

ADELSON PULLS OUT AN ACE

BY BRIAN YIM

Multi-billionaire Sheldon Adelson, the Chairman & CEO of Las Vegas Sands, the parent company of newly opened Marina Bay Sands Singapore, talks about his ambitious expansion plans for Asia while giving a rare glimpse into his personal life.

Sheldon Adelson has placed his single largest bet ever on Singapore where he has invested USD5.5 billion to build the world's most costly casino resort ever built, the Marina Bay Sands. He talks about Marina Bay Sands with a sparkle in his eyes describing it as a "new paradigm" in the development of lodging, entertainment, MICE (meetings, incentives, convention and exhibitions) business shopping and casino. "This is a combination of each of those disciplines and putting them all together. It's an ideal situation."

His excitement was almost palpable as he regards Marina Bay Sands, which overran budget by USD2 billion, as a "fantastic reference site" and a "great lesson for integrated resort (IR) development. He intends to replicate the business model to other cities in Asia. He has identified Japan, Korea, Thailand, Taiwan and India as places to do IRs. "If the other countries buy it, it will be greatest business that I could ever be in."

"Today, we have over 30,000 employees. By the time we finish hiring for Marina Bay Sands, we will hire another 15,000 people. Next year, we would have close to 50,000 employees. A pretty good accomplishment for coming to Singapore."

Comparatively, Sheldon's first project in Asia, Sands Macao, which opened in 2004 costs just USD265 million to build while The Venetian Macao, billed as the world's largest casino, with nearly 550,000 sq ft of casino space and 3,000 suites, was built at a cost of USD2.4 billion.

Describing the Singapore IR model as an "economy changing evolution", Mr Adelson is convinced that it is the right formula for success and that it was no longer enough to offer to punters just gambling facilities. "Look at what we could create. I know there was a guy in Indonesia that was one of the biggest. He sold his business for USD50 million and I am creating a USD10-15 billion dollar value. It's a lot of money. I don't doubt what anybody





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else can accomplish. But what we can do is extremely lucrative. And we are clearly the only ones in the world that can do this. Genting is trying to do all this, but they don't understand. They rely upon the same part but I won't do that. It's okay for them because Sentosa is considered Singapore's vacation island but not only that, children and casino don't mix." Malaysia's Genting group has opened the first integrated resort in Singapore in Feb 2010 with a Universal Studios theme park.

Sheldon Adelson is highly optimistic and ambitious about exporting the Singapore IR model. He is not just

looking at single IRs in each of the Asian countries he targets but to build in multiple cities. "I could put one in Seoul, Incheon, Busan, and several in Japan: Osaka, Tokyo, Sapporo and Okinawa. Although I think Okinawa doesn't have the sufficient infrastructure. But I could put two in Taiwan or at least one in Taipei and Kaohsiung; I could put in Bangkok, easily one, maybe two, one in Ho Chi Minh city or Saigon."

He would build the IRs in those cities as soon as the regulatory authorities give the go ahead which can prove tricky. "I am sure one will come within the year and the others will

come in three to four years. We are also looking at Europe to do a whole strip like in Macau or Las Vegas" said Mr Adelson.

The consummate entrepreneur, who used to be involved in as many as 50 other businesses, from media to exhibition, travel, real estate brokerage, hotels and property development investment advisor and mortgage broker, was once among the top three richest in America with an estimated wealth of USD26.5 billion. But in 2008 the share prices of Las Vegas Sands plunged and he was reported to have lost USD24 billion, more than

any other American billionaire. In fact the company was on the brink of bankruptcy when it announced that it might default on bonds.

Since then Las Vegas Sands share prices have rebounded from a low of USD6 to the recent level of USD25. His wealth has swelled from a low of about USD3.4 billion last year to an estimated USD17 billion now and he expects that to grow even further to as much as USD50 billion in "two to three years."

He rides the ups and downs of businesses philosophically. He made and lost a fortune in the stock market and also in a condominium business.

