

COMPETITIVE INTELLIGENCE & THE REAL ESTATE PROFESSIONALS

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ABSTRACT

This Paper looks at the essence of competitive intelligence and its place in the business landscape generally, and in particular its impact on the several actors and players within the real estate industry and profession. It explains the processes as well as the end-result (objectives) of a competitive intelligence exercise as well as the need to have a full-fledge competitive intelligence unit in one's own organization. Finally, it considers the relationship (if any) between competitive intelligence and the Blue Ocean strategy.

Key words: *Competitive intelligence, legal and ethical, expanding one's business horizon.*



INTRODUCTION

1. In 500 BC, the great Chinese military strategist, Sun Tzu wrote (in his treatise on the *Art of War*)¹ –

“If you are ignorant of both your enemy and yourself, then you are a fool and certain to be defeated in every battle.

If you know yourself, but not your enemy, for every battle won, you will suffer a loss.

If you know your enemy and yourself, you will win every battle.”

2. In the (modern) business context, “the enemy” is the competition. But who (or what) exactly is the competition? A short answer is “any person, body, organization or corporation, offering the same product or service now, or in the future (which you are also offering), or who could remove the need for such product or service in the future.”²

WHAT IS COMPETITIVE INTELLIGENCE (CI)?

2. Competitive Intelligence (CI) has been defined as a "a process - using legal and ethical means - for discovering, developing, and delivering timely, relevant intelligence needed by decision-makers wanting to make their organization more competitive - in the eyes of the customer. It is used for assisting in strategic decisions, such as product development, mergers, acquisitions and alliances, as well as tactical initiatives, such as anticipating and preempting likely moves by customers, competitors, or regulators.”³
3. The Society of Competitive Intelligence Professionals (SCIP) describes CI as “the process of monitoring the competitive environment. CI enables senior managers in companies of all sizes to make informed decisions about everything from marketing, R&D, and investing tactics to long-term business strategies. Effective CI is a continuous process involving the legal and ethical collection of information, analysis that doesn't avoid unwelcome conclusions, and controlled dissemination of actionable intelligence to decision-makers.”⁴
4. Actually, CI is both a process as well as a product. The *process* of CI is the action of gathering, analyzing, and applying information about products, services, customers, trading partners, and competitors for the short-term and long-term

¹ For an excellent introduction to the subject, see http://en.wikipedia.org/wiki/The_Art_of_War.

² The Merriam-Webster Online Dictionary defines “competition” as “(1) the act or process of competing or rivalry as a: the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms b: active demand by two or more organisms or kinds of organisms for some environmental resource in short supply. (2) a contest between rivals.” Other terms we can use, as probably having the same meaning, include “competitor, contender, contestant, opponent, rival”.

³ Adrian Farell, “Competitive Intelligence Basics”, at <http://www.worksys.com/ci101.htm>.

⁴ Ibid.

planning needs of an organization. The *product* of CI is the actionable output (“the intelligence”) which organization needs to have in its possession in order to chart its future course of action.⁵

5. In plain English, CI is knowing what the competition is doing now, what it is planning to do in the future, how it is going to do it, why it is doing it, when it will be doing it, how well will it be doing it, why it is doing it and with whom it is being done.⁶ The ultimate aim of CI is to have a competitive edge over the competition. According to Jack Welch, CEO of General Electric, “If you don’t have a competitive advantage, don’t compete”.⁷
6. The three critical elements of CI can therefore be summarized as follows –
 - (1) It is a legal and ethical practice; it is not industrial or economic espionage;
 - (2) It is focused on the external business environment.
 - (3) It is information gathering, analyzing and converting it into intelligence, and then making use of it for your decision making. (CI makes “*sense*” out of “*nonsense*”).

THE CI PROCESS

7. The CI process contains 4 phases –
 - (1) Collection phase – know what to collect, where, how, etc;
 - (2) Conversion phase – converting raw data (information) into intelligence, by using the “CIA” approach, namely collate and catalogue, integrate with other pieces of information, analyse and interpret it;
 - (3) Communication phase – communicating it to the proper party (who needs the intelligence to prepare and execute its next course of action);
 - (4) Countering phase – countering any negative or adverse actions by the competition; in other words, using the intelligence effectively.⁸
8. The above scenario shows that when raw data is organized, it becomes information. When information is analyzed, it becomes intelligence. Intelligence gathered should be “actionable” (effectively acted upon). If intelligence cannot

⁵ <http://en.wikipedia.org/wiki/Competitiveintelligence>.

