Singapore Boom Slows Down

For Singapore Contractor David Yew, the Last Few, Booming Years May Slow Down a Bit — But He’s Still Driving Hard

If you can’t do it yourself, find and hire someone who can.

That’s not just a word of wisdom. It’s an operating philosophy for David Yew, the brilliant 28-year-old managing director for Shanghai Chong Kee Furniture & Construction Company, an AWCI member in Singapore. And does his philosophy ever work.

Yew, a building technology graduate of Singapore College, has helped spin the construction division of conglomerate head Chong Kee Shanghai Chong Kee Investment PTE Ltd. from a small office furniture company into a $25,000,000 a year profit maker. And that total is in American dollars.

A native of Singapore, Yew is the son of a shop assistant who operates a textile export business. Following his 1977 graduation from college and a two-year mandatory military tour, Yew joined the Chong Kee group in 1980 as a site supervisor for construction projects. Within two years he was promoted to contracts manager and then to deputy general manager. In late 1983 he was named managing director.

From the office furniture base, the company has diversified into partitions and ceilings, including dry wall, acoustical ceilings, demountables, steel framing, and encasement fireproofing. Because Singapore is an international city, many of Yew’s contracts are scattered throughout Southeast Asia—Malaysia, Thailand, Taiwan, Hong Kong, Brunei.

Focusing on commercial projects such as office buildings, factories, hospitals, educational institutions, and high rise, the Chong Kee company is well known as a joint venture special-
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ist. As a result Yew travels extensively. He visits the United States regularly to strengthen his AWCI ties and to work with the Construction Specifications Institute.

On his last visit, Construction Dimensions caught up with Yew, who normally doesn’t grant too many interviews.

DIMENSIONS: David, it’s my understanding that construction is booming in Singapore and that much of this activity can be traced to the uncertainty over Mainland China renewing the lease on Hong Kong?

YEW: Some of the activity can be traced to that, but not much. Singapore is strategically located and is developing pretty much on its own. Actually, we are heading into a slide about now. There’s been considerable overbuilding and it will take a few years to digest all of the commercial space.

DIMENSIONS: Has it hit your wall and ceiling business? That’s traditionally the last to get the slowdown in North America.

YEW: That’s also true in Singapore. The other trades are beginning to slow down now. Our own backlog is still good for two years and then we’ll no doubt be hit by the slowdown—unless we can find work elsewhere.

DIMENSIONS: That means traveling for work or additional diversification—

YEW: —or both. I’m investigating new business areas now on my current trip to the U.S. We’re looking into acoustical ceiling cleaning because there is a great deal of potential business for this work . . . about 6 million square feet, I’d estimate. That should be enough to keep us busy for awhile.

DIMENSIONS: How much ceiling do you account for annually?

YEW: We add about 3 million square feet and we’ll do maybe 4 million this year. Acoustical ceilings are coming on strong in Singapore.

DIMENSIONS: If Hong Kong isn’t responsible for the boom, what’s causing all the excitement in Singapore?

YEW: For the most part, it’s the city itself. We have been working on a series of 5-year plans. We’re into the fifth one now and these plans are all directed toward developing the city, renewing its infrastructure, and establishing it as a major economic center for the decades ahead.

We’ve drained and filled in slums then built entire, integrated townships in their place with up to 200,000 living units in each one. Each of the townships—according to the government housing and development board plans—has its own infrastructure . . . schools, entertainment, banks, shopping centers, supermarkets, that sort of thing.

DIMENSIONS: How many of these so-called “townships” are in place?

YEW: Right now there are about a dozen, ranging in size from 20,000 units up to the 200,000 I just mentioned. We call them “new towns” or “satellite towns” and they’ve all been built since the crash program in the 60s.

DIMENSIONS: Where’s all the money and people coming from?

YEW: The construction is for our existing population. Our living standard is leaping ahead. There’s no unemployment in Singapore—everybody works.

