Dawgen GLOBAL

VOLUME 1 | ISSUE 1 | JAN 2020 | PAGES 24

Dawgen Global Insights

Smarter and More Effective Decisions

THE TIME VALUE OF **MONEY**

THE HISTORY OF THE INTERNET - HOW THE WEB CAME TO BE

INTRODUCTION TO OUR NEW MONTHLY NEWSLETTER - DAWGEN GLOBAL INSIGHTS

WELCOME TO DAWGEN GLOBAL AND OUR FIRST PUBLICATION OF OUR NEW MONTHLY NEWSLETTER- DAWGEN GLOBAL INSIGHTS. THIS PUBLICATION MARKS OUR 17TH ANNIVERSARY AND IMPORTANTLY, THE LAUNCH OF OUR NEW BRAND IDENTITY. I AM DELIGHTED WE HAVE RECEIVED POSITIVE FEEDBACK FROM OUR STAKEHOLDERS WHO RECOGNISE THAT DAWGEN'S VALUES DEFINE OUR PROMISE TO BE 'YOUR BUSINESS OUR FOCUS'.

This Newsletter has been produced to provide you with an overview of our firm and the wide range of services offered by Dawgen Global entities; whether audit, accounting, tax or advisory services.

Over the past 17 years, I can proudly say that Dawgen has significant experience and expertise that we draw upon, day after day, helping our clients to progress.

Our Monthly Newsletter will demonstrate the strength of our firm and the unique and innovative approach we engender. This is communicated through client case studies on how our team have collaborated to help our clients succeed.

I hope that you will find the information and we provide in this brochure helpful to understand who Dawgen Global is, what our values are.

Collectively, the Team and I at Dawgen Global look forward to working with you.

Dawkins Brown
Chairman
Dawgen Global

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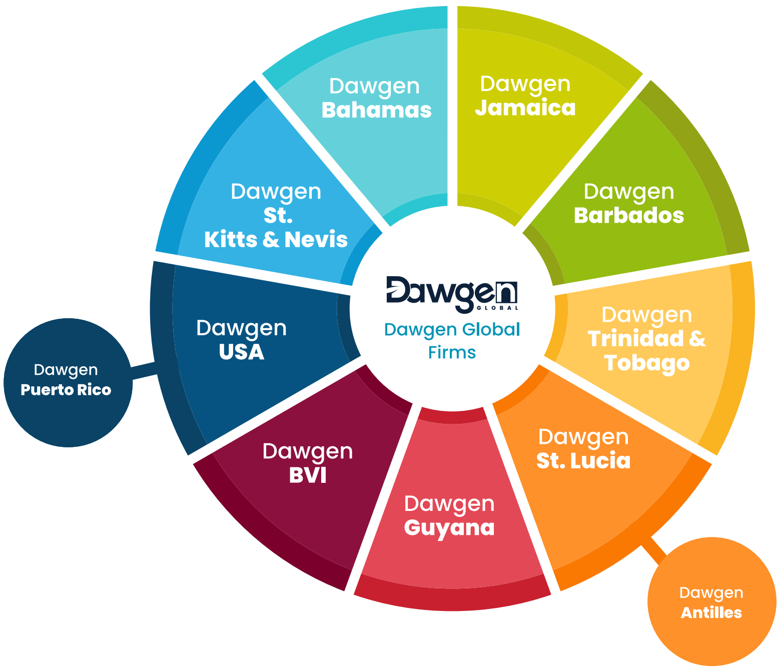
ABOUT DAWGEN GLOBAL

Dawgen Global is an integrated multidisciplinary professional service firm. We are integrated as one Regional firm and provide several professional services including: audit, accounting, tax, Information Technology, Risk, HR Solution, Performance, M&A, corporate finance and other advisory services.

Our regional network covers Jamaica, Trinidad and Tobago, Bahamas, Bermuda, the Cayman Islands, the Eastern Caribbean (Barbados, Antigua, St Lucia, Grenada, and St Kitts & Nevis), the Netherlands Antilles (Bonaire, Curacao, and St Maarten), Aruba, Turks and Caicos Islands, Guyana, Puerto Rico, and USA.

Our regional focus is to improve services to local, regional and international clients. Through our affiliation and membership in other Global Networks and Associations, we offer a global perspective while maintaining our regional insight by seeking alternatives for you – we tap the power of both.

Our multidisciplinary teams of professionals leverage a wealth of industry-tailored, practical approaches to help you discover opportunities for your business. Whether your organization is strong and healthy, under stress or facing difficult choices, we work with you to find financial, strategic and operational solutions that improve your liquidity, financial flexibility and stakeholder returns. We are here to help you build a sustainable business – in the short and long-term.



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ENTREPRENEUR IDEA

GUIDE – EVERYTHING STARTS WITH AN IDEA

Are you still mystified with what an entrepreneur is doing in his everyday life? Well, according to some people, entrepreneurs are great thinkers and so they must be spending most of their time thinking of what new things they can offer to the world. This may be true and if you're a beginner in the field of entrepreneurship, you must get the best entrepreneur idea guide to get you started.

Entrepreneurs are generally business people. However, this is only half of who they really are. You see, entrepreneurs are also idea thinkers and deal makers. Through the available or existing circumstances, an entrepreneur can uncover new ideas and then turn them into a good deal.

Many entrepreneurs hardly ever concentrate on one business venture. Their primary aim is to earn money so will try to venture into all kind of businesses if it provides a profit.

The business ideas created by a certain entrepreneur are often found in archives. This is because some business ideas may not be feasible at present and so they keep it for future use or reference. Those business ideas which have higher market feasibility are investigated further and if in case the entrepreneur decides to act on the idea immediately, he will put such ideas to work and earn money.

Feasibility studies are vital to every business venture. From the idea, the entrepreneur thinks of certain services or products and formulates questions. Oftentimes, the entrepreneur conducts surveys to potential customers and he meticulously records all the responses. The documentations made can be used by the entrepreneur once he secures capital from financial backers.