⁶ In the on-going war between Toshiba and Sony (between HD-DVD and Blu Ray, respectively) Samsung, relying on its own competitive intelligence, has come out with its dual-format device. See “Competitive Intelligence” by Aric Johnson, at <http://www.aurorawdc.com/ci/000344.html>.

⁷ Adrian Farell, “Competitive Intelligence Basics”, at <http://www.worksys.com/ci101.htm>.

⁸ <http://www.aurorawdc.com/ci/000344.html>.

(or will not) be used by the decision-maker, the entire CI exercise⁹ will be irrelevant and is practically worthless.¹⁰

EARLY HISTORY

9. CI began in the United States in the 70s. The first definitive work on the subject was published by Michael Porter in 1980, titled “*Competitive-Strategy: Techniques for Analyzing Industries and Competitors*”.
10. After the Cold War, many ex-intelligence officers (spooks) entered the industry. One of these, Frederick Rustmann, Jr. founded his own company (CTC International Group), with its core business of supplying “competitive intelligence.”¹¹ He also published his classic work – “*CIA, Inc: Espionage & the Craft of Business Intelligence.*”
11. In 1986, a professional body for CI operatives was formed, known as the Society of Competitive Intelligence Professionals (SCIP). Its membership now stands at more than 6,000 worldwide.¹² CI training institutions were soon established in several European countries, including France and Germany. In 2004, the **Institute for Competitive Intelligence**¹³ was established, providing post-graduate study in CI. In Asia, Japan is amongst the earliest nation having its own economic intelligence agency, JETRO.¹⁴ It was founded by the Ministry of International Trade and Industry (MITI) in 1958.
12. As industry leaders subsequently realized the importance of CI, major multinational corporations (including General Motors, Eastman Kodak, and British Petroleum) set up their own internal CI units. These corporations conduct CI activities not only as a protective safeguard measure against “external threats”, but also as a method for “finding new opportunities” and “understanding new trends and challenges” (expanding its sphere of influence).

⁹ An effective CI exercise can only be carried out by properly trained CI operatives. These CI operatives are now members of their own professional body, SCIP (Society of Competitive Intelligence Professionals). See further at (<http://www.scip.org/>).

¹⁰ For a classic example of how good CI exercise enables a company to take pre-emptive steps against a competitor, see the case of Johnson & Johnson’s (maker of No. 1 painkiller drug Tylenol) strategies against Bristol-Myers (who planned to launch its own drug Datriol) in the USA.

¹¹ Visit its official website at <http://www.etcintl.com/>.

¹² Visit its official website at <http://www.scip.org/>. It held its International Annual Conference recently, on 14-17 April 2008.

¹³ <http://www.institute-for-competitive-intelligence.com/>.

¹⁴ <http://www.jetro.go.jp/>.

CI IS LEGAL AND ETHICAL

13. CI research is not industrial espionage or economic espionage. CI practitioners observe legal and ethical constraints.¹⁵ They conform to a strict code of ethics laid down by the Society of Competitive Intelligence Professionals (SCIP).
14. For example, CI professionals diligently observe and comply with all laws and regulations enforced by the authorities. Objectionable / criminal activities such as bugging or bribery are regarded as serious breaches of their ethical code. CI professionals are also required to disclose all relevant information (eg one's identity and organization) prior to all interviews. This ensures that primary research is conducted ethically without misrepresentation. It is, however, not a requirement to disclose the identity of one's ultimate client.