"I have had a couple of set-backs but I have never failed." In the 1970s he learnt a painful and costly lesson when he was hired by a client for whom he did mortgage brokerage to transform apartments into condominiums. He threw in his own resources to do the construction and to rebuild the properties. "I had a setback because the client had financial difficulties so I couldn't deliver the apartments. You could describe it as a failure because I put all my eggs in one basket. You can't bet the whole thing."

Adelson subsequently went into the media business when he bought

shares in a publisher of a computer title that organised events. Riding on the personal computer revolution then, he sold his condominium building to concentrate on an exhibition which he called Computer Dealer Expo, COMDEX. The show took off in a big way and was subsequently organised in several US cities, including Europe and Japan. Proceeds from the events funded his company, The Interface Group, to acquire other businesses, including travel, aviation, resorts, convention facilities and casinos before COMDEX was sold to Japanese firm Softbank for USD860 million in 1995.



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At 76 years today, Mr Adelson has come a considerable distance from his humble beginnings in a very poor and tough neighbourhood in Boston. His father, who used to be a taxi-driver and could not speak English, immigrated to the US from Lithuania while his mother was from Ukraine. At the age of 12 years, Mr Adelson showed an entrepreneurial streak by securing the rights to sell newspapers at a street corner. "My older brother did the same thing and I thought it was fun. A newspaper corner is like a sort of franchise. You had to have a licence to sell newspapers. At that age, I didn't really know what it was all about but it gave me a very good start in business because I had to borrow money." Adelson had to get a loan from the credit union where his uncle was the treasurer. "He taught me responsibility. I had to show up every Tuesday night at 8pm to pay off the interest and the principle loan, which I did. My parents thought I was doing too much and not spending enough time on my studies so they made me sell the newspaper corners after six months, which I did for a little profit."

Growing up in a very poor Dorchester neighbourhood of Boston, Massachusetts, where only two or three kids out of a dozen went to college, Adelson said that his parents weren't highly educated and his father went only up to Sixth Grade so they didn't push him to become highly educated. "They thought that if I took lessons in music, I could fall back on playing good music for a living."

Even though Adelson went to college but did not complete a degree, he is a much sought after speaker and has lectured at Harvard, Stanford and Columbia universities.

Asked if successful entrepreneurs are born or bred, Adelson is convinced it's in the genes. The same gene he believes comes from "compulsive behaviours and a chemical imbalance that makes one more competitive and adrenalin driven." His wife, Miriam, together with a team of researchers and professors are currently studying it.

Miriam Adelson is a physician who directs the Dr Miriam and Sheldon G Adelson Clinic for Drug Abuse. Two of Adelson's sons, Mitchell and Gary, struggled with drug addiction. Mitchell died from an overdose in 2005.

Adelson believes his 13 year old son has the gene as he likes "lots of action. He can't ski fast enough, ride a bike fast enough, shoot lanterns and likes flying remote control planes. My younger 11 year old son obviously does not have that gene. What I think is that there is a possibility that you have a gene that you inherit from your parents. If your children are mischievous and crazy, then you are mischievous."

What about mentors and those who helped him along the entrepreneurship path? Adelson replied: "Nobody ever gave me that break. I never got that and didn't have a role model. I created my own opportunities. I could be the rags to riches story. My parents were too poor to even buy the rags so there were not even rags. I don't have a business mentor and there was nobody there. I had to learn and do everything by myself and now I become the mentor."

He added: "Being an entrepreneur, you think of a need and fill it. It is like being an actor. You perform something and then after you hear the applause and the applause dies down then you



Mr Sheldon Adelson with his wife, Miriam Adelson

PHOTO CREDIT: VERNON LEOW

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say I like that applause, so I am going to get some more. So you start another business and get more recognition.

Sounds like an addiction? Adelson replied: "Could possibly be it. Sounds like a compulsive behaviour."

What is wealth to a billionaire?

"Wealth is a blessing if you do something good and we intend to give away most of our money to medical research and to general charities. My wife, Miriam is an expert. She is probably the most accomplished expert in the field of drug addicts in the world. She has close to about plus or minus 80% success rate with drug addicts and we don't care who they are. She's a doctor and that's her labour of love.