As for investment money, keep in mind that an employer must contribute to each employee’s pension fund 25% of the total wage—and the employee must match this. This 50% total of an employee’s wages is in addition to the employee’s own savings — and Singapore people have the saving attitude engrained in them. And all this money is available for investment in Singapore.

DIMENSIONS: You mentioned earlier there is no unemployment in Singapore . . .

YEW: . . . that’s right. There are jobs here . . . more jobs than workers really . . . so there’s no need for the dole or unemployment or welfare payments. Truth is, the level of employment is so high that it’s not healthy because a worker can quit and be back at work for someone else in minutes.

About 70% of the workers here are foreign—Malaysian, Phillipino, Thai-landese . . . skilled and unskilled.
DIMENSIONS: And unions. What’s their status?

YEW: We have so-called unions but they operate on a different basis from the American or Canadian experience. Their plans are established to conform to the government’s plans and policies. They seek to be compatible — not adversarial.

A Singapore employer can ask a man to work 24 hours a day and if the man is willing—no one, certainly not a union, can stop him.

DIMENSIONS: How about strikes?

YEW: You can penalize someone else to achieve your own ends so they’re illegal. Strikes basically are detrimental to the country’s economy. Our national resources in Singapore are nill: our only good resource is human and to remove that from the economic chain is disastrous.

Some 95% of our foodstuffs are imported. Our energy supplies are imported. We simply must have uninterrupted work.

DIMENSIONS: What about fringe benefits for workers? Are they a private matter or a government provision?

YEW: Everything in Singapore derives from the private sector. Our government’s role, of course, is to establish uniform rules.

Consequently, every company must provide comprehensive medical insurance for all workers. We call this the Medisave Scheme and all funding is taken directly from the pension fund . . . or CPF—

DIMENSIONS: —CPF?

YEW: Yes, the Central Provident Fund. This is the repository for pension and Medisave. An employee can take money out of his fund to purchase a house or an apartment up to the amount he has put in—but he may not withdraw for speculative purposes. The government pays 6.5% interest on whatever amount is in the CPF.

Every employed individual in Singapore must contribute. If you are self-employed, you have an option. I might add that the penalties for cheating on CPF are extremely severe.

DIMENSIONS: With all the new construction, the razing and rebuilding . . . Singapore must look like a new city.

Has there been much difficulty in introducing modern construction technology . . . new materials . . . proce-
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dures . . . that sort of problem?

YEW: Let’s take drywall as an example. In many countries, its introduction did not go smoothly and easily because of traditional reliance on older methods such as plastering, brickwork, etc.

Today, almost every building in Singapore is going up with drywall, steel framing. We had some difficulty introducing it among design professionals brought up on brick, block, cement and plaster.

But the trend today is toward lighter, faster construction. We go up an average of 20 stories so new methods are vital and important to us. Naturally, my company has grown with this shift.

DIMENSIONS: How is competition in Singapore? Open bid . . . negotiated . . . inside track?

YEW: It’s cut throat competition in Singapore itself. It’s a private dollar so emphasis is on the bottom line bid. They’re not always looking at quality so on any job the discussion first is money and then how it will be installed.

Lately, I’m happy to report, owners and developers are looking more at life cycle costs. This trend toward quality sensitivity means that sometimes now we get the job even when we’re not low bidder.

DIMENSIONS: How sharp is the competition? By that I mean, how many competitors do you go up against on any given job?

YEW: We’re the second biggest partitions and ceilings contractor in Singapore and we go up against one or two of our competitors in each job. They know their numbers as well as we do. This means that we get two and one-half jobs out of every three we bid.

DIMENSIONS: Aside from the obvious fact that many North American contractors would love that kind of closing average, what’s responsible for that high number? Are you clearly that superior to the competition?

YEW: It’s our workforce. We have 400-500 men in Singapore alone. With that many men we can control a job and unlike our competitors who sub-sub much of their work, we do all our own work and supervise our own crews. We don’t leave supervision to our subs.