SOURCES OF INTELLIGENCE – OSINT, HUMINT

15. A CI professional has a wide range of sources from where he can obtain raw data (information) – which he can ultimately analyse and turn into actionable intelligence. A good example is Open Source Intelligence (OSINT), a term used to refer to information freely available in the public domain, as opposed to secret or classified sources. The term has nothing to do with open source software.
16. OSINT includes –
 - (1) Media (print and electronic) eg newspapers, magazines, radio, television, and computer-based information.
 - (2) Public data – various official reports and miscellaneous data such as budgets, hearings, legislative debates, press conferences, speeches, safety warnings, environmental impact statements, contract awards etc.
 - (3) Observation and reporting - The availability of worldwide satellite photography, often of high resolution, on the Web (e.g., Google Earth) has expanded open source capabilities into areas formerly available only to major intelligence services.
 - (4) Professional and academic - conferences, symposia, professional associations, academic papers, studies by expert groups etc.¹⁶

¹⁵ Linda Klebe Trevino & Gary Weaver, "Ethical Issues in CI Practice – Consensus, Conflict and Challenges", *Competitive Intelligence Review*, Vol 8 No. 1, Spring 1997, available online at [http://www.scip.org/Library/8\(1\)ethics.pdf](http://www.scip.org/Library/8(1)ethics.pdf).

17. Unlike OSINT, HUMINT (which refers to information derived directly from human sources, hence the term “human intelligence”) may include overt, sensitive and clandestine activities. Overt activities are performed openly without concealment eg direct interview of subjects to elicit information. Such activities are ethical and legal, whilst the other two activities may be questionable.¹⁷
18. Both types of sources have their own limitations. A good example is the time lag between collection, verifying, analyzing and the action to be carried out in consequence of such intelligence, a factor which may adversely affect the accuracy of the information. Another issue is the reliability of the source of information. With HUMINT, there is always the risk of deception, misinformation or willful disinformation by the target interviewee.

CI COMPARED WITH OTHER ACTIVITIES

19. Is CI the same as BI (Business Intelligence)? Whilst a CI exercise may occasionally involve the analysis of some quantitative data, it is generally focused on qualitative information rather than quantitative market research data. CI is primarily concerned with the scanning and tracking of market and competitive news and information through open sources and primary interviewing.
20. In contrast, BI (Business Intelligence) is usually focused on collecting, storing and analyzing customer data and in-depth analysis of business statistics – in short, it is usually a quantitative exercise.
21. Is CI somehow connected to Knowledge Management? The popular view is that CI is a “sub-set” of Knowledge Management. The mountain of data which a CI specialist usually must study and analyse (before he can turn it into meaningful intelligence) means that he must have good Knowledge Management system.¹⁸
22. Is CI the same thing as Market Research? Although CI and Market Research¹⁹ do at times overlap, the latter’s emphasis is on gathering and analyzing consumer-centric information – usually through surveys and relying on statistical analysis software. However, many Market Research departments are also responsible for competitive intelligence, so the two disciplines go hand-in-hand.

¹⁶ For an introduction on the subject, see http://en.wikipedia.org/wiki/Open_Source_Intelligence. For other examples of open source intelligence, see the online article “Open Source Intelligence” by Felix Stalder and Jesse Hirsch at http://www.firstmonday.org/issues/issue7_6/stalder/.

¹⁷ See further “Sources of Intelligence” at <http://www.fas.org/irp/doddir/usaf/afpam14-210/part16.htm>, a USAF Intelligence Targeting Guide.

¹⁸ For a good introduction to the subject, see http://en.wikipedia.org/wiki/Knowledge_Management_System.

¹⁹ To know the various types or techniques of market research, see http://en.wikipedia.org/wiki/Marketing_research.

23. Finally, is CI the same thing as economic espionage?²⁰ The answer is a definite NO – because CI must be a legal and ethical “gathering of non-proprietary, open source data through secondary and primary collection techniques”.²¹

