Domestic Product (IMF, 2020):



16

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Covid-19 Opportunities



17

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Covid-19 Opportunities

According to PricewaterhouseCoopers (2020), between March and June 2020:

1. The market capitalisation of the Top Global 100 companies [\$25tn] increased by 17%

Market Capitalization Formula

$$\text{Market Capitalization} = \text{Current Market Price Per Share} \times \text{Total Number of Outstanding Shares}$$

18

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Covid-19 Resilient Firms

High performing firms in 2020 (PWC, 2020):

Country	Company & Market Cap. Growth Rate
Canada	Shopify (131%)
China	Kweichow (32%), Tencent (28%), Alibaba (11%)
France	L'Oréal (22%), LVMH (18%), Sanofi (17%)
India	Reliance Industries (58%), Tata (15%),
Japan	Softbank (43%), Keyence (28%), Toyota (3%)
Saudi Arabia	Saudi Aramco (9%)
South Korea	Samsung (11%)
United Kingdom	AstraZeneca (16%)
United States	Apple (41%), Amazon (38%), Microsoft (25%)

19

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Covid-19 Opportunities

What do these resilient companies have in common?

1. They develop '**utility**' value propositions
2. They offer '**life-improving**' products and services to '**Transformational Consumers**' in search of **Healthier, Wealthier & Wiser** lifestyles
3. They connect **people** and **communities**
4. They protect or conserve the **natural environment**
5. They follow a largely **subscription-based sales model**

20

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Now we know why we are here, so let's get started!

21

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Outline

Order of this webinar:

1. Christians and new venture creation (entrepreneurship)
2. Finding Business Ideas
3. Principles of the '*Customer Development*' Process
4. Generating Opportunities: *The Principles of Simplification*
5. Price Simplification
6. The Founding Team
7. Future Webinars

22

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Christians & New Venture Creation

23

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Christians & New Venture Creation

CHRISTE's inaugural e-book, free to download from christeonline.org



24

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Christians & New Venture Creation

CHRISTE's inaugural e-book, article on page 10-14

COVID-19, LIVELIHOODS, AND OUR CHURCH
by Adah-Kole Emmanuel Onjewu

While counting the cost of the pandemic, resilience prompts us to reflect in anticipation of the big rebound. Lives have, of course, been the greatest casualty of the disease but to despair and sit on our hands is to forget that there will be life after the virus. For people of faith and ability the question is, could we make life post Covid-19 better than before it? I know we will.

The last affliction to degrade livelihoods to the nearest magnitude was the 2008-09 financial mess. The greed of corporate banking had been in overdrive with wheels greased by mis-sold mortgage backed securities – financial instruments soon described as “synthetic” and “toxic”. Bankers became stupendously wealthy

25

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Christians & New Venture Creation

Summary of the article:

1. *Many Christians are 'allergic' to wealth creation [Matthew 19:24, 1 Timothy 6:10].*
2. *Many Christians choose work over faith, understandably.*
3. *As a system, the global economy forecloses our faith.*
4. *Christians are not targets, only victims of the system.*
5. *Christian lives and ministry must evolve into production*
6. *'Wealth and riches are in his house' [Psalm 112: 3]*

26

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Finding Business Ideas

27

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Finding Business Ideas

Just look around you, there are opportunities under your nose and in your neighbourhood:

1. *Listen carefully, with your ears and heart*
2. *Find solutions for small, everyday problems*
3. *Focus on low-tech problems and imagine low-tech solutions*
4. *Monetise or share under-utilised assets*
5. *Pick up slack or unfulfilled, unattractive jobs*
6. *Serve other businesses rather than people/households*

28

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Finding Business Ideas

Have you heard of Betty Nesmith, the bad typist?




29

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Finding Business Ideas

What did Betty do?

- In 1951 she concocted a mixture of paint and colouring agent in her kitchen, and poured the mixture into a nail polish bottle to erase her typos
- In 1979, Gillette bought over her Liquid Paper business for **\$47.5 million**

30

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Principles of the 'Customer Development' Process

31

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Customer Development Process

When we think of starting a business, we worry about:

1. *Is there a market for my product or service?*
2. *How am I going to locate my customers?*
3. *How would I know if my product or service will satisfy the needs of customers?*
4. *How would I market/promote my product to increase my customer base?*

32

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Customer Development Process

33

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Customer Development Process

What do the steps mean:

1. **Customer Discovery:** *First begin by researching and understanding the problems faced by people*
2. **Customer Validation:** *Develop a sales model that can be replicated in as many places as possible*
3. **Customer Creation:** *Create and drive-up user demand*
4. **Company Building:** *Develop the non-product and functional areas of the business to grow the business*

34

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Customer Development Process

35

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Why 'Customer Development'?