If the entrepreneur has the capital to finance the said business idea, then it will be good for him because he will reap all the profits. However, most entrepreneurs prefer to seek assistance from financial backers so that their decisions will not be affected by their own vested interest.

Different interest groups will investigate the business ideas provided by the entrepreneur. If anyone from the group is willing to finance the business proposal, then they will have to contact the entrepreneur. The business deals are usually carried out together with a lawyer so that everything will be formal and documented. Once the ideas are backed, the entrepreneur will start earning money. If the business idea proves to be successful, more money will come rolling in for the entrepreneur.

Being an entrepreneur is hard especially for beginners. However, with diligence, hard work, patience, knowledge, and a whole lot of other qualities, even you can become a successful entrepreneur.

At present, many entrepreneurs are into internet business. One reason is that many internet businesses are potential money makers and are not hard to handle. If you want to become an internet entrepreneur, make sure that you conduct your own research about it and how it is done. As beginners, you must gather as much information as you can for the success of your chosen field.

Now that you know everything starts with an idea, you can already determine if being an entrepreneur is what you really want in life. Some say that if you want to become a successful entrepreneur, you must be born with the characteristics of one.

However, you can work things out as you grow older and learn new things. So, don't get discouraged and try really hard if you're determined to become an entrepreneur.

BUSINESS STRATEGY
PART 1

REINVENTING YOUR BUSINESS MODEL: **A REVIEW**

BY HOPETON MORRISON, DBA

REINVENTING YOUR BUSINESS MODEL: A REVIEW

We start this series on Business Strategy by reviewing one of the great articles on the subject and which has served countless businesses across the globe to achieve breakthrough success by applying the template outlined.

Distinguished Harvard Business School professor Clayton Christensen is widely regarded in the academic community and best known for his theory of disruptive innovation. In the December 2008 edition of the Harvard Business Review he co-authored an article along with Management Consultants Mark W. Johnson and Henning Kagerman now classified by the Review as an HBR classic article. The article titled “REINVENTING YOUR BUSINESS MODEL” has laid the foundation for thousands of business executives across the globe to rescue, recharge and literally reinvent their businesses by reinventing their business models.

The authors cited APPLE’S phenomenal breakthrough with its iPod which it described as a good technology wrapped in an outstanding business model. What did Apple do? It wrapped hardware, software and service into one package by giving away its low margin iTunes music while locking away its high margin iPod. That model has since been reprised by highly successful corporations globally and has come to define value to the customer in a revolutionary way. In fact one little known statistic highlighted is that 11 of 27 corporations started in the previous decade entered the FORTUNE 500 through innovation. Christensen and company confronted the question of why innovation in business by itself rarely succeeds in bringing new growth into countless businesses. They outlined three basic steps as follows:

1. Start by focusing on the desire to find a real customer who needs a job to be done and being able to do the job better than anyone else.

2. ”Construct a blueprint” for meeting that opportunity for a profit. Anyone can meet a need but the challenge is to do so while making a profit.

3. Match this blueprint against the existing business model and decide the changes that will be needed if any and whether the company will need a new unit to meet the need.

Based on their research they identified a set of what they term 4 “interlocking elements that, taken together, create and deliver value.” That in essence is the business model defined.

CUSTOMER VALUE PROPOSITION

The term customer value proposition (CVP) has been validated in the lexicon of Strategy to a considerable degree from this seminal article and has been widely applied in with spectacular results. The authors define the concept as a tool to create value for a customer by means of getting a job done and doing so by reaching your target profit. The job to be done is central to the value proposition as "by job we mean a fundamental problem in a given situation that needs a solution." It follows then that a customer with a very important problem has not found a solution from the existing alternatives.

Here the authors state the concept thus: "Opportunities for creating a CVP are at their most potent...when alternative products and services have not been designed with the real job in mind and you can design an offering that gets that job-and only that job-done perfectly."

BUILDING A GREAT MODEL FOR YOUR BUSINESS - Creating the CVP

The article makes the profound argument that precision is at the core of a CVP. The effectiveness of the CVP is measured by "how perfectly it nails the customer job to be done-and nothing else." That is the key and the difference between the mega corporate success stories of the very few and the rest, is that the rest focus on a problem that is loosely defined and identified or are throwing many solutions to a single problem and missing the mark in the process.

Among the corporations cited in the article as nailing a problem and meeting the need were TATA MOTORS and QUICKBOOKS. Ratan Tata saw a huge transportation need for millions of people in his native India who needed an alternative to the traditional scooter but who could not afford a car from his TATA Group and made the very successful hybrid scooter car, the Nano. QUICKBOOKS designed a simplified accounting software that "broke the skills barrier that kept un-trained small-business owners from using more-complicated accounting packages."

PROFIT FORMULA

The profit formula represents the blueprint that speaks to the mutual values created by the corporation for the customer and itself. That is driven by: a Revenue model; the Cost Structure; a Margin Model; and a concept the authors term the Resource Velocity.

The model is based on a crucial premise. The authors state that: "We've found it most useful to start by setting the price required to deliver the CVP and then work backwards from there to determine what the variable costs and gross margins must be." From here the scale and resource velocity will be structured to deliver the profits that is required. While the CVP and the Profit Formula determine the mutual values for both customer and company it is the Key Resources and the Key Processes that will determine how the values will be delivered. The effectiveness of the model rests on the interdependencies of the four components and requires stability to build consistency, complementarity, and replicability.

BUILDING A GREAT MODEL FOR YOUR BUSINESS - Designing a Profit Formula

The profit formula in the instant model means focusing on revenues, costs, margin, and resource velocity. To solve the customer's problem will mean adjusting the price/volume ratio. Take into consideration the size of your new market and deliver a product for that specific market alone and one that guarantees that you are meeting your target profit. Adjust the model until your profit is guaranteed. Here your cost structure is important and allocations of economies of scope and scale as well as which key assets will be allocated to meet your target profit. Your margin model will drive the extent to which each transaction nets out to meet your target profit. The final link in the profit formula is the resource velocity. Your focus here is on operational issues such as lead times, inventory turns and asset utilization.