ECONOMIC / INDUSTRIAL / CORPORATE ESPIONAGE

24. A legally (and ethically) conducted CI exercise focuses on open sources of intelligence, which include (amongst others) corporate publications, company websites, patent filings, etc. In contrast, economic / industrial / corporate espionage involves criminal or unethical activities such as theft of trade secrets, bribery, blackmail or surreptitious / technological surveillance techniques.
25. Apart from corporate targets, economic espionage can be targeted at governments as well. Unethical CI activities are conducted, for example, to find out the terms of a tender for government contracts, so that a competitor (local or foreign) can make a better (lower) bid and thus secure the contract.
26. Practitioners of economic and industrial espionage use various kinds of equipments and contraptions to gain information from their victims (targets), combining the legal with illegal, the traditional with the more innovative methods. They use binoculars to read lips, voice-activated bugs, electronic imaging devices, computer taps, electromagnetic detectors, acoustic stethoscopes, fiber optic scopes, laser mikes that can decipher and amplify voice-activated vibrations of windows, and many other “James Bond gear”. They use agents and volunteers, gain surreptitious entry to premises, commit theft and wrongful computer intrusions. At times, if the options are available, they pursue legal methods (such as joint ventures, take in foreign students, make scientific exchanges), mergers and acquisitions, visits to targets’ facilities etc.²²
27. According to the American Society for Industrial Security (ASIS)²³, economic espionage cases involving US companies have grown 260% since 1985. In 1991, the ASIS Standing Committee for Safeguarding Proprietary Information conducted a survey of 165 companies to determine the frequency of economic espionage. It discovered that more than one-third (37%) of the companies reported that they had suffered theft of proprietary information within the year. A subsequent study (in 1992) showed that almost half (49%) of 246 companies surveyed had suffered the same experience. Of the companies which had become

²⁰ See <http://www.econicespionage.com/>.

²¹ http://www.cipher-sys.com/what_is_competitive_intelligence.htm

²² “Are you a target?”, article available online at <http://www.fas.org/irp/ops/ci/docs/fy99.htm>.

²³ <http://www.asisonline.org/>.

victims of theft of information, the average occurrence of these thefts were ten incidents per month.²⁴

SOME ECONOMIC ESPIONAGE CASES

28. In April 1999, two Taiwan executives and a Taiwan company were convicted of theft of trade secrets under the Economic Espionage Act of 1996. Pin Yen Yan, president of Four Pillars Company, and his daughter Hwei Chen "Sally" Yang were accused of stealing Avery Dennison adhesive formulas and innovations with the help of an Avery Dennison employee. The maximum penalty under the law (for theft of trade secrets) is 10 years in prison or \$250,000 in fines (or both), whilst the maximum penalty for the company or organization is a fine of \$5 million.²⁵ The maximum penalty for economic espionage is higher – 15 years prison term or \$500,000 in fines (or both) and for the company or organization a fine of \$10 million.²⁶
29. In another case in the same year, Hsu Kai-Lo, technical director of the Yuen Foong Paper Company of Taiwan, pleaded guilty to one count of conspiracy to acquire a trade secret. Hsu attempted to steal the formula for Taxol, a cancer drug patented and licensed by the Bristol-Myers Squibb Company.²⁷
30. Between 1986 and 1990, Dr. Ronald Hoffman (rocket scientist and lead researcher for Science Applications International Corporation) sold company-developed and export-restricted technology to four foreign companies. The technology consisted of computer codes developed for the U.S. Air Force (for defence purposes), but also had commercial applications which were then not available anywhere else in the world. Press reports stated that these companies (years behind U.S. firms) had since gained significant ground in their development of space technology as a result of this incident.²⁸
31. In December 2001, Intel employee Say Lye Ow (Malaysian) was convicted for the crime of illicitly copying computer files containing advanced designs of Intel's Merced (Itanium) microprocessor. He was sentenced to jail for 24 months. The successful conclusion of the case was a result of collaborative efforts between FBI's High-tech squad and the US Attorney's Office CHIP (Computer Hacking and Intellectual Property) unit.²⁹

²⁴ Glen Moule, "A study of security countermeasures to reduce economic espionage in the US from 1975 to 1996", available online at http://www.spybusters.com/Economic_Espionage.html.

²⁵ The Economic Espionage Act 1996 criminalizes two activities – theft of trade secrets to benefit foreign powers, and theft for commercial or economic purposes; for a short summary of the Act, see http://en.wikipedia.org/wiki/Economic_Espionage_Act_of_1996.

²⁶ See sections 1831 and 1832 of the Act, at <http://www.economicespionage.com/EEA.html>.

²⁷ "Are you a target"? at <http://www.fas.org/irp/ops/ci/docs/fy99.htm>.

²⁸ House Judiciary Committee Hearing on Economic Espionage, May 1996, at http://www.fas.org/irp/congress/1996_hr/h960509f.htm.

