

Creative Management Tools for Mega Projects

(A case study on Suntec City, Singapore)

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Developing Multi Billion dollar project is never easy even in the best of times. It is time consuming, frustrating and often create tensions among shareholders and bankers.

Even if the mega project can be successfully completed, the real test of the pudding is to translate this huge investment into financial success. And success is never guaranteed, more so in this increasingly competitive environment.

There are two distinct stages to a typical Mega Development :-

- Stage 1 : Hardware : Building the project with minimum disruption and completion on schedule.
- Step 2 : Software : Transforming the finished project into a money spinner.

Stage 1

Can be accomplished if there is majority control by one financially strong party. He calls the shot. What if all shareholders have minority interests and are billionaires in their own rights? How do you move in such an environment ?

Stage 2

In a very competitive world, what are the ideal strategies to respond to the challenges you face from day one.

How do you transform the completed project into a “Roaring Success” especially, if your location is not in a preferred prime location.

Suntec City is such a classical example. Built at a cost of S\$2 billion, it is owned by Tycoons from Hong Kong. More interestingly is that all the Tycoons hold minority interest. How they work together to overcome problems are interesting insight for modern management.

When the project was completed in 1997, the local newspaper called the shopping centre – A Bowling Alley. It was so “quiet”. Moreover, it was located away from the prime area. Many analysts worried about it financial viability. Will it be a white elephant ? It is so huge, 7 million sq ft of build up.

How did Management within a short span of a few years transform this giant, that many expect to fail into a Roaring Success ?? A mystery ? Luck ? What software – What Creative Management Tools were used to position Suntec City successfully ?

This paper addresses the “challenge” in more details. By a detail analysis of Internet, Management was able to “Cull” valuable lessons that help to propel the “Internet Boom”.

Management by embracing Internet Philosophy was able to transform Suntec City into “The Location” via the practice of :

CONNECTIVITY – CONNECTIVITY – CONNECTIVITY

Internet Strategies are fast and effective. The 3 internet laws that helped Management in their search for creative strategies are :

1st Law : Moore’s Law

“Every 18 months, processing power of the computer will double while cost hold constant”

2nd Law : Metcalfe’s Law

“Value of any network increases by the square of the number of people using it”.

$$\text{Value } \propto n^2$$

The 2nd Law is an internet variation of the Newton Universal Gravitational Law :

$$F = G \frac{(Mm)}{d^2}$$

Translated into Marketing and economic language, it states that “The greater the number of tenants and the closer the working relationship, the greater the value of the total projects”.

3rd Law : Coase’s Law

“The basic rule of survival for firms is the continual reduction of transaction costs”.

By detail analysis of these 3 laws and their implications we have developed new mind-set and innovative concept called FSP (Facilities Service Provider).

FSP is a new Management tool and when applied correctly it can help speed the successful management of mega projects. It is patent pending in USA/Taiwan and patent granted in Hong Kong.

As a FSP, Suntec City offers its tenants more than just physical space. It treats tenants as partners and actively promotes activities that help to enhance its tenants’ lifestyles and businesses.