Big spender or penny-pincher? Stars speak their mind on money matters

Failed business was wake-up call

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LAST December, on her birthday, local creative director Loretta Chen found out she had lost close to $200,000 in a business venture.

In an interview with The New Paper last week, the 34-year-old said she had started the business with her elder brother Eric and a close friend in 2008.

She was responsible for the creative aspect of the business and another person was hired to handle the finances.

However, the business folded 18 months after it was set up.

The theatre director – who directed plays such as 251 (2007), Postcards from Rosa (2007) and The Vagina Monologues (2008) – didn't want to name the company or the person involved in causing the losses.

According to previous media reports, Chen was also one of the partners in theatre group Zebra Crossing Productions.

It staged the musical Victor/Victoria last November, which left it $1 million in debt.

Chen and her brother Eric subsequently quit the group.

Bounced back

Even though Chen has since bounced back from the failed venture, she cried during this interview.

It was the first time she had discussed the incident since it happened, she said.

"I lost cash and confidence. I was such an artist that I never even looked at the finances," said Chen.

"The hardest was feeling I had let my brother and good friend down. They trusted me and therefore invested the money."

The three of them lost $400,000 in all.

The former Nominated Member of Parliament called it a very expensive lesson in business and human relations.

She added that she was about to start legal proceedings against the person who caused the losses when she found out that her mother had a brain tumour the size of a tennis ball.

Chen decided to drop the lawsuit and spend her time and money taking care of her mother instead.

"I just sucked it all up and bore the failure quietly...After I decided to take care of what's most important to me, I strangely found the confidence to get better," she said.

"It was the best decision I've ever made."

She has got past the failed venture and started her own creative consultancy company 360.

Now she makes sure she keeps track of every cent that goes into and out of the business.

It also helps that her current business partner makes her check the accounts.

One of her latest projects is directing a Christmas musical, Love: In Stores Now, which stars Cynthia Lee Macquarrie, Amy Cheng and Claude Girardi.

The show comprises three acts, each lasting 30 minutes.

Each act will be performed for a week at the Orchard Central shopping mall, and the full story will be played out over three weeks from Dec 1 to 23.

Chen – who has a financial adviser – is especially heartened that the people she worked with in her failed venture trust her enough to work with her again.

She sets a target for herself to earn a five-figure sum every month, out of which she saves at least five per cent.

Another 20 per cent of her monthly income goes into investments and 10 per cent to charity.

The remaining 65 per cent is used for paying insurance premiums and for personal expenses, including a budget of $2,500 a month for shopping (often on Chanel and Prada bags, shoes and accessories).

Six months' buffer

She lives with her parents and pays for their daily expenses.

Nevertheless, Chen added, if there are big expenses like their parents' hospital bills, all three siblings will share the cost.

Actor Edmund Chen is her elder brother.

She makes sure she keeps aside enough money to serve as a buffer six months.

Added Chen: "My parents brought us up well. We were never rich and we worked very hard for what we have.

"They taught us a can-do spirit, to work hard and save. But besides having a healthy bank account, it's very important to have a bank of gratitude and appreciation which you can draw on on dark days."

FRESH START: **Loretta Chen now keeps track of every cent that goes in and out of her current business.**

TNP PICTURE: **GAVIN FOO**