I want to accelerate medical research philanthropy so that my wife and I can help to find new treatments in life for rare diseases. I really want to do something more with my money. I want to help humanity. I've had melanoma and I have been cured. I have a neurological problem (peripheral neuropathy) in my leg and I've been mostly cured. I can afford to find and identify the medical treatment by the best doctors in the world. I don't deserve any more medical treatments than other human beings. I just want to help any other human beings that have similar problems. That's why I came up with the idea for my neurologist to help me with my neurological problems and it was also a research project. I developed a new paradigm to conducting medical research.

What is this new paradigm?

Two things prevent the achievement of medical breakthroughs. One is money and the other is willingness of scientific effort. So I use money as an incentive, as a tool to get scientists to cooperate.

There are mathematicians, computer scientist, nanotechnologists, physicists, all kinds of people that are not usually thought off. They can't get the finance, they can't get the grants because they must get published before they can get grants from the major granting institutions. And mathematicians aren't going to get published, in medical research. So I put all these different disciplines together and I incentivised

it with money. We make funding a lot easier for people who agree to collaborate, to work together on a daily basis on ideas.

A typical day for Adelson

I need 8 hours of sleep a day. If I am not travelling, I do an hour's worth of exercise: body building. I am not very good at it but I do a lot of weightlifting and I got to visit my kids at school. I've got two little children. I go almost every day if I can. I try to watch my little boys play soccer. The older one is always playing baseball. I go to his games and once he took something home.

We have a home in the south of France; we live right on the water. He likes the water. There was once he goes down real quick and catches a fish and the chef cooks it for him. So he likes that a lot. I go fishing with him. I also love to travel and go visit other people but I am not a big television watcher.

Could you tell us something about yourself that nobody knows?

Nobody knows that I am good looking and charming. Nobody knows that. Nobody believes that anyway. I am a very private person, but certainly a lot about me has become public information. I am like a public figure, much like a movie star, a politician. I moved out of being a private person, keeping things to myself. I have to be a public person. Not that I wanted it but that's what I have accomplished.

Growing up with unimaginable wealth, how do you teach your children about wealth?

It's very difficult. What we teach them is philanthropy. I have an expression: Save, spend and share.

I have a big debate with my 13 year old son right now. He's got an automated transmission vehicle (ATV) and he's wants to upgrade but he's not of legal age yet so he's debating with me for the bigger one. The thing is more dangerous than a motorcycle. My kid will have to find another way to have fun, it's too dangerous.

How do you teach them about philanthropy?

By bringing them to the places that we go, and I tell you, the kids picked up. The older one was helping out another kid. Everybody was supposed to bring something to school. So he brought his glass see through piggy bank and gave it to the teacher. The teacher called my wife and said, "I am looking through the jar and there's lots of money in it." So his teacher said "we can't take this."

My son said "No mommy, there are a lot of kids who don't have what I have. And he insisted that he gives the whole thing." He always insists that "If I have a smaller something, I give it away, I get a bigger something." He gets the idea of helping out others.

How about business, how did you teach your children about business?

I would have them start out sweeping the floors. They would do the most menial jobs in business so they could learn about other employees. They can learn to be sensitive to the way the employees are being treated so they can't say I am the rich guy and you are the poor guy, so you do what I tell you. You get in the poor guys position and you have some other rich guy tell you what to do so you can empathise and feel for other people.

My friend once had an expression, "I want to leave my kids enough money so that they could choose to do anything they want in life but I don't want to leave them with so much money that they could amount to nothing." ▲

HAPPY 19TH ANNIVERSARY TO SHELDON & MIRIAM!

I have to tell you that I learnt more from my wife than from anyone else. We've been together for 22 years. This year, we will be married 19 years. We opened Marina Bay Sands on April 27, our 19th anniversary. We have two little boys who are 11 and 13 years. My wife has been working her whole life. She's only been published a hundred times, but I'm so proud of her to be published a hundred times. She's not a researcher per se. She is a clinician.