BUILDING A GREAT MODEL FOR YOUR BUSINESS - Identifying Key Resources and Processes

Identify the key resources that are required to deliver the CVP at the target profit. These are people; technology; equipment; information tools; channels of distribution and forms of alliances and partnerships. These key resources are next matched against key processes which incorporate activities such as the design and development of the product, sourcing of product components, and how the products are manufactured including outsourcing of component parts where this represent the greatest efficiencies. At the time of publication the authors would not be privy to the landmark revolutionary breakthroughs in new processes such as analytics and Artificial Intelligence. Today you can reinvent your business model on these new processes alone as the new technologies as well as the internet of things are now major competitive tools even as standalone processes. Key processes also incorporate rules, metrics and norms such as credit and supplier terms.

The blueprint speaks to the degree to which these disparate and related structures are matched to meet your organization's target profit. The authors make the point that: "Oftentimes, it is not the individual resources and processes that make the difference but their relationship to one another." Invariably the uniqueness of that relationship creates the distinct ability to meet the specific CVP and deliver sustained value to customer and company.

TATA Motors had to reconceive its design, manufacturing and distribution model and put together a new team of young engineers that brought new and revolutionary thinking that drastically cut the number of parts for the Nano. In addition up to 85% of the parts for the Nano were outsourced to 60% less vendors than used for the design of cars for the TATA group. All of this resulted in dramatically slashed transaction costs, greater efficiency leading to TATA meeting its target profit while meeting the CVP for millions of marginalized Indian families. The article makes the crucial point that business models must be flexible for change in the early stages.

WHEN SHOULD YOU EMBARK ON A NEW BUSINESS MODEL?

The authors warn established businesses to be very careful and calculated when embarking on business model reinvention. Often it is possible to disrupt an industry without changing your business model. But there are many times when it is necessary to grow your business by venturing either into unknown markets or unknown businesses.

They set out 5 strategic circumstances when you will most likely need a business model reinvention:

1. Using disruptive technology to bring mass customization to a market shut out of an existing business. Both the TATA Group and QUICKBOOKS achieved this.
2. The authors' state: "The opportunity to capitalize on a brand new technology by wrapping a new business model around it (Apple and MP3 players)."
3. Bring a Job-to-be-done focus. The article cites the example of FEDEX which entered the package delivery market focused on delivering packages faster, further and far more reliably than any of the existing players even conceived at the time. FEDEX did not focus on price or marketing like the existing competition including UPS. This required an integration of key resources against key processes in a way that had not previously been ventured. This gave the FEDEX brand a long term competitive advantage.
4. Where an established business needs to keep away "low end disruptors". TATA Motors venture with the Nano was geared to that end.
5. Responding to shifting competition.

Keep in mind now that reinventing your business model does not mean threatening or changing a business model that is working great for your business. Your old model works great if it emerges as a game changer in a new market.

The authors point out that a successful new business model typically requires 4 or so revisions prior to success. So then the focus involves one of learning and adjusting as you execute.

And what we consider the great takeaway from this great article is stated thus: "be patient for growth (to allow the market opportunity to unfold) but impatient for profit (as an early validation that the model works). A profitable business is the best early indication of a viable model."

Dr. Hopeton Morrison is an Academic and Management Consultant. He writes extensively on business and finance and broadcasts the programme TODAY'S BUSINESS on KOOL Fm97 in Jamaica.

FINANCIAL ANALYSIS:

MOST IMPORTANT FINANCIAL RATIOS

Top 5 Financial Ratios

In general, financial ratios can be broken down into four main categories:

1. profitability or return on investment;
2. liquidity;
3. leverage
4. operating or efficiency—with several specific ratio calculations prescribed within each.

We describe below five ratios used in the financial field include:

1 Debt-to-Equity Ratio

The debt-to-equity ratio, is a quantification of a firm's financial leverage estimated by dividing the total liabilities by stockholders' equity. This ratio indicates the proportion of equity and debt used by the company to finance its assets.

The formula used to compute this ratio is:

Total Liabilities / Shareholders Equity

2 Current Ratio

The current ratio is a liquidity ratio which estimates the ability of a company to pay back short-term obligations. This ratio is also known as cash asset ratio, cash ratio, and liquidity ratio. A higher current ratio indicates the higher capability of a company to pay back its debts. The formula used for computing current ratio is:

Current Assets / Current Liabilities

3 Quick Ratio

The quick ratio, also referred as the “acid test ratio” or the “quick assets ratio”, this ratio is a gauge of the short term liquidity of a firm. The quick ratio is helpful in measuring a company’s short term debts with its most liquid assets.

The formula used for computing quick ratio is:

(Current Assets – Inventories)/ Current Liabilities

A higher quick ratio indicates the better position of a company.

4 Return on Equity (ROE)

The return on equity is the amount of net income returned as a percentage of shareholders equity. Moreover, the return on equity estimates the profitability of a corporation by revealing the amount of profit generated by a company with the money invested by the shareholders. Also, the return on equity ratio is expressed as a percentage and is computed as:

Net Income/Shareholder’s Equity

The return on equity ratio is also referred as “return on net worth” (RONW).

