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FROM ARCHITECT TO MASTER BUSINESSMAN

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Ong Tze Boon had no idea how to read a balance sheet. It did not stop him from growing a 62-man firm to over 1,000

Ong Tze Boon is the Group Executive Chairman of Singapore-based integrated environmental design solutions firm, ONG&ONG. The company hires over 1,000 employees in 13 cities across the region, and has projects in 20 countries across three continents. From designing many of Singapore's Mass Rapid Transit (MRT) subway stations to the Lippo Srandol Semarang Mall in Java, Indonesia, the company has become a major player in the region.

Just 16 years ago, the company was on the brink of oblivion. The firm had shrunk from 100 to 62 following the 1997 Asian Financial Crisis, and Ong was thrust into the hot seat following the death of his mother, founder Ling Siew May. Ong's father, former Singapore President Ong Teng Cheong, who co-founded the company, also succumbed to cancer in 2001.

"I was staring at the numbers and wondering, 'How am I going to pay the bills?'" Ong recalls. "I need you to understand: If it took a Mrs. Ong with all that gravitas to attract enough business to support, in a financial crisis, 62 families, who am I at the age of 29?"

A learning journey

In 1999, Ong was an architect who had worked at the renowned Frank O. Gehry Associates, the same company that designed the Guggenheim Museum Bilbao. He had been the top undergraduate architecture student at the University of California, Berkeley where he was awarded the Gadsby-Trudgett scholarship. He repeated that feat at Rice University where he garnered the William Marsh Rice scholarship for being the best masters architecture student.

"After mom passed away, I had to run the business," he told the audience at the recent SMU Wee Kim Wee Centre CEO Talk titled "Change". "But guys, I studied architecture," he deadpanned, sparking laughter. "I had no idea what a 'left column' and 'right column' was and when I was supposed to debit or credit.

"Fortunately, architecture projects take three to four years to complete – that was a blessing. Whatever contracts I had on hand, I would only finish in two to three years. It gave me a little breathing space to figure out what to do next. I figured I'd better go back to school."

So began a journey that took Ong to the Massachusetts Institute of Technology (MIT) where he did an Executive MBA over two summers to understand the finances of running a business, leaving the day-to-day running of the firm to his staff. He followed that up with a six-week entrepreneurship course at the University of Michigan, upon which he decided that "I still don't know enough to run the business".

"I realised I'm in an unusual business world," Ong says. "My customers are developers. I'm not saying a man building his home is not my customer; I'm just saying he won't be a repeat customer. Once I build your family home, I'll never hear from you again.

"In architecture, I only have one recurring customer: the developer. CDL (City Developments Limited), Far East and the like – I know how they work. So for me to get more business from them, I need to understand the world of real estate. I need to know more than finance alone or design alone, but how everything comes together to create real estate. So I went back to Harvard and finished my AMDP (Advanced Management Development Program) in Real Estate."

"Do I go out into the market and hire interior designers and landscapers when I have no jobs for them? Or grab the job first and then go figure out how to hire?"

He adds, with a faint hint of satisfaction, "Now I can tell my clients, 'Do this, don't do that. And if you phase this out, you can monetise that. I've worked out how much square footage and how much you can redeem so that you can plow the money back without having to borrow from the bank. At the end of the venture, this is your ROI (return on investment)...and this is how the building looks!"

"The chicken always comes first!"

By 2003, the projects ONG&ONG had been working on were completed. The breathing space that Ong had was gone, and now he had to bring in the same amount of business to keep the remaining 62 employees in a job.

2003, however, was just over a year downstream from the economic fallout following the World Trade Centre attacks in New York, and SARS was about to rear its ugly head in Asia.

"Let's assume my late mother needed three architectural projects to feed 62 employees," says Ong. "Let's also assume there was only one project in the market – it was post 9-11 back then: how are you going to support those 62 employees? In theory, you can only support one-third of those 62 people. How in the world can you do that with one project in the market? The answer: do more work for that one project."

He elaborates: "I'm an architect, I do architecture, I charge you x amount of money. I then go back to the same developer and say, 'Hey, I also do interior design.' He said, 'You do?' I said, 'Yeah!' I was lying through my teeth then but he said, 'If you do, then you're on!'

"It's the same project but now I was doing two things. I needed to do three things to support 62 employees, so I go back to the developer and said, 'By the way, you know we do landscaping too, right?' At that point in time, the firm had no landscaping and interior design capabilities."

In a firm full of architects, Ong had no one who was trained as an interior designer or landscaper. The only way to get the necessary expertise was through acquiring company with a track record – a process which put his finance skills into practice. More important than that, it taught him a valuable business lesson: create business before hiring.

"Here's a scenario: Do you buy a Ferrari when there is no highway? Or do you build a highway and hope for the Ferraris?" Ong asks. "I tell you now: build the damn highway; the Ferraris will come. If you buy the Ferrari, the highway might never come.

"In my instance: do I go out into the market and hire interior designers and landscapers when I have no jobs for them? Or grab the job first and then go figure out how to hire?"

He concludes, "It's a chicken vs egg question. I will tell you now: the chicken always comes first."