

## **Go forth and multiply**

***Forget about S'pore market if you want to succeed: Ho Kwon Ping tells SMEs***

***Loh Chee Kong***

***Today***, 13 January 2006

STARTING a business? Here's a tried-and-tested formula: Set up shop in Singapore, expand the business here and, when you've saturated the local market, expand your business overseas.

Many local small and medium enterprises (SMEs) have trotted down this path, but MediaCorp Group chairman Mr Ho Kwon Ping called it "a formula for future failure".

Mr Ho, also the executive chairman of Banyan Tree Group, thinks that the notion of having to work and be established here first to be regarded as a successful Singapore entrepreneur is a stereotype.

Speaking at an Institute of Policy Studies (IPS) conference yesterday, he said that as Singapore is such an open economy, it is likely that "anything you want to do in the local market has already been done".

Said Mr Ho: "In other countries like Japan and Korea, mid-sized companies can grow into other parts of the country and are the fastest engines of growth. But here, many companies fold because they do not know what to do after dominating the local market."

Forget about the Singapore market. Instead, use Singapore as a base from which to attack a wider market, he said.

"Here in Singapore, with its population of just three to four billion, companies are like newborn birds which must learn how to fly after just three days," he said. "The minute you grow beyond a certain size, you have no choice but to go overseas. Local companies must see going global not as a reward but as a prerequisite to survival."

Recounting his own experience, Mr Ho said that his vision was for Banyan Tree Group to establish a presence in the region while using Singapore as a base.

"We actually owned a local construction firm but we decided to close it down and concentrate on a niche market, which is too small for the big players to come into but big enough to sustain growth," he said.

For SMEs to become a key component of the engine driving the local economy, Singapore's "problematic" entrepreneurs have to change their mindsets, said Mr Ho.

"Singapore companies do not have sufficient presence outside of the country," he said. "The mid-sized companies are the important ones to look out for. They must find a sustainable and proprietary advantage – perhaps in technology and branding, or by finding a niche market."

Many firms in Singapore also cannot go global because they are contract suppliers to multinational companies and do not invest in technology and marketing.

The Government has a role to play too, in helping these companies establish presence in the global markets, said Mr Ho.

Responding to comments that Singapore companies do not support one another overseas, Mr Ho said: It's pretty true. This was also the case among the Government-Linked Companies in the past, and even now some of them are still not co-operating with one another enough.

"Look at Hong Kong companies – they will cooperate with each other over a handshake. We don't do that. I wish we would."

### **LOOK LOCAL**

THE controversial debate on foreign labour policy in Singapore has cropped up again.

Two of the pannellists at the IPS conference, speaking on how Singapore can remain a land of opportunity in the global market place, called on Singapore to re-examine its foreign labour policy.

Recapping how economic restructuring as a result of 911, the war in Iraq and Sars had led to large-scale retrenchment - resulting in low domestic consumption – Professor Chew Soon Beng, an economics don at Nanyang Technological University's School of Humanities and Social Sciences said: "When foreign investment in Singapore fell, local investment was not able to make up for the shortfall."

Foreigners now occupy some 30,000 jobs here and Singapore can make its economy more resilient by re-examining its foreign labour policy, he said.

"When I was on a Government panel looking into flexible work arrangements for Singaporeans, we heard employers say that they were not keen to adopt such initiatives when they could employ foreigners easily. The foreign labour policy must be coordinated with the employment situation in Singapore, so as not to weaken domestic demand," he said.

Mr Ho Kwon Ping agreed: "The policy has to be looked at again to force restructuring in some industries.

"For example, the construction industry here is totally addicted to foreigners," he said, calling it a misconception that young Singaporeans are unwilling to go into the construction line: "I'm sure many here would be willing to take up jobs in the industry. Look at Australia, where young people can have a very good life as a professional builder."