When the general contractor asks us to double up crews to finish something, we can do it—if it really needs additional manpower. Remember, that in Singapore you can work a crew 24 hours a day, seven days a week—and that’s plenty of flexibility for finishing up.

DIMENSIONS: What are the trends in your marketing area? Are you staying with the rest of the world . . . moving ahead . . . falling behind? For example, demountable partitions? Your company is deeply involved with this product. What’s happening with it in Singapore?

YEW: Demountables are falling off a bit. More and more office buildings are moving into the open office thing. Now the building is going up with open spaces—and the furniture end of our business is picking up.

DIMENSIONS: It’s indeed fortunate that your company was already in place for this shift?

YEW: Indeed it is. We moved right in and did nothing to combat the shift. After all, a successful business is one that has to sell what the market demands. That’s the name of the game in Singapore—or anywhere else in the world.

DIMENSIONS: For a city economy, the choices aren’t numerous.
What’s happening in Singapore as an economic entity?

YEW: The government is formalizing plans and policies to establish Singapore as a financial center for the whole Southeast Asia market. We’ll become a service center with a strong emphasis on high technology, electronics, computers... clean industry, as it is sometimes called.

DIMENSIONS: You have a pollution problem perhaps in Singapore?

YEW: Yes, and our controls are quite severe. If your car is belching smoke in Singapore you would be well advised to pull it off the side immediately and have it towed for repair. Penalties are severe. It’s $500 for the first littering offense alone.

DIMENSIONS: Your company doesn’t restrict itself to the Singapore market exclusively, does it? You travel for work extensively?

YEW: Yes, we work in Taiwan, Malasia, Thailand. They are all developing, strong markets for construction services.

DIMENSIONS: How do you avoid trouble with the locals? That is, how does a Singapore company resolve a public relations problem when coming into someone else’s backyard and taking the work?

YEW: We joint venture every job we do. It simply won’t work any other way. I understand that most North American contractors—the successful ones who travel—follow the same policy. We always use local work crews under our managers and supervision. It’s our expertise we’re offering and these countries are glad to receive it. We provide not only employment but training as well.

DIMENSIONS: So they not only accept you: they want you?

YEW: That’s right. Singapore companies have the earned reputation for being foremost in technology and development. Some of these other countries lag behind us so our expertise isn’t just a matter of acceptance: we bring in skill, do the job well, teach what we know—and leave them in much better condition.

DIMENSIONS: If the Singapore market is all that zippy and with profits to be made, I’m surprised that some big international contractors don’t make an appearance?

YEW: They do make an appearance. We don’t have protectionism in Singapore so the big general contractors from Korea, Japan, United States compete here. They’ve slowed down elsewhere in the world so Singapore is a natural attraction.

DIMENSIONS: Do they joint venture, too?

YEW: Not as much as we do. The Koreans use their own people because of the high unemployment in Korea. The Japanese use local crews and they are a bit more successful in the low bid market here than the American contractors.

DIMENSIONS: With jobs breaking thousands of miles away in different countries with different cultures, how do you birddog the work? How do you get your leads?

YEW: We are members of all the local associations. We arrange to receive telex messages when a job breaks locally. Then, if we want to go after it, we investigate the situation, do a takeoff.

Our presentation is made locally and jointly with the local company. The fact that we are backing a local contractor with our expertise and technology sits well with the designers and general contractors. The response is quite favorable.

DIMENSIONS: The speed with which your company has diversified and the ease with which you move from country to country. Where is the basis for this success?

YEW: It goes right back to our principle operating philosophy. If you don’t personally have the skill, go hire it. But don’t try to crack a market when you don’t have information and knowledge.

Many of the new construction businesses that we have taken on are the result of going out and finding people who could make it work. We didn’t have the skill to be successful initially, but we hired people who could give us a reasonable chance to succeed.

That’s the key: if you don’t have it then go acquire it. That philosophy works whether you’re diversifying or moving into a new market.