

It Boils Down to Effectiveness and Efficiency

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“Effectiveness” = here means whether the products or services being made and offered have a (sufficient) market (demand), not just in terms of quantity sold but also in terms of selling them at a viable price level. The products or services may be essential in nature i.e. vital to physical survival and well being, such as food items or medical services, or non-essential, such as a bracelet or a pop concert. In any event, the products and services have to bring in the broadest sense of the word “satisfaction” to the people who consume or use them.

“Efficiency” = here refers to the processes and procedures through which the products or services are made and offered i.e. whether these products and services are provided in the best possible manner in terms of delivery time, quality, and quantity, and at the least possible cost, thus enhancing the possibility of giving the consumer and user value for money.

As one can see, **these two aspects go hand in hand** and a business operation will not be viable if only one of these aspects exists. You may have a very good product but if it is made inefficiently (leading to huge costs etc), you may still lose your shirt. On the other hand, you may have the best operational and most efficient process in the world for making common horse-pulled trolleys, yet it is doubted if the business is really that viable.

The same applies to assessing an economy (market). If an economy has effectively identified the markets (demand areas) properly and has both the advantages and capabilities to deliver such products and services being demanded in an efficient manner, it will have little to worry about as it will always be ahead of the pack in good or bad times. To assess such aspects, data and information such as GDP per capita, demographics, government policies, workforce’s educational level, legal / financial infrastructure, and the like are commonly investigated. Nonetheless, many of these items are reflective in nature i.e. they are the effects of an economy’s effectiveness and efficiency, not its causes. **One factor, which is not easy to quantify or even describe, stands out = (business) culture of the place.** For instance, if the business culture is such that meetings are held for solving problems and resolving disagreements whereby people involved can get on to execute the plans agreed after the meeting, efficiency will be better safeguarded than in a business culture which discourages participation or is patriarch in nature whereby subordinates dare not cross a superior in the meeting and thus may need to spend days after the meeting to subtly ‘advise’ the superior to change his or her mind.

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