

SUSTAINING GROWTH THROUGH ECONOMIC TURBULENCE

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*PPRICS, PPRISM, FRICS, FRISM, FHKIS,
FARES, FCAS, DIF*

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OVERVIEW



- The worst economic crisis in generations”
- Tim Geithner (Feb 10, 2009)



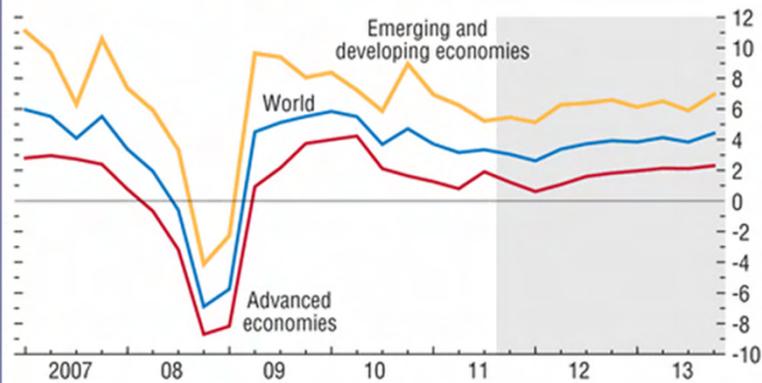
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GDP GROWTH



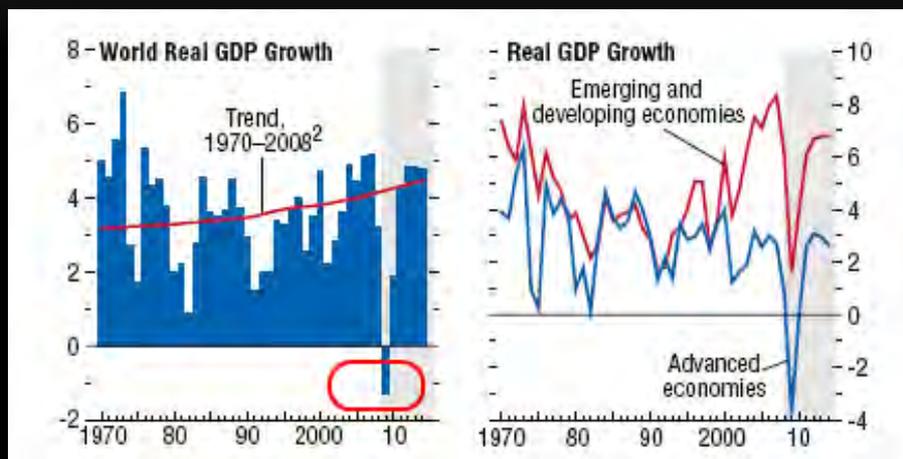
Figure 1. Global GDP Growth
(Percent; quarter over quarter, annualized)



Source: IMF staff estimates.

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GDP GROWTH



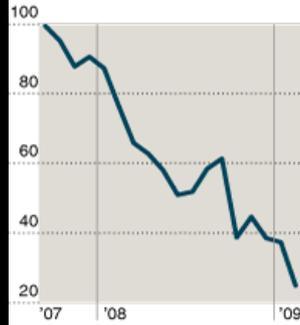
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Key economic indicators look bleak



Consumer Confidence

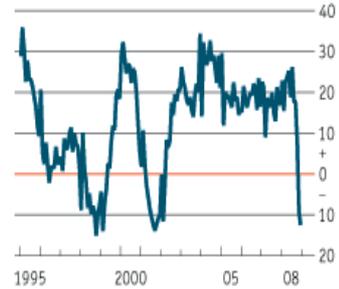
Index measuring attitudes toward the economy, 1985=100.



