



## Fairchild Holdings' Key to Success: Think Global, Act Local

by Thomas Fung, *CEO Fairchild Holdings* and Karen Kong, *BRI Staff Writer*

In a country with such a diverse and colourful cultural environment as Canada, it isn't surprising to see companies such as Fairchild Holdings Ltd. finding their niche in a various number of industries and specializations. Fairchild began in 1985 in retail business, opening a bakery chain in the Lower Mainland; however, it quickly dove into real estate development, media, and Chinese trade investment transactions. Some of its more recognizable ventures are the Fairchild Media Group and the Aberdeen Centre in Richmond, BC. Fairchild's strategy is to think

globally in a local setting. That may be the main reason they have chosen these particular paths to pursue. Globalization has made a big impact on the company, both driving its decision making and resulting from its decision making. Mr Thomas Fung, CEO and president of Fairchild, sees globalization as an unstoppable force that must intertwine through local companies if they seek success. With such a vibrant,

mixed market in Vancouver, companies must possess some international influence to attract business and remain stable in an often-turbulent marketplace as Fairchild has managed to do.

It may seem that Fung and the Fairchild Group was at the right place at the right time, taking on the right ventures just as more and more Asian immigrants

was Canada's immigration policy, it brought immigrants either possessing useful skills or useful money to invest and spend in Canada. With this increase in concentrated Chinese consumer power and population, Fairchild eagerly forged ahead with their business opportunities.

Fung's idea of encompassing an international theme in a local environment is

what motivates the current Commercial Property Development of the Aberdeen Shopping Centre and motivated Fairchild to build Aberdeen in the first place. At initial completion in 1990, Aberdeen Centre had



began to make Canada their new home. On the other hand, it can be seen as Fung having the intuition to meet an emerging demand when there was still no real recognizable niche market nor provider for the increasing demand. Taking on this kind of risk took guts! Fairchild had the vision and the ideas to put into reality.

Also adding to Fung's push for providing such amenities, as Chinese media

drawn much positive international media coverage, with such stations as CNN, NBC (both American), NHK (Japan) and German television all coming to see such a specialized shopping centre. Over time, physically and conceptually, there was limited space to expand. Originally built with an Asian theme 8 to 9 years ago, Fairchild has found itself bombarded with much competition and copycats over the years; numer-

ous similar shopping arcades had sprung up all around Aberdeen, virtually turning the area into the new "Asia West."

Therefore, Fairchild found the need to expand into Phase II, aiming to be three times larger than the existing Aberdeen. Phase I and II will incorporate a more interesting tenant mix. Fairchild is planning to expand upward as well as forward, looking to complete the entire project in 2 to 3 years. Limited to its original site constraints, Phase II will expand across the street embodying the talents and efforts of award winning architect Bing Thom. Thom, a reputable architect with international exposure, has contributed his ideas and designs to numerous structures including pavilions at Expo 86, the latest being the UBC Chan Centre for the Performing Arts, the Vancouver Aquarium and city planner for Daliang, China. Upon completion, Aberdeen Centre will become the largest of its kind in North America.

However, the journey to bring such tenants to Aberdeen has been a rocky road, much affected by the Asian Economic Crisis. Investors from the Far East are more cautious than before, taking extreme measures to preserve capital and liquidity. Furthermore, it seemed as though the BC government had neither encouraging programs nor incentives for business development in place. BC companies found it necessary to exert a lot of effort in convincing investors that there is a win/win situation for everyone.

However, Fung pointed out that on a brighter side, the situation turned into an informal screening process, "Under the circumstances, new tenants from Asia now tend to be more established. This is a good screening process for those who are financially capable and experienced, a good signal of stable tenants." Fairchild is taking a direct marketing approach, bringing in Canadian national brand names, as well as from the US and selected Asian markets.

He has also observed that non-Asian tenants/operators (mostly from the US) welcome such a niche market and are be-

coming very interested in investing in Canada. Especially with the recent decline in the value of the Canadian dollar, medium and small sized American companies are seizing the opportunity to expand across the border rather than overseas. "This will create an interesting mix of Caucasian and Asian services and products, contributing to the international theme."

Fairchild's media group has also flourished, broadcasting through cable, satellite, and microwave transmissions across the country.

In the early 1990s, Fung saw a market for Chinese media and developed two television stations dedicated to Chinese programming, with 1/3 of the programs being produced locally. The Fairchild Media Group has developed

into the most influential multi-cultural radio stations in BC, Calgary and Toronto, mainly broadcasting local productions which help to train local talents. Balancing the right mix of local and overseas programming has been a challenge for Fairchild to meet viewer/listener demands, but the media group has managed to capture the majority of subscribers and advertisers, during a time of economic inconsistency.

Fairchild is fully engaged in Chinese trade investment. China has been gaining its financial strength and is opening up to Western ways, which draws increasing foreign investment interests. China's top leaders are also becoming more economically motivated. The company plans to expand its operations in the coming years

into the pharmaceutical business. Fung sees the Fairchild Group gradually stepping into consultant roles acting for mainstream companies looking to expand into China and Hong Kong. With economic and cultural ties to the Far East, Fairchild can become an important link between China and Canadian investors and vice versa.

Fung has noticed that as tax and labour codes have become quite tough and stringent, more and more head offices,

faced with increasing operating expenses, are moving out of BC, some to Alberta, some south of the border. Many employers have the mentality that they are no longer working for themselves, but rather for employees and the government. "Often it seems businesses are penalized for working hard to make a profit," says Fung.

He further commented that because some companies, like Fairchild, are good investors and have invested the majority of their business develop-

ments in Canada, consequently, have found themselves looking overseas for better business opportunities. Faced with heavy tax consequences, Canadian companies frequently experience "involuntary globalization," looking elsewhere to make up for Canadian economic shortcomings.

The Fairchild Group, in itself, has encompassed the idea of globalization. Engaging in business contacts around the world and bringing the world to Vancouver, Fairchild has fully utilized the opportunities it has come across by establishing a focussed niche strategy. By pursuing such three specialized avenues, it has been able to succeed on a local and international level, and categorically carve a spot for itself on the global marketplace. ■



**Thomas Fung**