

## Media Coverage

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### Longevity over sentimentality

**In pursuit of business with a greater purpose, the Boustead group wants to prioritise the creation of sustainable socio-economic value over the mere pocketing of short-term gains.**

HIS reputation for swift turnarounds of ailing businesses precedes him, but it is the long view that matters to Wong Fong Fui, chairman and group chief executive officer of Boustead Singapore.

There is value to longevity and legacy, he believes. It is why he paid a shocking price for a mishmash of mostly “rubbish” businesses that was then Boustead Singapore - three times its market capitalisation. “We wanted the name.”

That name bears two rich centuries of history that begin with its founding in 1828 by young English entrepreneur Edward Boustead and includes ventures into tin, rubber, palm oil and the earliest introductions of foreign consumer brands to Singapore and the region. By the 1970s, the firm had split into three groups in the United Kingdom, Malaysia and Singapore. And the Singapore unit was what caught Mr Wong’s eye in 1996 for his “next project”.

Among his fix-it adventures: turning the near-bankrupt QAF around into one of the region’s largest food businesses by the time he sold it to Indonesia’s Salim Group in 1996, and taking a stake in Myanmar’s aeroplane-less national airline and getting it off the ground.

Twenty five years on from his bold Boustead buy, all that remains of the old is its geospatial business. It is but one arm of the mainboard-listed “global infrastructure-related engineering and technology group”, which counts energy engineering, real estate and even healthcare as its core business lines and reported S\$726.6 million in revenue and S\$30.9 million in net profit for the last financial year ended March 31, 2020.

Despite headwinds from the global Covid-19 pandemic, Boustead has shown resilience. Net profit for H1 FY2021 (the six months that ended on Sept 30, 2020) rose 76 per cent year-on-year on the back of stable revenue of S\$289.7 million.

#### **Growing organically, globally**

It is a point of pride for Mr Wong that much of what Boustead has accomplished under him has come via organic and global growth. “This is a rarity in Singapore, where many sizeable businesses have grown by M&A activities and investments,” he says.

Examples of such growth within the group include Boustead Projects, formed in 1996 with just six team members and a paid-up capital of S\$1 million. Since then, it has delivered more than 210 local and overseas projects worth over S\$4 billion, got listed, and has its own private property trust under Boustead Industrial Fund.

Or, Boustead International Heaters, which was formed in 1997 with 23 team members and a paid-up capital of £500,000, but has since completed over 250 projects across 58 countries and territories, worth over S\$1.5 billion.

“These companies were very much the size of startups in 1996, but have grown into established companies in their own right,” notes Mr Wong.

As its corporate materials put it, the Boustead legacy is not merely a family name but a brand of entrepreneurship “that is adaptive, that favours longevity over sentimentality; and one that runs through the organisation’s very lifeblood - its people”.

Keith Chu, Boustead's senior vice-president, corporate marketing and investor relations, elaborates: "Why do great organisations fail? Perhaps inertia or inability to let go of past glories and established products, especially when it appears that such products and, or, industries are in sunset... Letting go of sentimentality allows Boustead to move forward."

That letting-go calls for boldness at times. Boustead had been the sole agent for Lloyd's for 120 years, so Mr Wong's decision to terminate the relationship was surprising. "Lloyd's chairman called me. He said: 'No one in this world terminates (a relationship with) us,' We did it anyway - we were not making money."

The grit and nimbleness that mark Mr Wong's years as a "turnaround specialist" trace far back into his childhood, born into a family of rubber tappers in Malaysia with no dreams of becoming a businessman. A combination of pragmatism and drive led him to learn English and the sciences on his own - taking the O-levels in those subjects as a private candidate - and chart his own path to become an engineer, and eventually, step into the world of business.

But he will offer no pithy mantras for business success. "Not all that I've touched has turned into gold. All I can say is that some of what I have done has gained traction... Under certain circumstances, one strategy might work. But never believe that with a magic formula you will be able to do the same in the next round."

### **Pandemic headwinds**

And the world has seen just how swiftly circumstances can change as shock waves from the Covid-19 pandemic rippled out. Boustead was not spared. Plunging oil prices, halted construction work, and global travel restrictions have disrupted its energy and real estate businesses, and more broadly the ability to nail fresh overseas deals.

Mr Wong's "style" of ensuring a steady pipeline of work, prioritising cash flow and adhering to an asset-light business model has served the group well though. As at its latest annual report, it had an order book backlog of S\$775 million and a net cash position of S\$162.7 million.

There remains much uncertainty.

"The outlook now is a lot better than last year, and I firmly believe we'll get over this pandemic. But if we can't open up borders, I really can't fathom what's going to happen," notes Mr Wong.