Source: The Conference Board

Falling off a cliff

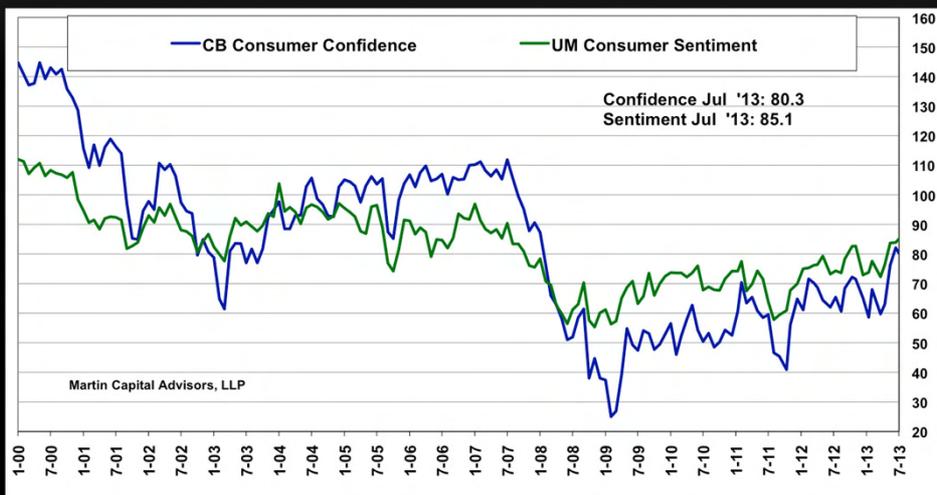
Emerging Asia's* exports
% change on previous year, \$ terms



Source: CEIC

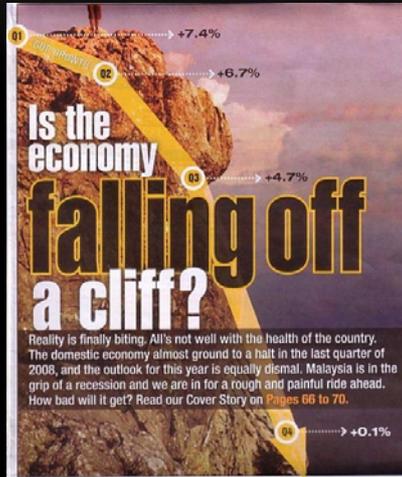
*Excluding Japan

CONSUMER CONFIDENCE INDEX



Martin Capital Advisors, LLP

Are we falling off a cliff?



- RM 7 Billion for the First Stimulus package was introduced on November 4, 2008

- The Second Stimulus package coming on March 10, 2009

GOVERNMENTS' STIMULUS PACKAGES



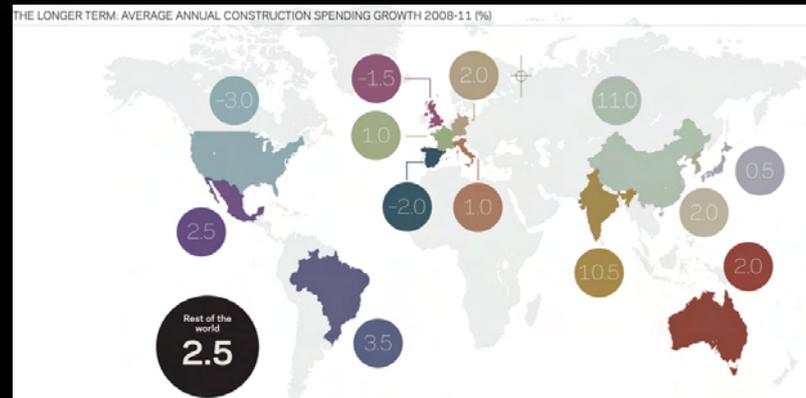
BILLION-DOLLAR STIMULUS PACKAGES

Countries around the world are spending hundreds of billions of dollars to support economic growth.



That amount of money is being used to keep growth up, especially in the US, Europe and Japan.

