

Educ-Action as a sustainable business formula

Education is one of the most demanded needs by society

BY DR AR MIGUEL ANGEL ROBLES-CARDONA



In 1886, pharmacist John Pemberton invented Coca-Cola as a drug for the brain and nerves. The formula was patented in 1893 and this saw the brand embarking on a worldwide marketing, distribution and expansion. The legacy of Coca-Cola lives on today, not only for inventing its classic recipe but also the creation and maintenance of a formula for success that is relevant and continues to be successful in today's world. There are very few brands and products that have stood the test of time like Coca-Cola. It is necessary to reinvent ourselves and our products continuously. We need to have the foresight and vision to be able to see not only the business opportunity but also its expiring date.

There are differences in every context. Every culture, country and community has different needs and priorities. There is no one-size-fits-all approach and every decision made will vary. Having knowledge from both the local and international scene will enable us to discover the right business strategy.

Education has always presented itself as one of those sustainable successful recipes. Alongside tourism and technology, education often stands out as one of the most demanded needs by a contemporary and advanced society. A well-educated society will be synonymous with a successful community and society.

I have spent 29 out of my 31 years of existence in a classroom. I strongly believe in the importance of a well-educated society with well-prepared individuals. This belief underpins why I enjoy delivering talks in conferences or symposiums in universities in my part of the world. Knowledge is most meaningful when it is shared. I grew up and have been living in Europe all this time. This part of the world has played a big

part in nurturing me, both as a professional architect and as an individual. It is ironic to say that now, this part of the world "rejects me" because of my extensive education level due to the fact that it's economy is caving in as a result of a deep structural crisis, which makes it unable to accept the product (me) that the system had created.

In Malaysia, especially in Kuala Lumpur, there are many examples of educational institutions which have brought successes to their promoters, developers and users. They may have started out as dreamers, but looking at their successes now, they are the visionaries. Taylor's, International School of Kuala Lumpur, Eaton, Epsom, Tenby or even the City of Cyberjaya, where a good number of education institutions are based in, are some good examples of it. An educational institution, regardless of the level, subject areas, size and so on, has the potential to become a hub where the community and the city can grow around it.

Traditionally, schools are allocated and then built in those already consolidated urban settlements to provide education to those who are already living there. Therefore, urban plans of modern cities include these institutions in their development strategies — to be set at a certain phase or stage during the consolidation of the new or renovated urban area. This means that, in the traditional system, the house comes first with the school later. However, the recent trend seems to be turning towards a business model based on the settlement of educational institutions first, with their ability and potential to grow communities around them.

Looking deeper, there should be a proper market and feasibility study which dwells into market demographics, geographical details, programme offerings, market positioning, market demand and other types of information. This study can be done for both the setup of private and



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public institutions of higher learning. Such a study will definitely provide much clarity in the formulation of development plans. This information will also be crucial in determining the commercial viability of the targeted educational institution by providing clues and answers to questions like: the right place, the right users and the right products.

It is a fact that educational institutions and buildings will spearhead the creation of a recognisable network of physical institutions like banks, shopping malls, cafes, convenient shops, entertainment outlets and public infrastructure like roads, bus stops, train stations and so on. This will be a compelling and often lucrative reason for investors to invest in the area. This is the obvious benefit of having these educational institutions as the communities will build around them due to demand for various suites of needs from students and staff. Comparing an education institution to other facilities like a mall and a hospital, educational buildings are much more vibrant and dynamic in that it is a facility that students need to go almost every day and it is abuzz with

activities most of the time. Other facilities, such as hospitals, theatres or malls, might not have the same success on these terms, since people do not go there every day.

We can draw inspirations from high-quality educational institutions and cities around the world: Harvard, Cambridge, Oxford, Princeton, Tokyo, Toronto, Melbourne and neighbouring Singapore. Can Kuala Lumpur be one? The answer is obviously yes. Kuala Lumpur is not a big metropolis in comparison with some other cities in Asia, Latin America and Europe. This is changing now with the Greater Kuala Lumpur plan that was espoused by Prime Minister Datuk Seri Najib Razak in 2010. Kuala Lumpur's geographical and population demographics are changing/growing rapidly. The expatriate community will also grow as the Greater Kuala Lumpur plan looks towards being a plural, diverse and cosmopolitan city.

Having high-quality educational institutions that meet the highest international standards will no doubt help develop the country economically and culturally. The local population will benefit from these edu-

national institutions via growth and development of the area. Also, these institutions, in providing high-quality education both in terms of hardware and software, will be able to retain some of the locals who are considering overseas education. A high-quality education provision will also attract international students to come to Malaysia to study. These will only be good for the country and economy, and will go a long way in Malaysia's journey of becoming an international education hub.

Our recent Veritas Lecture Series 2016 (9th Edition) Schoolhouse: Educational Institutions Building Communities approached this pivotal topic and analysed the positive effect of high-quality educational institutions on the success of property developments throughout Malaysia. Respected leaders and industry players of Malaysian and international markets contributed to resolve questions such as: What is the viability of a private school? How educational institutions build communities? What regulations affect them? How can high-quality educational institutions have a positive effect on the success of residential property developments? How could we convert Malaysia into an international education hub? Or, how architecture affects the success of educational institutions, their programmes and their students?

The conclusion was very clear: Educ-Action is needed whereby improving the system and network of high-quality educational institutions will position Malaysia as a role model of being a culturally diverse and rich, socially open-minded, cosmopolitan, economically developed and sustainable country. This is certainly good news for those like me, an ardent admirer of Malaysia's development and what it has to offer.

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UK watchdog turns screw on besieged fund managers

BY NEIL UNMACK

BRITAIN is turning the screw on embattled asset managers. The UK's Financial Conduct Authority (FCA) has criticised weak competition and proposed remedies that could lower earnings and pay. Given the rapid growth of cheaper passive investments, it's a knock the sector didn't want but probably needs.

The interim findings of the FCA's review into asset managers are

surprisingly tough. The industry oversees £7 trillion (RM38.16 trillion) of assets, and the UK has yet to begin negotiating a divorce from the European Union that could hurt its financial services sector. New FCA chief executive Andrew Bailey was expected to play it safe.

Yet the FCA concludes that competition in the sector is weak. Asset managers do not compete on prices: Fund fees have barely moved in 10 years. Managers keep all of the benefits of scale.

By charging a percentage of assets under management, earnings rise as funds expand. A sample of firms examined by the FCA all earned a return on capital above their estimated cost of capital — the textbook definition of lack of competition.

The regulator has some credible solutions to these problems. It says fund managers should be more transparent about charges and how performance is benchmarked. That should make investors more

aware of hidden costs. The FCA is also proposing a higher standard of fiduciary care and improved governance to ensure that fund companies act in the best interests of their clients. That could mean lowering fees as funds get larger.

Market forces are doing some of this work already. Investors are switching to cheaper index-trackers as more expensive actively managed funds struggle to outperform. Even so, the FCA is right to give the UK industry an extra

shove. In the US, average fees for actively managed funds have fallen by 17% since 2005.

If the FCA follows through, the reforms could make a big difference. Properly disclosing extra charges would give passive funds an extra boost. Companies may merge to bring down costs, while fund manager pay will fall. The industry won't like it, but in the long run, it should ensure that Britain can keep on attracting and managing large pools of capital. — Reuters