

CHAPTER 5

OVERALL CONCLUSION

5.1 OVERALL CONCLUSION

This study on a company that is categorized as a medium sized property developer has been conducted during the course of the Asian economic crisis. The course of this study has covered into strategies that were adopted as well as recommendations to improve it. A case study in one of the projects was used to provide more in-depth details.

The nature of examining the strategies adopted by the company has required one to take a helicopter view of the organization. This essentially means putting oneself at the top and looking at various functional areas within the company and making broad decisions at management level to maintain the company's performance over the crisis period. Upon investigative studies, the following conclusions can be drawn upon.

The result of the weakened Ringgit against the US Dollar has made created a financial crisis in Malaysia, which results in people's priority in investment. Confidence levels of investor towards investing into properties have taken a dip and hence cause the demand for properties going lower. This financial crisis has further reduced the purchasing power and coupled with the fact that the company is operating in a competitive environment, has led to a review of the company's pricing policies and ways in managing its business. Hence, rather than only reduce selling prices, the company managed to redesign its policies in order to achieve profitability without affecting its current image. Further analysis such as cashflow, debts and profits and loss were also performed in order to see the final effects of the change of strategy during this financial crisis.

The tail end of the study has provided a write-up on a generalized form of strategy in relation to basic principle in business strategy and marketing management. It highlights on the generic form of strategy in property development industry. The discussion has shown that such strategies are also relevant in a competitive environment as well as during times of crisis.

Finally, the property development industry parades a very interesting array of shareholders and CEO's with diverse backgrounds. A study by Yong Chin Poh (1995) indicates that a handful of companies in Malaysia are family concerns who made good to even list their companies on the Kuala Lumpur Stock Exchange (KLSE). He further noted that there were yet others who were self made businessmen. However, the times of financial crisis during 1997 to 1998 period, it has taken good business acumen above all to manage a company. This has essentially meant that in order to survive, it has to possess adequate liquidity.

Today, organizations and industries are facing tremendous structural change, uncertainty, and huge risks. As the business environment becomes more uncertain in the future, such as what the crisis has taught us, it is perhaps worthwhile to mention that it would be appropriate for FEC (M) Ltd. to consider Schwartz's (1996) concept of Scenario Planning. Scenarios - which are stories about possible futures - combine a systematic analysis of the environment in order to build strong foundation for robust strategies. Perhaps, the nature of business environment itself may result in more professionally run organizations, rendering the old family run ones less competitive. Hence, there is growing importance attached to strategizing for the future.

5.2 PROJECT OBJECTIVE REVISITED

The project objective of providing an insight into the management of a medium sized property developer during 1997 - 1998 period has shown how the company has remained in operation throughout the period review. The study of

the various units has highlighted that there has been a shift in strategies in order to confront the economic crisis.

5.3 LEARNING OBJECTIVE REVISITED

What the project has highlighted to the author is the relevance of the management theories in the day to day running of a business. Also, such exposure to a variety of subjects has enabled an important understanding of how the different functions of an organization work together to make the organization tick. In other words, the understanding has involved how the sum of the parts has made up the whole. This experience holds in good stead for the management of an entire organization in the future.

5.4 THE FUTURE

As stated earlier, the property development industry is still a very much a family business or run by self made entrepreneurs who lack the necessary managerial skills to see the organization through in times of the crisis. The study of FEC (M) Ltd. has shown how a medium sized company, with the right mix of strategies across functional units coupled with CEO's international property experience, has survive the crisis. The study presents an opportunity for further research into the industry itself, as property development business relates a lot on concept with environment as well as information technology. Based on this potential, there is bound to be extreme competition within the industry as every one would want to jump on the bandwagon. Hence, it is belief of the author that the industry requires a more professional outlook as the business environment becomes more demanding and competitive.