Engineer makes building progress

Ng Yek Meng’s construction company is among Singapore’s top 50 most enterprising privately held outfits

by GAM JING WEI, SCH CHIN YING and WANG JIA HAO

IKE many of his peers during his tertiary school days, Ng Yek Meng managed director of Progressive Builders Pte Ltd, initially chose to pursue engineering as his major when he entered university. However, it was his later decision to specialize in civil engineering that would define his present-day career.

After graduation, Mr Ng joined the Housing & Development Board as an engineer. This was where he gained his professional experience and obtained a Master’s degree in international construction management.

Then, armed with his professional engineer’s qualification, he joined two local construction firms before he founded Strike Construction in 2000. Three years later, he demonstrated his business acumen by acquiring Progressive Builders with the vision of developing a stronger presence in the public construction sector.

The acquisition injected Progressive Builders with new life and was a watershed moment in which Mr Ng set himself to realise the full potential of the newly acquired company.

“I bought over Progressive Builders because of its good track record. This allows us to tender for government projects straightaway.”

Such potential has been realised in more ways than one – the company numbers among Singapore’s top 50 most enterprising privately held companies (Enterprise 50 Awards of 2010). It has also been recognised as one of the top three most technologically advanced small and medium enterprises (SMEs) in 2011 in the SME 150 awards, conferred by IP Information Group, for surpassing the $50 million turnover mark.

Today, Progressive Builders’ core business is in providing general construction services and SMEs, LIP (Lift Improvement Programme) initiatives which are currently upgrading flats to serve every floor, and design-and-build (DB) projects for upgrading flats.

The company operates in a sector characterized by fierce price competition. “Pricing everything in this industry, says Mr Ng. He recalls a project where the most competitive bidder had undercut everyone else by such a huge margin that industry watchers speculated if there had been a miscalculation. “In such a case, it doesn’t matter if your services are better – he is going to get the contract anyway.”

The tender bids submitted by construction firms are strongly influenced by two factors: the cost of inputs, such as labour and raw material prices, and the level of profit margin the firm desires. By driving costs down, a firm is able to bid at a lower price, thus increasing the chances of winning the tender. Alternatively, a firm which is willing to accept a lower margin can also offer a competitive bid.

Keeping costs low

With constant fluctuation in the costs of new materials such as ready-mixed concrete, granite, cement in bulk and steel bars, when possible, the company hedges by signing contracts for new material purchases in advance. Based on the quantity of materials required, this ensures that the impact of fluctuations in key material prices is minimised over the duration of the project.

Besides that, Progressive Builders adopts two other cost-minimisation strategies. First, it does not fully rely on subcontractors. For certain processes, it uses its own workers to allow the company to retain control over quality and labour costs. In addition, to avoid the inevitable upward spiral of labour costs, Progressive Builders works on reducing its reliance on manual labour by using innovative tools and mechanisation processes initiated by in-house engineering teams.

“The way you do things affects your costs,” Mr Ng explains. “We need good cost management to deliver the same job at a lower cost than competitors. Because of our effective cost management, the general outlook has been relatively positive for the past few years.”

Mr Ng works closely with his tender team to put up a competitive bid. When it comes to profit margin, Mr Ng notes the difficulty in gauging costs as well as determining tender prices. “There are many factors involved and too much uncertainty in the market which is beyond our control. It is partly a guessing game as we have to forecast the labour costs as well as the raw material costs. We also have to guess how ‘hungry’ our competitors are.”

As elaboration, he points out how competitors’ appetite for contracts and the number of pre-announcement contract requests by the government are some factors that contribute to the guessing game.

The company is not immune to the fluctuations of the market and takes efforts to survive through less easy circumstances to emerge stronger. Just like malodorous stink, the company benefits the rules of its strategic game to accommodate market circumstances. Referring to the company’s ability to survive through the tougher times of the early 2000s, Mr Ng says, “we increased employees’ competitiveness through training, and were able to promote a stronger service offering when the economy recovered.”

The dedicated house is currently working on building upon the current performance of the company. While his workers are busy on-site constructing new housing and facilities, Mr Ng and his team are busy, working away on the blueprint of the company’s future growth plans. When asked about the future, he highlights the importance of evolving with the times.

“We are constantly open to new ideas and are currently considering several options... nothing concrete though.”

Concrete or not, one thing is for sure – brick by brick, with its strategies as guiding stars, Mr Ng will continue to lead his company and build upon the foundations of Progressive Builders towards a brighter future in the public construction landscape.