

Many companies in Singapore have been struggling to cope with the restructuring of the economy, amid high business costs and tight manpower. Some have taken strides towards productivity by

revamping their processes and investing in technology. This week, **Audrey Kang** speaks to Asia Tunnelling and Construction about how it took that first step.

Having a blast running own firm

By **AUDREY KANG**

AFTER 10 years working as a technician for a local construction company, Mr Shanmuganathan Sinniah decided it was time for him to be his own boss.

He risked pretty much every cent he had on the venture, but his gamble has more than paid off.

His firm Asia Tunnelling and Construction has become a booming business with annual turnover of around \$10 million.

Started in 2001, the company is involved mostly with drilling and blasting on construction sites. Its projects include the Downtown 2 and 3 lines, plus work for Singapore Power and JTC Corporation.



Mr Shanmuganathan Sinniah, managing director of Asia Tunnelling and Construction, started his own company after 10 years as a technician at another construction firm. ST PHOTO: CHEW SENG KIM

It has also carried out rock blasting at the National University Hospital construction site as well as services such as seismic testing and consultancy.

"I started this business with only \$50,000... My savings, my endowment policy, it all went into the business," Mr Shanmuganathan, 53, said.

The company, which has two offices and up to \$5 million invested in machinery, will move to its own building in Jalan Buroh, in the western part of Singapore, in two years' time.

Mr Shanmuganathan said the company would not have been possible without support from family and friends.

His wife, three children and son-in-law are all active in the firm.

"My wife has been really supportive. She ran her own cafeteria business before this, but now the whole family is working together," he said.

Madam Vasakee Varatharaju is a director of the company, the couple's two adult daughters are account assistants and son-in-law Saravanakumar Segaran is a supervisor.

And their 18-year-old son, Madhavapandian, helps out during his school holidays.

But Mr Shanmuganathan insists that despite familial ties, they all have to learn from ground up.

He added that most of his staff have been with him for more than 10 years.

The firm's 160 staff include Singaporean supervisors, engineers and managers as well as foreign employees. There are plans to hire at least 50 more as the company takes on bigger projects.

It has also taken advantage of the Productivity and Innovation Credit scheme run by the Inland Revenue Authority of Singapore to purchase more equipment and machines.

Besides taking advantage of government policies, Mr Shanmuganathan has been actively seeking out better opportunities through advisers from Hong Leong Group.

He said that they helped him increase resources in order to secure the Downtown Line projects as well as other cable tunnelling jobs, which will be responsible for a 70 per cent increase in sales by the end of this year.

audkang@sph.com.sg

STAKING EVERYTHING

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— Mr Shanmuganathan Sinniah, on his tunnelling and construction business

FAMILY AFFAIR

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— Mr Shanmuganathan, on the involvement of his family in the business



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I am in the education sector and planning on expanding my business overseas. I have read a lot about the growing consumer market in China and have been considering venturing there. What are the opportunities and what are the risks?

CHINA'S plans for economic reforms signal great opportunities for businesses in various industries, including education.

At the recent Third Plenum, the country rolled out two main themes for the reforms: market-oriented economy and people-centric urbanisation.

The reform blueprint mentions the liberalisation of many industries – finance, education, culture, health care, architecture design, accounting and auditing, trade and logistics and e-commerce.

There is the potential for increased opportunities in all these areas, and Singapore companies can ride on their comparative advantages in urban solutions, health care and pre-school education services to capture a bigger scope of collaboration.

The easing of China's one-child policy will also create greater demand for education. Families are now allowed to have two children if one of the parents comes from a single-child family.

This will translate to greater demand for pre-school education and enrichment.

The establishment of an open market will mean that foreign companies will also get to enjoy national treatment for market access, as well as more stability, predictability and transparency for investment policies.

However, this could also mean that there will be more competition as both Chinese and foreign investors will increase as a result.

Education players thinking of entry strategies into China could, perhaps, form a consortium with smaller and niche companies that offer complementary programmes.

For example, an education consortium recently came together to start a business in Shenyang. Companies that adopt this cluster approach will be able to mitigate risk as well as increase the barriers to entry for other competitors.

To find out more, read the latest volume of IE Insights, available on the IE Singapore website.

Do you have a question for a business expert? Send your SME-related queries to Yasmine Yahya at yasminey@sph.com.sg