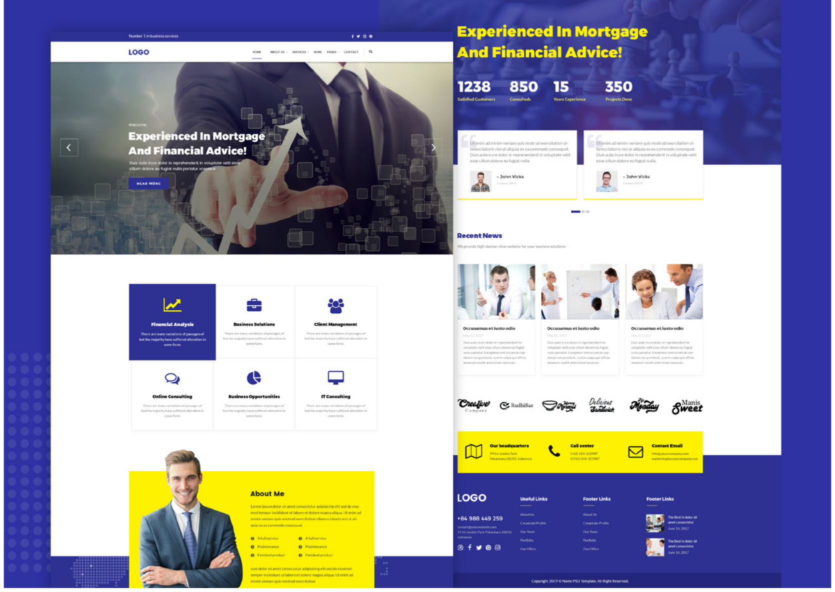
5 Net Profit Margin

The net profit margin is a number which indicates the efficiency of a company at its cost control. A higher net profit margin shows more efficiency of the company at converting its revenue into actual profit. This ratio is a good way of making comparisons between companies in the same industry, for such companies are often subject to similar business conditions.

The formula for computing the Net Profit Margin is:

Net Profit / Net Sales

The above financial tip is brought to you by: Dawgen Global Knowledge Centre



THE HISTORY OF THE INTERNET - HOW THE WEB CAME TO BE

The fundamental idea of the internet first came about in a paper that was published in 1960 by J.C.R. Licklider. In it, he articulated the concept of a wide network of computers, and some of the uses that would arise from such a network. Mr. Licklider had ideas that would shape the powerful tool that we use so frequently in modern times.

2 years later, Licklider was hired by the U.S. Government's Department of Defense. Specifically, he worked in a branch called DARPA. At that point, they had 3 terminals in their office, and several men worked together on the technical concepts that would allow them to network the computers.

Although they established some groundbreaking computer protocol, their small network was barely a baby step towards what we have today. Computer scientists around the world worked on their own computer networks, trading ideas and information amongst themselves. Networks grew to be more complex, and to contain more computer terminals.

Eventually, the small handful of network owners began to theorize about what sort of possibilities there would be if every single computer network was interlinked into one giant network. Men from DARPA and Stanford University worked on the problem of how so many individual networks could be merged. Eventually they determined that the key was to establish a universal protocol. In order to be a part of the large network, individuals would have to follow the protocol.

Stanford researcher Vincent Serf wrote the "Specification of Internet Transmission Control Program" - which, coincidentally, was the first known use of the word "internet". It also established guidelines known as the TCP/IP. DARPA's network approved this protocol, and it became the only acceptable way to transfer data within its network. The standards were provided to all of the other major networks at the time, and one by one they converted their machinery to the new protocol. Because of this universal compliance, almost any two networks could be joined, no matter what their type was.

The phrase "The Internet" began to be used in reference to a sort of mainframe of inter-connected networks. They could be easily accessed by any machine using the proper protocol. Data could be easily transferred using existing infrastructure - in fact, countless satellite links and phone routing stations were converted to the TCP/IP protocol to further the information-carrying ability of the internet.

Throughout the 80s, the internet began to grow into a worldwide phenomenon. Naturally, almost every country had its own computer enthusiasts and research programs with their own networks established. Word spread of the universal TCP/IP protocol that was connecting computers across the world, and foreign networks enthusiastically adopted these standards. This globalization only contributed more to the spread of the internet, as brain power from across the world was united to optimize the networks and establish the best methods of data sharing.

To this day, TCP/IP remains nearly universal, being used by every internet-compatible computer as well as a huge number of private networks. We can certainly do more with the network than the pioneers of the 80s, but without their work we could still be sending telegrams instead of emails.

SETTING UP A NETWORK WIRED OR WIRELESS?

To Wire or Not to Wire

Wireless networks are en vogue, but your installation won't be successful unless you chose the right type of network and set it up properly. Wired networks require that each computer be connected via a wire to a central location, called a switch or hub. This often involves installing cables through walls and ceilings and can present a challenge for anyone.

If the computers in your home or office are all within 500 feet of each other, a wireless network might be good for you. A wireless network has no cables. It can connect computers on different floors of a building or even across the street. Aside from the obvious benefit of not having wires, wireless networks are more convenient since the setup, configuration, and reconfiguration can often be done within minutes, without extensive planning.

Wireless networks, however, are not as fast as wired networks. If you play computer games or want to view streaming video or other high-speed multimedia, a wireless network might not have enough capacity. But, if you just want to check e-mail and view web pages, a wireless network is a good choice. To install a wireless network, you need a Wireless Access Point and a wireless network card for each computer. You will need to buy a wireless network card for each desktop computer, although most newer computers come equipped with one.

Security is not a large concern in a wired network, since someone would have to physically connect to a wired network to break in. In wireless networks, a car parked outside with a laptop could easily connect to your network if you don't have proper security in place. To prevent this from happening, encrypt your wireless network connections, or set a password to access the network, or do both.

Do It Yourself or Call a Professional?

If you decide to use a wired network, consider whether you will install it yourself or hire a professional. If you have a small number of computers that are all situated very close to one another, you may be able to buy pre-assembled network cables and connect them yourself. If you need to wire multiple floors and lay wire through ceilings and walls, you need a professional installation. If you go this route, it is best to begin with a floor plan of your office or home, determine what your current needs are, and consider how the network design can be adapted to future needs. A professional installer should be familiar with EIA/TIA standards, local wiring and electrical codes, and making custom cables. Network cabling professionals are often judged by the neatness of their work, because sloppy cabling is more apt to deteriorate over time, harder to manage, and poses more of a fire risk.

