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Interview with Dr. Edwin Lee (interviewed and written by Dr. Kanie Siu)

**Dr. Edwin Lee**

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**Continuous learning is the key to his success.....**

‘If I could become the Financial Secretary after years of working as an investment banker, it was not a bad idea,’ joked by Dr. Edwin Lee. He said that Antony Leung Kam-Chung was also an investment banker before he assumed the role as the Financial Secretary. That explained why he set this as his career goal then. He was not sure what he would like to achieve after his high school and followed his brother’s step to study at the University of South California. Having a bachelor’s degree in finance and got hold of the qualification of CPA and CFA, he said he was proud to join Credit Suisse First Boston to become an investment banker in US in 1997.

‘However, the incident of 911 in 2001 changed my fate,’ he said and started to tell me his story after sipping his coffee in a café in Central where we met. ‘I lost my job because of the awfully poor economy after the tragedy. I had three options to move forward then. I could find another job in an investment bank, but it might take me some time to wait for the recovery of the economy. I could also study an MBA or start my own business.’ Finally, he decided to become an entrepreneur. After reviewing some information, he found that many people would like to create their new start-ups at that

moment as many people might have lost their jobs after the 911 incident. He believed that there were many advantages of buying a business than starting one from scratch. Yet, there were not many intermediaries in Hong Kong that facilitated buying and selling of businesses at that time. As such, he went to Los Angeles and learnt how an intermediary was being run. 'I pretended to be a buyer and learned how people made their deals. I got the forms and learned the process,' said Edwin. Finally, he started his first one-man company in 2001.



In the early stage after he became the entrepreneur, there were more losses than profits reaped from his business. Times and again, he was referred by his friends the jobs from different renowned investment banks. Yet, in his heart, he would really like to become an entrepreneur. This may be an influence from his father. 'My father is an entrepreneur. He started his small grocery shop with a size of 500 sq. ft. and turned it to a supermarket with 5,000 sq. ft. when I was young. After that, he established his real estate property agency with more than 10 outlets. Now, his Konew Financial Express became the biggest property mortgage money lender among all non-bank financial institutions in Hong Kong with a market share of 17.4%! ' Edwin showed his pride when he mentioned his father's achievement.

During those few years, he was struggling. He was not sure if he should continue his career as an investment banker or run his own business. 'Then, I got a piece of advice from my brother. He said that if I would like to be successful in my business, I must take away my "antlers". He referred the "antlers" as my strength at that time,' Edwin continued. 'If I always referred to how good I was as an investment banker, I would not dedicate all my energy in running my business.' As such, he decided that he should burn his boats and cut off all means of retreat. With his determination, Edwin rejected all temptation to resume his career as investment banker.

Edwin is a life-long learner. Apart from running his intermediary business, he continued his learning by joining the DBA Program of PolyU in 2005. His thesis is very much related to his business. 'How entrepreneurial triggers affect the decision-making process of buying small business in Hong Kong' is the title of his thesis. In his study, he has developed a model to explain how the pull and push triggers affect the rational, emotional, and dependent decision-making process of entrepreneurs as well as the decision outcome of whether to buy a business. It is found that if entrepreneurs are driven by pull factors, they are more likely to engage in emotional decision-making approach of buying business. If entrepreneurs are driven by push factors, they are more

likely to decide not to buy a business. These findings have given Edwin good insights on how he could run his business better. He said, ‘As business sellers and in particular, intermediaries, once they could find a pull driven entrepreneur, they should provide as many choices as available to enhance the matching of the right business for their purchase. In addition, when communicating with the pull entrepreneur, the business sellers and intermediaries should emphasize more on the pull aspect of the business for sale such as owner satisfaction, independence, financial freedom, etc. to stimulate the entrepreneur’s imagination of the pull factors. In that way, the successful rate of closing a deal could be enhanced.’ Edwin is delighted to have built and created this theory in his thesis and finally applied it in his business. He also told me frankly that the title of ‘Dr.’ conferred to him upon graduation could enhance his professional image in his early days when he started as the entrepreneur.

