

“Global Entrepreneurship: The Great Frontier”

James Ellis

Dean of USC Marshall School of Business

Giuseppe Nicolosi

CEO of Ernst and Young

Agung Waluyo

Entrepreneurship Education Manager, Ciputra University

Jakarta, November 3, 2009

With support from Alumnas (United States Alumni Association)

Mr. Arifin Siregar, Indonesia Co-Chairman of USINDO opened the forum by welcoming the invitees and emphasizing the importance of entrepreneurship, which had been attracting increasing attention in Indonesia especially these last few years.

Mr. Pri Sulisto, Chairman of United States Alumni Association (ALUMNAS), welcomed the guest speakers and all the invitees. Mr. Sulisto also pointed out that with advancement in technology, usage of internet, and countries becoming interdependent, the importance of global entrepreneurship had become more apparent.

Presentation

Professor James G. Ellis began by citing a television commercial aired by American Express in the U.S. which pinpointed that the future of global

economy lies in the hands of the entrepreneurs. Prof. Ellis was very confident that entrepreneurs would guide us out of the global recession because entrepreneurs are people who want to and can change the world. He mentioned Bill Gates (Microsoft) and Richard Branson (Virgin Atlantic Airways) as examples.

Prof. Ellis then pointed out the following characteristics of entrepreneurs, which made them different from most people:

- Inner drive to succeed
- Totally believe in themselves and their abilities at all time
- Very good in innovation and new ideas
- Open to change
- Competitive by nature, they want to win all the time
- Energetic, highly motivated and do not need much sleep

- Willing to accept constructive criticisms
- Willing to accept rejection

Prof Ellis continued how entrepreneurs can be very successful. They:

- look for little niches in their businesses
- innovate all the time; and
- are very agile

He also emphasized that entrepreneurs do not need much money to get started. This was very apparent in the way Bill Gates and Richard Branson started out their businesses by working in their garages. Creativity and brainpower are the things that drove them to success. He also said that entrepreneurs can be educated and trained, they are not necessarily born. People can be trained to be critical by asking questions “why” or “why not”.

These are the hot trends that entrepreneurs look at:

1. Speed: people want things to move fast. If you are an entrepreneur and you can do something faster than the others, you have an opportunity to be successful.
2. Globalization: how to take a product and/or service that is successful nationally and move it across other countries. Some have been successful, some have not, such as Wal-Mart’s inability to translate its U.S. model to other regions.
3. Technology: if we have a technology that other people don’t have then we could be an entrepreneur if we know how to take advantage of use it.

4. Outsourcing: whatever we are not good at, we let somebody else do it for us. Entrepreneurs take the opportunity to be the someone else.
5. Good partners: entrepreneurs are good partners because they know that sometime one plus one can equal three.
6. Unbundle things: sometimes the sum of all parts are greater than the whole part.

What could we do to help entrepreneurs?

1. Encouragement: encourage people to think clearly and outside the normal box.
2. Mentoring: provide guidance and inputs based on our successes and failures in the past.
3. Education: educating entrepreneurs is very important, including education that helps establish a network of business contacts.
4. Financing: it does not necessarily take a lot of money to start an business, but entrepreneurs need access to financing.

The opportunities are there, it is for us to foster those opportunities. At difficult times like this is actually the best time to do it.

Comment by Mr. Giuseppe Nicolosi, CEO of Ernst & Young

Mr. Nicolosi informed the forum that Ernst & Young has started the entrepreneurship program in the U.S

since 1986 and in Indonesia since 2001. They have an entrepreneurship competition held yearly in Monte Carlo. In that forum, he saw that the quality of Indonesian entrepreneurs are no less than those from other parts of the world, but the quantity is far from enough.

Mr. Nicolosi then pointed out that entrepreneurship creates economic development. In a study by the World Bank in 76 countries, it was found that in high-income economies, Small and Medium Enterprises (SME) contributed about 56% of the country's GDP. However, in low-income economies, SMEs only contributed 22% of the GDP.

Mr. Nicolosi believed that if Indonesia was able to develop the entrepreneurship spirit, the country could start to grow exponentially. But, this requires facilitation of an environment conducive to entrepreneurship, such as tax regulation reform, and education and political improvements. Most importantly, unless the education system can create a mindset that allows people to develop their strategic thinking and ability to question the established wisdom, they will not be able to create the number of entrepreneurs the country requires.

Mr. Nicolosi ended his speech by informing the forum that according to David McClelland, a research psychologist, that for a country to be able to develop economically, it needs at least 2% of the population to become entrepreneurs. Therefore, based on that number, Indonesia at least needs 4.4 million entrepreneurs. Currently, Indonesia only has 40,000 entrepreneurs.

Comment by Mr. Waluyo

Mr. Waluyo began his remarks by informing the audience that Universitas Ciputra has for three years tried to convey to the Indonesian public what Prof. Ellis had elaborated in his presentation. He also added that in Indonesia the negative perception of entrepreneurship was the one major factor that hindered the development of entrepreneurship. He gave an example that in NTT people are respected only when they are working for someone else, therefore entrepreneurship is not a respectable occupation.

Entrepreneurship education in Indonesia has started in 1970 with the training of 6 or 7 lecturers from Bandung Institute of Technology. But the program had not picked up as expected.

Ciputra Entrepreneurship Centre has been working closely with the Director-General of Higher Education. In four months, 1,400 lecturers had been trained in entrepreneurship. Ninety percent of the participants said that the education had totally changed their mindset about entrepreneurship and would like to be educated further. The problem however was to also convince the leader of the universities about entrepreneurship.

Mr. Waluyo continued by stating that 1.1 million Indonesian graduates are unemployed and it is increasing about 20 percent by the year. Therefore, there is a need to change the mentality of university students. We could help them by providing them with competency to create jobs as opposed to finding jobs once they graduated.

The World Bank had estimated that two million jobs can be created in Indonesia within the next five years. This might be possible if high growth companies can be created by entrepreneurs. Mr. Ciputra had envisioned this in his book: *Entrepreneurship Transforms Your Future, Our Future, and Indonesia's Future*.

protect. How could we deal with copyright problems particularly in Indonesia in relation to entrepreneurship?

A: Sometimes businesses are hard to protect. We just have to try to create something different and figure out a way to protect it or do it faster, better, or cheaper than anyone else.

Questions and Answer Session

Q: During the 1998 financial crisis in Indonesia, many people were forced out of their jobs. How do you transform yourself from being professionals/corporate employee to an entrepreneur?

A: Entrepreneurs don't need a lot of money to start off. "Necessity is the mother of invention." Sometimes a job loss opens the door for entrepreneurship.

Q: What is Indonesia's advantage other than the fact that it is the fourth most populous country, its abundant natural resources, fertile land and has only two seasons? China is leading the industrial sector, and for technology, software and intellectual property rights, India, especially Bangalore, is leading.

A: Do not be daunted by what other countries are doing. For example, if you look at energy, businesses coming out from China and India are huge, but they are not necessarily efficient. Maybe there is another way of doing it better. It is OK to copy but do not steal. Indonesia has some things to capitalize that other countries could not. But also look at mundane, simple, plain businesses too and look at what other have done and think of ways to do it better.

Q: Entrepreneurship has a lot to do with copyrights. New ideas can be difficult to