Having a wireless network or a wired network is not mutually exclusive. Many small offices have a wired network in addition to one or more wireless networks, depending on their needs. Wireless networks are continuing to get faster, more secure, and less expensive. Wired networks will continue to coexist with wireless networks, often in the same homes and offices.

At Dawgen Global we help you make Smarter and More Effective Decisions with our Information Technology Services.

Let's have a conversation!!

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THE TIME VALUE OF MONEY

Life is about decisions, whether they relate to your work, business or personal life. Often ignored is the interplay between all these areas, and the fact that a little interdisciplinary thinking can go a long way. This might sound obtuse, but many important decisions can be made easier by thinking simply, and a bit differently.

Before we do, a note about value, and 'utility'. Business is about creating value. Our personal lives (according to economists) are about maximizing our utility, where utility is simply a measure of the happiness or satisfaction gained from a good or service.

Think of it this way, and business is considered first. If shareholders (either owners or investors) could create more value themselves using other means, why bother running or investing in a business? Assuming we don't all have a perpetual income stream it comes back to this - if you don't create value in today's economy, you'll be forced to do one of two things. Change how you do things, or cease to exist. For business the value question is rather important.

People have it a little easier in some respects. Creating maximum utility is an incentive in and of itself. In the end, we all want more, whether it is revenue and growth for business, or old-fashioned utility in our personal lives.

To get more, we return to the decisions mentioned earlier, as all the decisions we make have a direct impact on both value creation and utility maximization, in particular those related to finance. Successful strategic management (the direction you want to take the business) is supported by your investment policy (choosing which projects to undertake) and your financing policy (how you fund everything). Linked to all of this is risk management, or how you handle the risks associated with these financial decisions.

Personally, financial decisions influence your quality of life, and your ability to enjoy the things you want. Once again we are back looking at the study of incentives - how people get what they want, or need, especially when other people want or need the same thing. In this case, it's maximum utility.

One of the cornerstones of modern finance assists us in understanding which decisions to make, and it is equally applicable to business and personal finance. Its known as the time value of money. Simply put, $1 today is worth more to you than $1 received in the future. Why? Money has a time value because of interest rates, no matter how measly, making $1 today more valuable than $1 received at some time in the future because it can be invested today to provide a return. The income from the investment will in turn, make the dollar you get today worth more than the one promised you in the future. Perhaps an example best illustrates the point.

Peter is offered the choice between $100 now, and $100 in a year's time. He takes the cash now, and invests it in a security (or bank) yielding 8%, and in a year has $108, which is clearly more than if he deferred taking the money at the start.

Again, this comes back to the incentives mentioned earlier. Interest rates are paid because someone else can use your money now, and they are prepared to pay you a return for the privilege of doing so, which is in truth a premium for taking the risk of giving your money to someone else. With business, this concept is part of what is known as the Sharpe-Lintner Capital Asset Pricing Model (CAPM for short), allowing people to work out, in today's terms, the value of future cash flows on any project or decision requiring investment. Widely used, this concept varies in appearance and complexity, from sophisticated models developed by General Electric to the small business owner using the 'NPV' formula in an Excel spreadsheet.

There is another side to this discussion, and it's slightly more personal. The time value of money can apply to you, and specifically, your utility. To understand how, we need to look at things the other way around and get a handle on the incentives of everyone involved.

Think of large personal assets you might have, like a structured settlement. The agreements reached in setting up the settlement left you with a sense of security for the future and continuing, dependable payments over time. Comfortable. Hmm. Let's look at the incentives.

Think like they do. The illusion is that you will be better off down the track with the settlement. The problem is, they don't want you to have all your money now because they understand the time value of money. Its worth more to them, and they bank on the fact that you haven't given it a second thought.

Remember that structured settlements are designed so that the paying company get the maximum benefit from the time value of money. This doesn't happen by accident or through some amazing act of benevolence driven by concern about your long term well-being. It's pure market and negotiating power. Considering the time value of your settlement, the incentive is for them to keep your money as long as possible to maximize their value growth.

The intent of this discussion is to make you think. Consider the time value of money in your personal life. How much value is there for you in holding first-mortgage on a property for 20 years, compared with maximizing your utility? How much utility is your monthly settlement check going to provide you in 10 years? Just think about increases in the cost of living over the next fifteen years, and how the monthly check stands up.

Avenues exist in today's marketplace for you to better utilize these high-value assets like structured settlements and real estate notes. Naturally, decisions to do so should not be taken lightly, treating your largest assets as whimsically as an ATM card. Whether in business or in your personal life, always consult a diverse range of industry professionals to increase the amount of information and knowledge brought to bear on any decision. As mentioned at the start, risk management is an important part of any decision making process.

Remember the time value of money. It can be used both for and against you. And find out which way it is being used, just look to which party has the larger incentives.

About Dawgen Global
Dawgen Global is an integrated multidisciplinary professional service firm. We are integrated as one firm and provide several professional services including: Audit & Assurance /Accounting /Business Processing Outsourcing (BPO) /Legal and Tax/ Advisory/Risk and Performance.

Our commitment is to making the global local, we are GLOCAL! At Dawgen Global we help you make Smarter and More Effective Decisions.