Apart from running his business just as an ordinary broker, Edwin attempted a new business model to enhance his return on investment (ROI) by adding value to the operation of a business after acquisition. Because of this, he could sell the business at a higher price. He named it as Build-Operate-Transfer (BOT) business model. To add value, he invited some experienced operators from pertinent industries to join his company after he acquired various businesses. The experienced operators then helped him to build and run the pertinent businesses for a while before he sold them. Edwin would then develop the operational manual, set up the systems and procedures for each business to be sold. ‘As the buyers can save time and



energy in operating the acquired business than starting from scratch, they are willing to pay more when buying the businesses from me.’ Edwin was proud to tell me his innovative idea. As such, Edwin would gain a return of more than a few times from selling the ready-made business than running merely as a broker. Kam Kei Cafe, a retail restaurant chain with 20 outlets, was one of his successful business cases using the BOT model. By 2009, Edwin’s company has linked up 1,117 deals as a broker and built 78 ready-made businesses for purchase by entrepreneurs. His company has also been expanded to become the leading business start-up consulting company with 300 staff in Hong Kong.

While Edwin was successful in building his business start-up consulting company, he was given another challenge to himself in 2009. The challenge appeared after his meeting with Po Chung, the co-founder of DHL Asia Pacific and Chairman Emeritus of DHL Express (Hong Kong). Po Chung nominated Edwin to join the Young Entrepreneur Award 2010 which was organized by DHL/SCMP. As Edwin did not know him, he invited Po Chung for a lunch to thank him. During their conversation,



they were discussing about Edwin's BOT model and other business models such as that of McDonald. It was said that McDonald makes revenue not just by collecting the royalties from the franchisees or selling its franchisees cooking equipment, but much from buying the physical properties and then leasing them to the franchisees, often at large marks-up. This information shared by Po Chung inspired Edwin a lot. Edwin said, 'I immediately

returned home and held a meeting with my family as I came up with an idea for starting up a new business.' While he was telling me about his new challenge, I googled about 'McDonald's property' and was surprised to find how McDonald is being described, 'McDonald's isn't really a fast-food chain. It is a brilliant real estate company.'

'As such, I sold my house at the South Bay and bought my first shop premises. It is located at Shu Kuk Street and I bought it at a price of HK\$7.4 mil on 2 October 2009,' Edwin still remembered the transaction clearly when he told me about it. Instead of just acting as a real estate agent to buy and sell the shop properties, he modified the business model again. He will buy in some shop premises and lease them to the tenants at above-average rents. With the higher rents paid, he will add value to his tenants by helping them to promote their businesses. 'As their businesses grow, the price of the shop premises will grow. Because of this, I can sell the retail shop properties at higher prices. On the other hand, my tenants will also feel happy about the growth of their businesses. It is a win-win situation.' Edwin talked endlessly and he was happy about his innovative idea adopted in his business again.

However, this is not yet his ambition. He would like to be successful and becomes the market leader in the business he operates. He does not want to be a 'Nobody'. He said, "the scale of my business is still too small when compared with those famous shop property investors like Tang Shing-Bor, nicknamed "Uncle Bor" or "Shop King".' According to Edwin, there is not any renowned fund management company operating on shop property sales in the market. Edwin continued, 'Only when I could gather funds from the public could I scale up my business and be the market leader in this market

segment. I would like people to think of Edwin Lee when they buy the retail shops, just as people will think of Sun Hung Kai when they buy their houses.'

He then remembered his experience learned from the 911 incident. Instead of carving up his energy between running his existing business start-up consulting company and developing this new buy-build-sell prime shop property business, he has to make up his mind of what to focus on. In attending a course in the first semester of the Owner/President Management Program at Harvard Business School in 2012, he was asked to study the market size of an industry. He then discovered that the market size of the intermediary business in Hong Kong was exceedingly small. He said, 'Just like horse racing, even if I were a good rider, if my horse were disabled, I could not win the contest.' So, he burned his boats again. In 2013, he talked to his 300 staff about his decision to close his intermediary business and established Bridgeway, the prime shop property business, with only 6 staff.



While he was telling me about his new business set up, his face shone like the sun. He said, 'The market size of the new business is big. There are about 100,000 shop premises in Hong Kong with each premises worth HK\$20 to 30 million. Therefore, the market size could be as large as HK\$3 trillion.' He then cited me a quote from John Maynard Keynes, 'It is better to be roughly right than precisely wrong.'