The longer term: Average annual construction spending growth 2008-15 (%)



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- Global construction spending to reach US\$4.6 Trillion by 2015.
- By 2020 developing countries will account for majority share of construction spending in the world



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Head Winds Going Forward:

- US national debt and fiscal deficits
- Devaluation of US\$
- On-going European Debt crisis
- Instability in the Middle East / North African states



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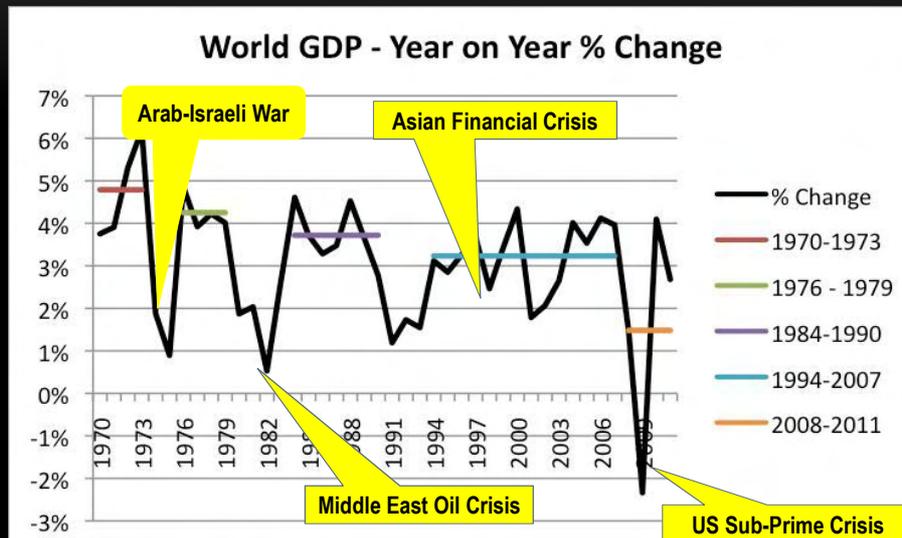


My Personal Experience of Recessions

1. 1974/5 – The Arab-Israeli War
2. 1982 – The Middle East Oil Crisis
3. 1997/8 – Asian Financial Crisis
4. 2007/8 – Global Economic Crisis triggered by the US Sub-prime crisis and on-going European debt crisis



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IN CHALLENGING TIMES LIKE THIS, HOW CAN PROFESSIONALS LIKE SURVEYORS :

- FACE THE FULL BLUNT OF ECONOMIC CRISIS?**
- NOT ONLY TO SURVIVE BUT ALSO TURN THESE CHALLENGES INTO OPPORTUNITIES?**



- **6 CRITICAL SUCCESS FACTORS**
- **7 PRINCIPLES FOR GROWTH**

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CRITICAL SUCCESS FACTORS

1. Keeping busy in cyclical downturns

- There were slowdowns in 1974/5, 1982/3, 1997/1998 but our business continues to grow
- Benefitting from regional and global networking
- Innovating and improving work processes to improve work efficiency
- Implementing ISO 9001 Quality Management System



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CRITICAL SUCCESS FACTORS



2. Value Innovation

To cater to the clients' needs in ever changing and challenging market, while maintaining our QS core business, we have developed skills and competencies in areas, such as:

- Project Management
- Contract Advisory and Dispute Management Services
- Research and Consultancy Services
- Tax and Capital Allowance Advisory Services
- M & E Services Cost Management Services
- Oil & Gas Industries

We also formed our Sustainability Group with several of partners who are qualified LEED or equivalent Assessors

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CRITICAL SUCCESS FACTORS



3. Client Relationship Management

- Client relationship management is critical as 80% of our businesses are repeat business or referrals
- The emphasis on "Teamwork" is prevalent in our discharge of our duties to clients
- Staff are regularly trained to meet the expectations of Clients
- Regular feedbacks from clients
- Client complaints are attended to rapidly

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CRITICAL SUCCESS FACTORS



4. Human Capital Development

- “Our People, Our Investment, Our Excellence”
- We invest heavily in human capital development
- All offices have structured training programme
- In countries /offices where there is no formal training of quantity surveyors, we have our own training programme to “convert” engineers or architects to become cost managers
- New staff are required to undergo the Induction Programme
- Staff are given annually 2 day CPD leave to attend CPD programme outside the firm
- Our Human Resource Linkage Group – provide opportunity for sharing of talents worldwide including short-term postings