To avoid the marketing mistakes that small and big companies repeatedly make such as:

Company	Product	Dev. Cost/Loss
Volkswagen	Phaeton	\$500million
Apple	Newton	\$100million
Segway	PT	\$200million
Jaguar	X-Type	\$200million
Sony	MiniDisc Player	\$500million
R.J Reynolds	Smokeless Cigarettes	\$450million
Motorola	Iridium Satellite Phone	\$5 billion

36

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Customer Development Process



37

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Generating Opportunities: The Principles of 'Simplification'

38

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What is 'Generating Opportunities'?

When you successfully commercialise an innovative idea to the extent that you create a sizeable and viable customer-base. This is best achieved through:

'Simplification'

39

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What is Simplification?

Effectively offering **affordable** or **premium** products/services through either of the following approaches:

1. 'Price Simplification'
2. 'Proposition Simplification'

'There are two kinds of retailers: folks who work to figure how to charge more, and there are companies that work to figure how to charge less, and we are going to be the second full stop'
– Jeff Bezos (Amazon)

40

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Price Simplification

This involves reducing the price of a product/service by **50% or more**. Note that:

1. The new product may or may not be identical to the predecessor product(s), but it must satisfy the same need.
2. The new product is not necessarily inferior, but its delivery is organised differently.

41

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Proposition Simplification

This involves creating a product/service that is **more useful, visually appealing and easy to use**. Note that:

1. The new product must be aesthetically pleasing
2. The new product must be a joy to use
3. The new product must offer greater value for money

42

Principles of Simplification

Principles are wonderful because:

1. *If they are really powerful, they can save us an extraordinary amount of effort, money and time*
2. *They can be applied by anybody and produce the same results*
3. *Unlike methods, principles are few to master*

43

Price Simplification

44

Price Simplification

The characteristics of this **'price revolution method'** for business system redesign are:

1. Producing and selling higher volumes
2. Higher efficiency (*less waste of time, space/storage, manpower*)
3. Seeking unusual methods
4. Self-service (*getting customers to do the work for you*)
5. Be a missionary (*bring good life to people who cannot afford it*)

45

Price Simplification

'Being a Missionary' means to start a commercial crusade like:

1. **Michael Marks & Tom Spencer [M&S]**: *Offered middle-class clothing to less wealthy working-class people*
2. **Blake Mycoskie [Toms Shoes]**: *Promised to donate one free shoe to a child in need for every unit sold*
3. **Henry Ford [Ford Motors]**: *Made car ownership possible for all*
4. **Herb Keller [Southwest Airlines]**: *Made air travel cheaper than road travel and accessible to all (origins of the AirAsia model)*

46

Price Simplification



'Being a Missionary', a quote from **Henry Ford**:

'I will build a motor car for the great multitude. It will be large enough for the family but small enough for the individual to run and care for. It will be constructed of the best materials, by the best men to be hired, after the simplest designs that modern engineering can devise. But it will be so low in price that no man making a good salary would be unable to own one – and enjoy with his family the blessing of hours of pleasure in God's great open spaces'

47

Price Simplification



'Being a Missionary', a quote from **Ingvar Kamprad's Testament of a Furniture Dealer**:

'To create a better everyday life for the many people by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them. We have decided once and for all to side with the many. What is good for our customers is also, in the long run, good for us. This is an objective that carries obligations'

48

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Price Simplification

Three fundamental changes are needed to spark a **price revolution**:

1. **The Product:** *Simpler and cheaper features*
2. **The Business System:** *Simpler and cheaper production and delivery processes*
3. **Scaling the Business:** *Quick and extensive multiplication of sales*

49

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The Steps of Price Simplification

50

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Price Simplification Steps

51

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Product Redesign

52

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Step 1: *Subtract Features*

53

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Subtract Features

Reduce what the product/service does or how it performs by:

1. **Reducing to core function** [mostly services]: *Go back to basics*
2. **Subtract weight:** *User lighter materials, replace hardware with software*
3. **Subtract size:** *Make more portable (or miniaturise) or weightless*

54

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Step 2: Reduce Variety

55

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Reduce Variety

Reduce variety by:

1. Offering a **'universal product/limited menu'**: Make all units identical in appearance and functionality to reduce production and advertising costs
2. **Focusing on a 'single element of utility'**: Successful price-simplified products aim to satisfy one need/do just one thing

56

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Reduce Variety

Social media companies focus on a **single element of utility** very well. That's why:

- To broadcast a short message we use?
 - ✓ Twitter
- To send private pictures we use?
 - ✓ Snapchat
- To know who is attractive, nearby and interested in us we use?
 - ✓ Tinder
- To filter and share pictures we use?
 - Instagram
- To find laughter we use?
 - ✓ TikTok

57

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Step 3: Add Cheap Benefits

58

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Add Cheap Benefits

Offer perks and incentives [that cost you little money but are valuable to customers] such as:

1. Free merchandise like t-shirts, hats, stationery, USB sticks, kids toys, free car park etc.
2. Free professional advice
3. Free counselling
4. Free health check
5. Free shipping
6. Free same-day delivery

59

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Price Simplification Steps

60

Step 4: *Automate*

61

Automate

Automation means **standardising** a product or service so that:

1. Production can be repeated/undertaken by artificial intelligence [**software, machine, robots**]
2. Fewer resources/human intervention is needed
3. Quality is consistent

62

Automate

Example of successful companies and the mundane transactions they automated are:

1. **Airbnb**: Trading spare household bedrooms
2. **Betfair**: Placing bets
3. **eBay**: Household auctions/price bidding
4. **Facebook**: Making friends
5. **GoFundMe**: Public fundraising
6. **TaskRabbit**: Matching freelance labour with local demand
7. **Uber/Grab**: Hailing a Taxi

63

Step 5: *Orchestrate*

64

Orchestrate

This means '**controlling**' suppliers' behaviour to serve your internal system. For example IKEA's single flat-pack and one-way logistics system:

1. Single, one time shipment of units from **factory** to **store**
2. No shipment from **factory** to **warehouse** to **store** to **customers' home**

65

Step 6: *Co-opt Customers*

66

Co-opt Customers

This means '**controlling**' customers' behaviour to serve your internal system. For example:

1. **Air Asia's**: Paid check-in & extra baggage policy, no complimentary food & drink, no allocated seats
2. **DELL's**: Laptop configuration option with delayed delivery
3. **IKEA's**: Paid home delivery and customer self-assembly system
4. **McDonald's**: Self-catering service

67

Step 7: *Sell Direct*

68

Sell Directly

This is only possible when:

1. An expensive middle-man is eliminated
2. New technology/automation is utilised in some way
3. Most of steps 1, 2, 3, 4, 5 and 6 have been completed

69

Sell Directly

Examples of direct selling simplifiers in financial services are:

1. Direct Line Insurance [eliminated insurance brokers]
2. Charles Schwab & Co [eliminated stockbrokers]
3. The Vanguard Group [eliminated fund managers]
4. Amazon Studios [eliminated Hollywood Studios]
5. Netflix [eliminated Hollywood Studios]

70

Step 8: *Use Simpler Technology*

71

Use Simpler Technology

Consider the following:

1. Acquire cheaper technology that has not yet been fully adopted [*for example, 3D printing*]
2. Acquire cheaper technology than cuts production cost by 50% or more [*for example, Apis Cor Robotic Construction*]
3. Patent your intellectual property [*to eliminate copycats*]

72

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Price Simplification Steps

73

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Step 9: *Scale Up*

74

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Scaling Up

This is a very important stage which must be pursued in order not to leave gaps in the market because:

1. Imitators will copy and replicate a genuinely simplified and attractive product
2. Imitators will register your intellectual property before you

75

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Scaling Up

Options for scaling up include:

1. Maximising sales
2. Seeking extra capital, external funding to expand presence
3. Going global as quickly as possible
4. Early Exit

76

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Scaling Up

Legendary Imitators: Oliver, Alexander & Marc Samwer
[Rocket Internet, €6.7 billion net worth in 2014]

Its founders, the Samwer brothers, created a means for each Silicon Valley startup and often grew it much faster.

- Facebook **Wd.** StudVZ
- Twitter **Wd.** Flickr
- Airbnb **Wd.** Wimdu
- Groupon **Wd.** CityDeal
- Brickbox **Wd.** Glassybox

77

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More on Price Simplification

78

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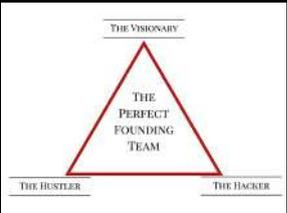
The Founding Team

79

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The Founding Team

After seeing those 9 steps you must be thinking '*how could I possibly do all this myself?*'. The answer is you can't!



80

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The Founding Team

99.99% of successful start-ups begin by filling these roles:

1. **The Visionary:** A founding member with tact and interpersonal skills for business development and stakeholder engagement
2. **The Hacker:** A technology/technical expert
3. **The Hustler:** A natural salesman to promote the product

81

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The Founding Team

Steve Jobs, Steve Wozniak & John Sculley



82

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Future Webinars

83

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Topics for Future Webinars

1. Proposition Simplification
2. Customer Development Process
3. Customer Service: *Profits, Passion & Purpose*
4. Sources of Finance & Legal Issues
5. Revenue Models & Viral Marketing
6. The Art of Pitching
7. Value Chains
8. Transformational Consumers
9. Entrepreneurial Leadership
10. Entrepreneurial Finance

84



85