²⁹ <http://samvak.tripod.com/pp144.html>.

32. Many economic espionage victims do not lodge reports with the authorities for several reasons – including fear that such disclosure might affect adversely shareholder and consumer confidence, loss of employment, inviting copycats as a result of revealing vulnerabilities, apart from the risk that competitors may take advantage of victim's negative publicity.

BETTER DECISION MAKING

33. CI enhances better “decision-making”. Decision-making becomes better when it is made on the basis of reliable, comprehensive and accurate intelligence. With the necessary intelligence, a CEO does not have to “fly blind”.
34. As the market place is inherently changeable, a “market research” (which is essentially a static body of knowledge) becomes quickly out of date. On the other hand, CI (which is a dynamic tool) can provide contemporaneous and real-time intelligence necessary for the decision maker.
35. Good CI demands more than just the information-gathering system. Beyond that, it needs critical thinking, professional (ethical and legal) research skills, tenacity and analysis than can convert raw data (information) into intelligence, forming the basis for action.

THE CYCLE OF COMPETITIVE INTELLIGENCE

36. The US Central Intelligence Agency (CIA) describes the intelligence cycle as "the process by which raw information is acquired, gathered, transmitted, evaluated, analyzed and made available as finished intelligence for policymakers to use in decision-making and action."
37. According to this definition, a CI exercise therefore goes through 5 distinct stages –
- (1) planning and direction;
 - (2) collection and research;
 - (3) processing and storage;
 - (4) analysis and production;
 - (5) dissemination and delivery.
38. To do a good job, A CI professional needs to ask himself the following questions –
- (1) What do I need to know?

- (2) What do I already know?
 - (3) Why do I need to know it?
 - (4) When do I need to know it?
 - (5) What will I do with the intelligence once I have it?
 - (6) What will it cost me to get it?
 - (7) What could it cost me not to get it?³⁰
39. The finished product of the CI cycle is “evaluated information” or “intelligence”³¹, packaged to meet the needs of the “customer” of the intelligence – i.e. the decision-maker. Intelligence obtained must therefore be actionable.
40. In practice, the intelligence is neither perfect nor complete. No one can accurately predict the future until the event has taken place – by then it will be too late. CI’s real value is to provide the decision-maker the necessary tool to learn what the competition will probably do (and then act accordingly), not what it has already done.

THE 80:20 RULE IN INFORMATION GATHERING

41. An effective CI exercise goes through a 2-stage process at information gathering (collecting information) –
- (1) Phase 1, secondary research (80% volume, 20% time);
 - (2) Phase 2, primary research (20% volume, 80% time).
42. Phase 1 (secondary research) leads to Phase 2 (primary research). Secondary research consists of press releases, analyst reports, regulatory filings, trade journals, transcripts of speeches, conference papers, and other published sources of information. Once the CI professional has sifted through this information overload, he goes to Phase 2, to look out for “golden nuggets” of more contemporary and real-time information in face-to-face encounter with decision makers.
43. The rule is therefore to spend less time in information gathering (through secondary research) and spend more time in analyzing and refining it through

³⁰ “What is competitive intelligence”, at <http://www.aurorawdc.com/whatisci.htm>.

³¹ Also called as “foreknowledge”, the term used by Sun Tzu.

primary research. Secondary research is easier because the source is in the public domain.³² Primary research is more difficult and challenging, because the CI professional is virtually on a detective hunt, looking for loose ends.

REAL ESTATE PROFESSIONAL

44. For the purpose of this Paper, the term “real estate professional” is given its widest meaning. It includes not only persons who are members of professional bodies (such as valuers, appraisers, real estate agents³³ and brokers) but also any person who is involved directly or indirectly in real estate development or transactions. Following this, the term “real estate professional” in this wide context includes also (but not limited to) real estate owners, developers³⁴, investors, financiers, advisers, consultants and analysts.