To achieve his ambition to become the market leader in the retail shop property business, he has to get the related licence from the Securities and Futures Commission (SFC) for gathering funds from public. However, there were lots of hiccup in getting the relevant licence. Three years after his application of the license, he was still waiting for the



approval. 'It was the hardest time I ever had in my life at that moment. I was thinking about the prospect of my retail shop business if I could not get the license. I was celebrating my 41 years' old birthday that night. I had reached the point of no return as I had already closed my start-up consulting business then,' he told me honestly. He remembered that

he covered up his worrying when he was celebrating his birthday with his family. It was lucky that Edwin did not give up. He was finally being offered the license from SFC.

Though the license granted is not exactly the one he wanted, he could still gather funds from people who have at least a liquid asset of HK\$8 million or above. In July 2016, he bought the first shop using the funds gathered. 'I set my target to gather HK\$60 million in each quarter now. I am happy that there were over subscription of funds in the recent 3 consecutive quarters,' He smiled with a satisfactory expression.

How could Edwin make such an achievement? He explained it to me that he has adopted his 'Sweet Spot' strategy that he learned from his previous studies. The Sweet Spot is that space in which you are able to satisfy customer needs better, cheaper or different from other competitors. He showed me the concept by drawing three circles on a paper. He will offer after-sale services to his tenants such as promotional support and business advices after the lease was made. This is something that he can do it differently for his tenants but not by his competitors. He will post his promotion on social media for his tenants, hold sales promotion and conduct the publicity for them. He showed me his WhatsApp group with 4,000+ potential tenants and said, 'I sent them the promotion coupons of HK\$200 sponsored by my company. They can use it to patronize my tenant who sells Ramen in Jordan tomorrow.'

A shop landlord in general may only get an ROI of 2.5% but he can get about 4% as his tenants are more than willing to offer a higher rent because of the promotional support he offered to them. His strategy does work, and the sales turnover of the tenants were mostly enhanced. That helps explain why there are about 10 potential customers fighting for the lease of a retail shop from his company nowadays.



Edwin is a very hard-working person. He will spend his weekdays visiting various retail shop premises all over Hong Kong. Just as last year, he visited over a thousand premises.



Because of this, he could always spot the potential premises at cheaper price for his investment. 'Now, my funders can get an ROI of 3-4% from the leases and up to 10% when including the sales of the shop properties each year,' He told me with his pride showed on his face.

Having listened to his business achievements, I believe his decision to start the new business is not just roughly right, but right.

Apart from formal studies, Edwin likes to learn from others. He spends his weekend mornings for learning. He will invite four of his Facebook friends to join him each time. He will identify some topics such as Balanced Scorecard, Blue Ocean Strategy, Purpose of Life, for discussions and send his friends materials such as Harvard Business Review, for reading beforehand. He will conduct the discussions for three rounds so that their discussions can cover the topic thoroughly. He and the friends could therefore learn from their discussions. To apply what he has learned, he will use them as the training materials for sharing with his colleagues. ‘The learning can help us enhance our business operation and development further,’ Edwin said. He believed that continuous learning is a good way to keep himself agile and helps him to keep up with the development of the business world.

Though Edwin has a busy schedule, he can strike a good balance of life. He will go to the market every day at around 5pm to buy the food he likes for his dinner. Then, he will do some exercises before the meal. After having the dinner, he will spend time talking with his three lovely daughters and beloved wife. I asked him how he could manage his time so well.

‘You have to say “No” to many things,’ he said and then quoted a theory that worth exploring from the billionaire Warren Buffet, the Chairman and CEO of Berkshire Hathaway. “The difference between successful people and really successful people is that really successful people say no to almost everything”. It is not too much about what he has



done but what he hasn't done. He learned a long time ago that the greatest commodity of all is TIME.’ Edwin masters his time well and sets boundaries for himself to reach an optimum balance of life and happiness. He is now leading a life with time to take care of his family priorities, expand social circles, keep himself healthy and pursue his hobbies and interests apart from managing his business.

After I finished interviewing Edwin, we took a photo before we departed from the café. In this one hour's time, I have learned a lot from him. He is a role model as a life-long



learner. He not only learns but applies what he has learned. I believe his success should not only be measured by how many people that can think of Edwin when they would like to buy retail shop properties, but also by the wellbeing he has attained through striking a balance between his work life and private life.