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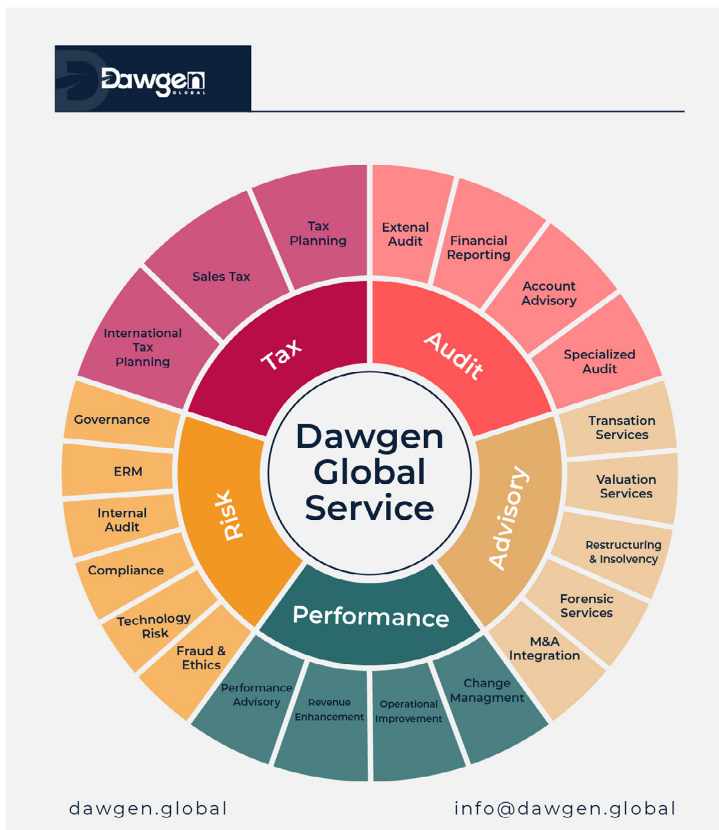

Virtual IT Anyone?

Running a business requires top-flight skills in many areas. The problem for a small business is that there are less people to share knowledge. In fact, people may mean "you"! Not everyone can be an expert in everything.

In a large business you can afford to hire individuals to specialize, a smaller business cannot. What do you do when you need to be everything from the graphic artist to the network administrator to the janitor?

For starters, you need to identify the activities that only you can do. Then get help for the ones you can delegate. And delegate them!

Unless you run an IT company, your computer support is one area you can delegate.

Say you spend four hours per week working on or fixing computer problems. Over the course of a year, that is more than 200 hours! Problems like printer issues, virus cleaning, spyware removal, email issues, training your new employee on your software and a whole host of other annoyances.

How much time is lost when spyware makes your computer take five minutes to open a program that should take less than one?

Computers can greatly enhance the productivity of your business; however, they can cause a loss of productivity when not properly maintained.

While the 200 hours can be a huge investment in your time, it is only a fraction of the time worked by one fulltime IT support person. In fact, you would be paying a fulltime support person for approximately 1880 hours per year for doing virtually nothing. At US$20.00 per hour, that is well over US$37,000.00. With all the associated employment costs, it could be over US$50,000.00 per year!

Here is where a Virtual IT Support Agreement can save you time and money and increase your productivity.

What is virtual IT?

Virtual IT is where you contract with a third party to provide just the services you really need. Why pay US$37,000.00 when you could pay US$4,000.00 instead?

A sample contact could offer services like this:

- Service Level Agreement
- Four hour response time
- Eight hour response time
- Twelve hour response time
- On-site desktop support
- Help Desk services
- Project management
- Computer Training
- Network security

Service Level Agreement

A service level agreement is a contractual response time. For example, a four-hour response time would mean that a technician would be onsite within four hours of you initiating a call for assistance.

On-site Desktop Support

Here the technician goes out to your place of business and performs his duties.

Help Desk Services

Not every call requires a technician to go out to the customer's location. Often the issue can be resolved over the phone. This allows your employees to get back to work faster and saves you money. Typically, phone support costs less than on-site support. For example, a typical desktop support call in a large corporate environment could cost about US$150.00 per incident. While a call to the same corporation's help desk might only cost US$50.00 per incident. That is 300% less!

Project Management

While the services of a project manager are required infrequently, they can quickly prove their worth. A good project manager will save you time and money. His job is to coordinate and put all the pieces together.

Computer Training

You can have all the latest and greatest computer hardware and software and still not have a very productive staff. In order to get the maximum value of your investment your employees need to know how to use your equipment.

What good is Excel if you do not know how to setup simple formulas? Would you rather your admin person type addresses on 500 letters, for you new marketing campaign, or do a merge and cut the time down to almost nothing?

Simply put, training increases productivity. Increased productivity translates to increased profits!

Network Security

Security is a big issue in today's business environment. Inadequate security can jeopardize your business in several ways:

1. Allow intruders to steal customer data
2. Allow employees to steal customer information
3. Allow intruders to use your computers to commit other crimes
4. Cause a loss of productivity
5. None of this is good for the survival of your business.
6. Every business owner should take security seriously, even if it is only to reduce potential legal liability.

Small business owners often spend their early years forced to handle every task themselves. They just do not have the money to delegate most of their work. As the business grows, this becomes more and more of a burden. Delegation of activities is a crucial task that some never learn to do.

Pick your experts carefully and it will free up your time so you can grow your business.

MANAGING RISK, EXPLOITING OPPORTUNITIES IN A DYNAMIC BUSINESS ENVIRONMENT

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INTRODUCTION

The increasing uncertainty, volatility, and complexity of the global business environment due mainly to geopolitical tensions, exponential disruptive technologies, cyber threats, regulatory reforms, slowing global growth, money laundering, significant natural disasters, and other emerging developments create significant potential risks that, if not managed effectively, can negatively impact the ability of organizations to achieve their business objectives. This changing risk landscape also presents opportunities that business leaders can exploit to create value for stakeholders. With the increase in frequency, and complexity of risks that organizations now face, it is important to more effectively manage risks while exploiting opportunities within an integrated risk management framework.

Although risk management is a proactive process that considers both upside risk and downside risk, and seeks to minimize the impact of uncertainty and negative outcomes while exploiting opportunities, its activities are traditionally uncoordinated, ad hoc and siloed. Moreover, risk management focuses mainly on operational and compliance related risks, while ignoring strategic and emerging risks, the risks most likely to significantly impact an entity's ability to achieve its business objectives. Consequently, risk management processes are considered to be ineffective and not adding value to decision making. As organizations navigate uncertainties that create complex and interconnected risks to their business models and operations the need for a robust enterprise-wide risk management (ERM) approach has never been greater. In this dynamic business environment, organizations need to be more adaptive and resilient to change. It is also important for business leaders in general, and particularly, senior management to develop a mindset of thinking strategically about how to manage risks created by the uncertainties in the internal and external operating environment.