GLOBALISATION OF THE PROPERTY MARKET

45. A local daily said in early 2007 that “Real estate players, including developers and property consultants, are benefiting from the growing globalisation of the property market with a free flow of investment and a boost in building opportunities.”³⁵ It went on to state that “Real estate has played a big role in spurring the economic growth of vibrant cities in China, India, Vietnam and the Middle East. It is increasingly accepted as a popular investment tool and asset by many international investors, including Malaysians who have invested in real estate overseas”.
46. The report concluded “It is no wonder that Malaysian developers and consultants are making a beeline offshore to get a piece of the action in the robust regional property markets and, in the process, shoring up their image as international players.”
47. The gist of that news report (long before Malaysians heard disturbing news of the US mortgage meltdown) can be summarized as follows –
- (1) Malaysian real estate professionals (developers, investors and consultants) must be prepared to spread their wings beyond our shores;
 - (2) Real estate development has a substantive role in spurring economic growth; it is a popular investment tool and asset;

³² Matt Evans, “Competitive Intelligence” at <http://www.exinfm.com/training/pdffiles/course12-1.pdf>.

³³ As of April 2007, there are approximately 1,900 agents registered with the Board of Valuers, Appraisers and Estate Agents in Malaysia – see “Who Are Estate Agents?”, The Star, April 5, 2007.

³⁴ For a comprehensive list of developers in Malaysia, see <http://www.iproperty.com.my/property/developers.asp>.

³⁵ “Real estate developers and investors eyeing property markets overseas” – The Star, May 28, 2007.

- (3) There is a robust regional property market out there, and you should be there early before it is too late.
48. As at the date of that news report, the list of Malaysian real estate players in foreign lands include familiar names such as IGB Corp Bhd, IJM Corp Bhd, Sunway City Bhd and Mulpha International Bhd. Closer to home, the much-publicised Sentosa Cove development project had also attracted notable local players such as YTL Corp Bhd and IOI Properties Bhd.
49. According to Ireka Corp Bhd executive director Lai Voon Hon, although Malaysia (with its growing global status) is still a good market for his company, there is a higher growth potential in countries like Vietnam, China and India which Malaysian companies should not miss.
50. Sharing the same sentiment, S.K. Brothers Realty CEO Charlie Chan said Malaysians have over the years become more affluent. With fatter wallets, they are now searching for properties with good returns in foreign lands. Amongst the popular destinations are Singapore, Australia, New Zealand and Britain.
51. Equally upbeat is Global Link Properties chief administrative officer (overseas properties) Norman Sia. He was quoted as saying that his company had introduced over 500 projects in Australia and New Zealand to Malaysian investors and property hunters over the last decade. Another local real estate player, Dijaya Corp Bhd, with interests in the Klang Valley (Tropicana and Bandar Utama), Penang and Johor, has plans to go to Vietnam and Hyderabad, India.
52. Interest in Vietnam had deepened over the years. Real estate analysts say that Vietnam is Asia's second fastest growing economy after China, recording an 8.4% growth in 2007. Given its booming real estate and property sector, Malaysian investors are advised to tap early this growing market – which has been forecast to grow more than 50% per year in the next 10 years.³⁶
53. In 2007, Vietnam attracted USD71 billion (RM231 billion) in foreign direct investment. Malaysia was ranked amongst the top 10 investors. Excluding the US\$10 billion (invested by Berjaya) and US\$2 billion by Gamuda, there are now more than 230 projects by Malaysian companies in Vietnam valued at USD1.86 billion (RM6.06 billion).

³⁶ <http://www.iproperty.com.my/news/realestatenews.asp?nid=203>].