### **Environmental and social impact**

Is there room to ponder environmental, social and governance (ESG) concerns amid a storm of this magnitude? Certainly, says Mr Wong. He expresses some doubt over whether the cost burden imposed on smaller companies by mandating sustainability reporting translates into actual impact. But he has no doubt that the very lines of businesses Boustead has chosen to operate in provide meaningful solutions with social value.

"Our significant revenue-generating work is in supporting government agencies to create smart cities. Our work with governments that are keen to deploy smart city solutions is probably having the greatest economic, environmental, social and governance impact," says Mr Chu, citing the use of Boustead's solutions in smart mapping work involved in smart city initiatives across the region.

Boustead's businesses have also shifted to provide clients with engineering and technology solutions that minimise carbon footprints and emissions. Boustead Projects has built 21 per cent of all Green Mark Platinum-rated new industrial facilities in Singapore - such as ALICE@Mediapolis - and is currently building Surbana Jurong Campus, which is the first large-scale Green Mark Platinum-Super Low Energy project in Singapore.

The group has also installed enough waste heat recovery units globally to reduce total energy consumption of 122TWh, equivalent to the amount of carbon sequestered in a forest the size of Sweden, Mr Chu adds.

“As we push forward with the design and construction of smart eco-sustainable industrial facilities, we are constantly looking at potential technology solutions to supplement the shift to reducing emissions,” says Mr Chu.

In the past year, however, the initiatives with greatest impact on communities Boustead is in have not been material contributors to the bottomline.

As part of its Covid-19 response, Boustead’s geospatial division partnered with regional governments, providing free tools, apps, data and resources. “Our solutions have been used to support critical activities including healthcare facility locations, testing locations, contact tracing, safe management measures and vaccine logistics,” adds Mr Chu.

Boustead’s geospatial unit Esri’s ArcGIS platform - its geographic information system technology - has also powered Covid-19 dashboards for multiple public agencies in Australia, Singapore, Malaysia and Indonesia. Here in Singapore, the government apps for members of the public to check how crowded parks and malls are run on Esri ArcGIS too.

Some synergy with profitability remains though. So far, Boustead has extended complimentary use of its GIS software and services to 325 organisations and companies from Australia, Indonesia, Malaysia, Singapore and Papua New Guinea, for pandemic-related efforts. But this has already generated enquiries that could lead to S\$6 million worth of business, as clients explore further deployment of the Esri ArcGIS platform to their core operations, according to Mr Chu.

### **Sustaining talent growth**

The toll the pandemic has taken has not led to any retrenchments. A group-wide salary freeze for FY2020 has been released and bonuses were still paid out for profitable businesses within the group.

“Human resource sustainability comes from many angles, not just remuneration,” says Mr Chu. Boustead exceeds government-mandated levels in providing paternity and maternity leave as well as medical coverage. It has also been working to encourage more women to join its traditionally male-dominated (oil and gas and construction) businesses - a nod to evidence that more balanced and diverse teams outperform homogeneous ones.

Beyond high-level talent strategies, at Boustead Projects there is an emphasis on environmental, health and safety standards. These “go down to the fundamentals of making sure our team members and subcontractors’ employees reach home safely every night”, says Mr Chu.

What Mr Wong takes pride in, when it comes to Boustead’s people, is the “organic talent growth” that he has seen bloom over the past 25 years. “We have the practice of promoting internally into available positions rather than external hiring to fill those positions. It gives team members a career path to look forward to and also gives Boustead a way to reward and show appreciation for the hard work of team members,” adds Mr Chu.

Examples include the current managing director of Boustead Projects, Thomas Chu, who joined the group as an entry-level project executive in 1997, Group CFO Chan Shiok Faun who joined in 1991 as an entry-level finance executive, and Brett Bundock, who joined Boustead’s geospatial division in 1988 and is now the division’s head and managing director of Esri Australia.

This practice extends to the topmost roles, even though Mr Wong’s own sons work at Boustead. “I never wanted to turn this into a family business,” says Mr Wong, 77. “If I had wanted to, I would have kept one of my other businesses... But it’s not my culture. It was not in my environment, my family upbringing.” As he remained at the helm of Boustead, though, his sons entered the workforce and decided to join their father’s company.

Elder son Yu Loon, formerly an investment banker, has been the deputy group CEO since 2016, while younger son Yu Wei is currently deputy chairman and executive director at Boustead Projects. “Reporters have made it sound that I’m grooming one or both of my sons to succeed me. But really,

it depends on the board and they haven't come to a conclusion yet," says Mr Wong. "The important thing is: there are people other than my sons who are capable of keeping the business going."

Sustainability and longevity require that no single person is indispensable. "The world will continue without me. What I have to ask myself is: have I got people in place yet? And I think, the business can run, no problem at all. For sure, I have that confidence," adds Mr Wong.