ERM, which is an iterative process involves identifying, assessing, and treating uncertainty and related risks as well as opportunities that could affect the outcomes of an organization's objectives. Importantly, ERM processes consider risk in the strategy-setting process and provide the board of directors and managers with a better understanding of how risk affects performance. ERM also provides confidence that all levels of the organization are attuned to the risks that can significantly impact strategy and performance, and that these risks are being proactively managed. Leading frameworks such as the Committee of Sponsoring Organizations of the Treadway Committee (COSO) framework (2017), Enterprise Risk Management – Integrating with Strategy and Performance, and the International Organization for Standardization's (ISO) standard, ISO 31000:2018 - Risk Management guidelines provide approaches that can assist organizations to develop the culture, capabilities and practices integrated with strategy-setting in managing risk to create, preserve, and realize value. These principles-based approaches to risk management are applicable to organizations of all sizes. Although smaller organizations are typically faced with less organizational complexity and bureaucracy, they can also benefit from a strategic and structured approach to risk management.

What is the Board of Directors' Role in Enterprise Risk Management?

Traditionally, ERM has played a strong supporting role at the board level. Now, boards are increasingly expected to provide oversight of ERM. The ERM framework provides important considerations for boards in defining and addressing their risk oversight responsibilities. These considerations include governance and culture; strategy and objective-setting; performance; information, communications and reporting; and the review and revision of practices to enhance entity performance (COSO, 2017).

The board's risk oversight role may include, though not limited to:

Reviewing, challenging, and concurring with management on:

- Proposed strategy and risk appetite.
- Alignment of strategy and business objectives with the entity's stated mission, vision, and core values.
- Significant business decisions including mergers, acquisition, capital allocations, funding, and dividend related decisions.
- Response to significant fluctuations in entity performance or the portfolio view of risk.
- Responses to instances of deviation from core values.
- Approving management incentives and remuneration.
- Participating in investor and stakeholder relations.

To become aware of the risk mindset of management within an organization, the board can ask senior management, not just the chief risk officer, to address questions such as: articulate how risk is considered in the selection of strategy or business decisions? Can they clearly articulate the entity's risk appetite and how it might influence a specific decision? The resulting conversation may provide insights on what the mindset for risk taking is like in the organization. Boards can also ask senior management to discuss not only the risk processes but also the risk culture. For example: How does the culture enable or inhibit responsible risk taking? What lens does management use to monitor the risk culture, and how has that changed? As things change, and things will change whether or not they are on the entity's radar – how can the board be confident of an appropriate and timely response from management?

ERM, over the long-term, can also enhance enterprise resilience, that is, the ability to anticipate and respond to change (COSO, 2017). ERM assists organizations to identify factors that represent not just risk, but change, and how the change could impact performance that may require a shift in strategy. By observing change more clearly, an organization can frame its own plan; for example, should it defensively pull back or invest in a new business? ERM provides an effective framework for boards to assess risk and embrace a mindset of resilience.

Does Management Play a Role in Enterprise Risk Management?

The overall responsibility for managing risk to an organization resides with management. However, it is important for management to go further by enhancing the conversation with the board and stakeholders about ERM to gain a competitive advantage. This begins by positioning ERM capabilities as part of selecting and refining a selected strategy. Through this process, management will gain a better understanding of how the consideration of risk may impact the choice of strategy. ERM enriches management's conversation by adding perspective to the strengths and weaknesses of a chosen strategy as conditions change, and how well the strategy fits with the organization's mission, vision, and core values (COSO, 2017). Moreover, it provides management with the confidence that they have examined alternative strategies and considered the input of individuals in the organization who will implement the selected strategy.

Choosing a strategy requires structured decision making that analyzes risk and aligns resources with the mission and vision of the organization. Once a chosen strategy is implemented, ERM provides an effective way for management to fulfill its role, knowing that the organization is attuned to risks that can impact strategy and is managing these risks effectively. Applying ERM assists to create trust and instill confidence in stakeholders in the current dynamic business environment.

What is the Role of the Accounts and Finance Professionals in Risk Management?

To better deal with uncertainties, the demands have never been greater from boards and management for more comprehensive, connected and insightful information, better understanding of opportunity and risk, and deeper market and competitor knowledge. To achieve success, business requires taking risks and seizing opportunities. The accounts and finance professional's primary role in ERM is not solely to mitigate risk, but to promote and facilitate the management of risk and opportunity in support of the creation, preservation and realization of value (International Federation of Accountants, 2019). This involves being focused on the benefits of intelligent risk-taking in addition to mitigating and controlling risk. To add significant value to an entity, accounts and finance professionals must be seen as forward-looking risk experts providing valuable insights to manage risk that supports their organizations respond to uncertainties and to achieve the business objectives.

The Benefits of Effective Enterprise Risk Management

Managing risk using a proactive and integrated approach has several advantages. Organizations that integrate ERM throughout the various functions can realize many benefits, including, though not limited to:

Improved accountability and effective governance: An organization's governance function is comprised of several key risk management roles. These roles include assisting to integrate risk management into strategy, establishing risk appetite and risk tolerances, defining risk management roles and responsibilities, benchmarking, and reviewing how risk is managed within the entity.

Enhanced ability to identify, assess, and manage risk enterprise-wide: Organizations face numerous risks that can affect the various functions in the entity. Sometimes a major risk can originate in one part of an entity but impact a different part. As a result, it is important that enterprise-wide risk are identified, assessed, and managed efficiently and effectively to improve and sustain performance.

Increasing positive outcomes and advantages while reducing negative surprises: ERM allows organizations to improve their ability to identify and prioritize risks, establish appropriate risk responses, reducing surprises and related costs or losses, and exploiting opportunities.