BOOMING INTEREST LOCALLY

54. But for the real estate professionals in Malaysia, global business flows both ways – outwards and inwards. The outward flow is bringing (encouraging) Malaysian individuals and corporations to look for properties (for purchase, investment or development) in foreign lands; the inward flow is to bring in foreign players into this country for long-term substantial investments.
55. One recent example is German real estate investment company's foray into the local development scene. According to Business Times, the massive RM439.32 million by Union Investment Real Estate AG (UIRE) is the first major investment ever made in the Malaysian real estate sector, signifying an important foreign investors' continued confidence in the economy.³⁷ UIRE is a major property investment player in Germany with funds and assets estimated at €13.8 billion (about RM45 billion). It has interest in a dozen countries, including Japan, Singapore, South Korea, Hungary, the Czech Republic, Mexico and Chile,
56. Under that historic deal, Bandar Raya Development Berhad (through its subsidiary Capital Square Sdn Bhd) disposed its 41-storey tower block in its CapSquare project to UIRE. The latter's spokesman Steffen Wolf was quoted as saying "In line with our expanding business, we have been looking for opportunities to invest in Malaysia as the country's real estate market is very attractive and we believe that the future of the Malaysian commercial real estate market is very bright."
57. The trend of executing block sales to foreign investors continues. One example is the sale of the 80-unit super luxury condominium "Sunway Pallazio" in Sri Hartamas by the owners (Sunway City Bhd) to Middle Eastern investors for RM220 millions – a deal which works out to about RM750 per sq feet. The project is due for completion in 2010.
58. This deal reflected an earlier transaction executed by Sunway with another buyer, a South Korean investor, in December 2007. Under that transaction, Sunway South Quay (a 249-unit luxury condominium) was sold for RM170 million to Luxury Court Sdn Bhd, a joint venture between property developer CI Korea and Daol Fund.

³⁷ Business Times Online, dateline January 27, 2008 at http://www.btimes.com.my/Current_News/BTIMES/Tuesday/Frontpage/bandaro.xml/1.

SUMMING UP: UNDERSTANDING THE BLUE OCEAN STRATEGY

59. Put simply, the blue ocean strategy is “winning by not competing”, but by finding / creating your own ocean (market place).
60. Since the dawn of the industrial age, companies have engaged in head-to-head competition in search of sustained, profitable growth. They have fought for competitive advantage, battled over market share, and struggled for differentiation. Yet these hallmarks of competitive strategy are not the way to create profitable growth in the future, said the experts.
61. In the book titled “Blue Ocean Strategy”, its authors³⁸ challenge everything you thought you knew about the requirements for strategic success. They argue that cut-throat competition results in nothing but a bloody red ocean of rivals fighting over a shrinking profit pool.
62. Based on a study of 150 strategic moves spanning more than a hundred years and thirty industries, the authors argue that lasting success comes not from battling competitors, but from creating “blue oceans” – i.e. untapped new market spaces ripe for growth. Such strategic moves – which the authors call “value innovation” – create powerful leaps in value that often render rivals obsolete for more than a decade.
63. The Blue Ocean Strategy thus presents a systematic approach to making the competition irrelevant and outlines principles and tools any company can use to create and capture blue oceans.
64. In the “old world” where real estate professionals operate in “red ocean mode”, an effective CI unit in their organizations should be able to place them well ahead of the competition – in the company of 20% of the players enjoying 80% of the fruits of success. In the “new world” where real estate professionals are encouraged to operate in “blue ocean mode”, a good CI operation should locate for your organizations plenty of as-yet uncharted blue oceans in the horizon.³⁹
65. One final word. A local outfit, hosted in a local website called “Redbase”⁴⁰, had published a short but interesting piece titled “Blue Ocean Strategies in Real Estate”. Adopting blue ocean strategies taught by western gurus, the article writer urged local real estate professionals not to merely “out-perform the competition in the existing industry”, but instead “create new market space or a blue ocean, thereby making the competition irrelevant.”

³⁸ W. Chan Kim and Renee Mauborgne; the book is published by Harvard Business School Press and is available in the local bookshops at RM119.00

³⁹ See <http://www.1000wattblog.com/2007/12/the-blue-ocean.html> for or a thought-provoking material “The Blue Ocean of Real Estate” by Davison. See also “Blue Oceans: How To Combat a Cut-throat Industry” by Mollie W. Wasserman, available at http://realitytimes.com/rtpages/20070830_blueocean.htm, and “Bleeding is not good for your business’ health”, by the same author at http://www.theconsultingtimes.com/agent/archives/2007/06/26/bleeding_is_not_good_for_your_3.html.

⁴⁰ <http://www.redbase.com.my/index.php>.

66. He added that what local real estate professionals ought to do is to “**Stop benchmarking the competition**”. His rationale is that “The more you benchmark your competitors, the more you tend to look like them. That makes you a me-too organization, which is the opposite of what you want to achieve.”⁴¹

⁴¹ http://www.redbase.com.my/index.php?option=com_content&task=view&id=68&Itemid=7.