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CRITICAL SUCCESS FACTORS



5. Talent and Partner Development

The firm observes 5 core principles for identifying and developing Partners:

- A. “Zero In Zero Out” principle: To ensure smooth succession of partners.
- B. Grow from within: Potential Partners are groomed from within the company so that core values (the DNA) are passed on to next generation of partners
- C. Entrust the person on the ground: Best persons, nationals of the country are empowered and trusted to run the business
- D. Integrity: Integrity of the Partners are paramount to the cause
- E. Succession Planning: Always on the lookout for the right talents

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CRITICAL SUCCESS FACTORS



6. Cash Flow Management

- Ensure that you have adequate cash flow and financial support to continue with the business
- Credit control is critical
- We instituted rating system for our clients
- Having a good credit line from a trusted bank is helpful
- Postpone non-revenue generating expenses
- Save recurring costs wherever possible

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7 PRINCIPLES FOR GROWTH

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7 PRINCIPLES FOR GROWTH

1. Clock Building and not Time Telling

Partners and staff are instilled with the mindset to constantly keep abreast with the latest developments. They must constantly re-engineer and create speedier and more productive processes resulting in more efficient services to clients.

We remind ourselves we are employed by our clients to offer them business solutions.

We are not service providers but **SOLUTIONS PROVIDERS**

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7 PRINCIPLES FOR GROWTH

2. Preserve the Core Business and Explore New Opportunities

- We always keep to our core business in quantity surveying and cost management while exploring and adding services that are closely associated with the core skills.
- Provide multi-disciplinary approach with staff trained in specialised fields e.g. legal, M&E, Hotel, infrastructure, etc
- In tandem with technological advancement we introduced CADmeasure and now into BIM

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7 PRINCIPLES FOR GROWTH



3. Re-engineer and change for improvements even in the busiest of times

There is always a constant drive to change for the better. This has been the trademark for us over the years.

Tough decisions are required in tough environment.

Establish small groups to look at new processes or systems, e.g. contracts, IT, BIM



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7 PRINCIPLES FOR GROWTH



4. Home Grown Management

Growing from within is our core value. We want to build a community of talents who share the vision, the mission and the core values (the DNA) of the firm.

As an international firm we constantly look out for local talents and mold them to be key drivers on their own turf.

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7 PRINCIPLES FOR GROWTH

5. Good Enough Never Is

The firm has a philosophy of continuously strive for improvement and excellence.

Whilst we take pride in maintaining our leading position in the industry, we never sit on our laurels and be complacent.

Anchoring the “Change” mindset as our core culture

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7 PRINCIPLES FOR GROWTH

6. Build To Last

All the above contributes to the desire to build a firm that has a lasting impact to the industry and will continue to explore and create new markets and opportunities.

We have this concept that the firm is not to serve the Partners but the Partners are to serve the firm as “drivers”.

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7 PRINCIPLES FOR GROWTH

7. Look beyond your traditional market

- Whilst we strive to maintain our market share of business, we also look out for opportunities to venture into new markets.
- Obviously you must carry out your own risk analysis and take measured steps to venture out.
- One of the ways is to look for potential local partners in the market.

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6 CRITICAL SUCCESS FACTORS

- ✓ Keep Busy in Cyclical Downturn
- ✓ Value Innovation
- ✓ Client Relationship Management
- ✓ Human Capital Development
- ✓ Talent and Partners development
- ✓ Cash Flow Management

7 PRINCIPLES FOR GROWTH

- ✓ Clock building, not time-telling
- ✓ Preserve the Core, Explore the New
- ✓ Re-engineer and continuous change for improvement
- ✓ Home Grown Management
- ✓ Good Enough Never Is
- ✓ Build to Last
- ✓ Look beyond the horizon

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Safe sailing



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THANK YOU!

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