Improved understanding of risk interdependencies: Risks are often treated in silos, however, risks are becoming more and more interdependent. For example, in financial institutions, a risk that originates in the credit function can have significant impact on the treasury and operations functions. The ERM framework provides an approach to identify and manage inter-function risks.

Increasing the range of opportunities: By considering all possibilities – both positive and negative aspects of risk – entities can identify new opportunities and unique challenges associated with these opportunities.

Reducing performance variability: For several organizations, the challenge is less with surprises and losses and more with variability in performance. Delivering results ahead of schedules or beyond expectations may cause concerns similar to performing below schedules and expectations. ERM allows organizations to anticipate risks that could affect performance and enable them to establish required actions to minimize disruption and maximize opportunity.

Improving resource deployment: Assuming that resources are usually finite, obtaining robust information on key risks allows organizations to assess the overall resource requirements, prioritize deployment of resources, and enhance allocation of resources.

Enhance organizational resilience: An organization's medium- and long-term viability depends on its ability to anticipate and respond to change, which is facilitated by effective ERM. As business complexity increases, enhancing organizational resilience allows entities to increase their ability to return to an acceptable level of performance in a reasonable period of time after a risk event has occurred.

Risk Management going Forward

The increased uncertainty, volatility and unpredictability in the global economy have created new and more complex challenges for risk management. ERM will be an important part of how an organization manages, sustains and improve performance during these times. Regardless of the type and size of an entity, the chosen strategies must be consistent with its vision, mission, and core values. Therefore, it is critical that organizations establish processes that drive effective responses to change, including agile decision making, the ability to respond in a consistent manner, and the adaptive capacity to pivot and reposition while maintaining high levels of trust among stakeholders.

There are several trends in this dynamic business environment that will have an effect on ERM. These trends include:

Building stronger organizations: As organizations become better at integrating ERM with strategy and performance, an opportunity to strengthen resilience will occur. By becoming aware of the risks that will have the most significant impact on the organization, ERM can be used to establish capabilities that allow entities to respond early to these potential risk events, which will also provide new opportunities for these entities.

Managing the exponential increase of data: As increased data becomes available from both inside and outside the entity, and structured in new ways, the speed at which data can be analyzed will require the ERM framework to be modified to manage potential risks from this trend. Advanced analytics and data visualization tools will be valuable in helping management understand risk and its impact (both positive and negative) on the achievement of business objectives.

Leveraging artificial intelligence and automation: It is a widely held belief that we have entered the era of automated processes and artificial intelligence. Therefore, it is important that the impact of these emerging disruptive technologies be considered in ERM practices to enhance the overall effectiveness of risk management by leveraging new capabilities such as building controls directly into processes, and prioritizing areas for monitoring. Relationships, trends, and patterns that were previously not recognizable can now be identified, providing a rich source of information that is critical to managing risk. An example is identifying potential risk events in real time to allow preventive action to be taken.

Managing the cost of risk management: A concern frequently expressed by many business executives is the cost of risk management, compliance processes, and control activities in comparison to the value gained. As ERM practices evolve, it will become important for activities that encompass governance such as risk, compliance, and control to be cost-efficiently coordinated to provide maximum benefit to the organization. This may represent one of the best opportunities for ERM to redefine its importance to the organization.

In summary, to consistently provide the benefits outlined in an ERM framework, as an iterative process, ERM will need to change and adapt to the future. By embracing the right focus, organizations can obtain benefits from ERM that significantly outweigh the investments and also provide entities with confidence in their ability to navigate the future. The right focus involves engaging employees throughout the organization which can be achieved by implementing an active programme to create a risk-aware culture that encourages ethical employee behavior, constructive challenges, appropriate incentives, and transparency.

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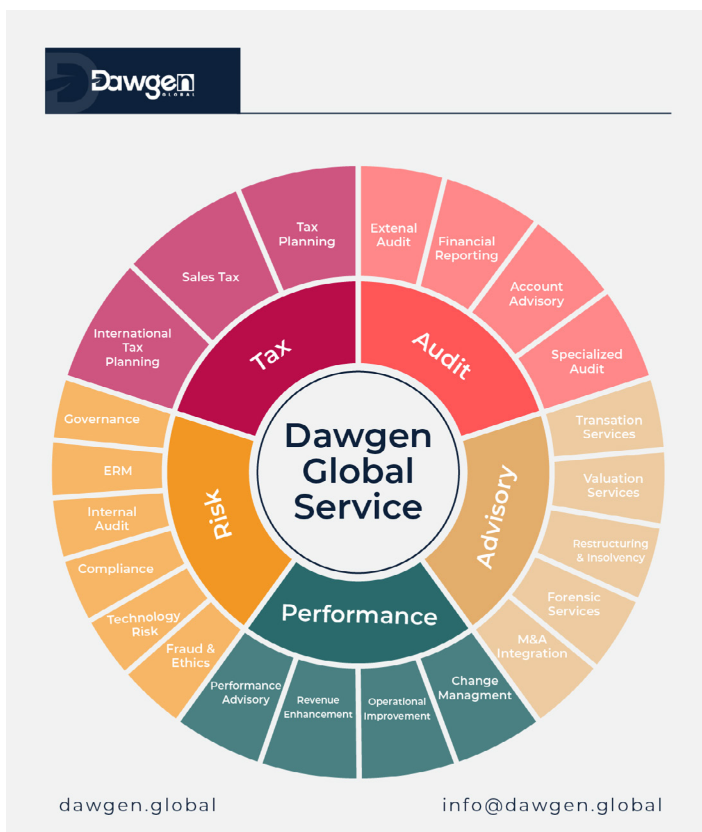

About Dawgen Global

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Dawgen Global is an integrated multidisciplinary professional service firm. We are integrated as one firm and provide several professional services including: Audit, Accounting, Legal & Tax, IT, Risk and Advisory.

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