

Publication: The Business Times, p 05

Date: 22 August 2017

Headline: Third generation grows family business to over S\$100m

# Third generation grows family business to over S\$100m

Cheng Yew Heng Candy Factory is now a prominent sugar trading company in Asia and the world. BY NARENDRA AGGARWAL

**T**HE third generation now running the family business, Cheng Yew Heng Candy Factory, has taken the annual turnover to more than S\$100 million and is working hard to grow the business further despite rising concerns in society about the health risks of excessive sugar consumption.

The company, one of the oldest sugar manufacturers in Singapore, is celebrating its 70th anniversary this year. Cheng Yew Heng Candy Factory was started in 1947 by Cheng Keng Kang, a Chinese immigrant who brought his family of 10 to Singapore in search of a better life.

The factory was started initially to make Chinese candies such as sour plums, prunes and Hawthorne but due to competition from China, the founder along with his son, Cheng Ngee Chuan, began producing rock sugar, red sugar and black sugar. These products are still the mainstay of the company.

While Cheng Yew Heng started primarily as a local manufacturer, it has grown exponentially beyond Singapore's shores and is now a prominent sugar trading company in Asia as well as the rest of the world. It continues to supply the local market with its traditional manufactured sugars and is also a logistics provider for the industry and wholesale trade for sugar and flour.

Up till 1995, the company was sole proprietorship. My brothers privatised the business in 1996 right after they joined Cheng Yew Heng. It was the start of a new era of business with the company's internationalisation," says John Cheng, director of business development and trading at Cheng Yew Heng Candy Factory. He belongs to the third generation now running the family business.

"Today, Cheng Yew Heng is a trusted brand and also known as a prominent sugar and commodities trading company among other global players and belongs to the Refined Sugar Association in London," he adds.

Currently the company makes rock sugar, red jaggery sugar and black jaggery sugar under the Star brand for industrial users as well as wholesalers. It produces the same products for its Cheng brand under its new retail concept for mass market consumers.

Cheng Yew Heng is always on the lookout for new opportunities. During the last two years, the company has begun to diversify its business to provide a new offering to the retail segment - rock sugar.

"A major hurdle we face is educating the public on the benefits and uses of rock sugar as an everyday sugar rather than as a traditional product meant only for bird's nest soup," says Mr Cheng.

He explains that one reason why people tend to think that rock sugar has limited usage may be due to the age-old recipes that are passed down from generation to generation and these often use rock sugar for bird's nest soup. Most people do not know the difference between normal sugar and rock sugar.

In fact for our everyday hawker fare, for example, in Bak Kut Teh, prawn noodle soup, and others, rock sugar is used as it brings out the sweet flavours of the ingredients without overpowering their taste. Mr Cheng says: "This is mainly due to the way we naturally crystallise cane sugar for 14 days that gives the significant taste difference."

Also, concerns about sugar intake have put sugar in a very bad light. While sugar is not the only contributor to diabetes, it is the easiest to target, he says. Even if we eliminate sugar from our diet, the lack of exercise and failure to moderate the intake of any type of food also exposes us to a similar or high risk of getting diabetes, he believes. Our take is that sugar should be consumed in moderation to enhance taste or as an energy source. It should be combined with an active lifestyle, Mr Cheng says.

With Mr Cheng's older brothers joining the business in 1996, the third generation went into action to expand the group's activities. They began focusing on international trading, starting with Myanmar and Thailand. This helped



Mr Cheng says that last year the company launched Jewels under its lifestyle retail brand for the young at heart by introducing rock sugar sticks in a variety of colours and flavours for coffee, tea, sparkling water and cocktails.

put Cheng Yew Heng on the map in terms of sugar trading.

Another turning point for the company was in 2008, when Mr Cheng, who was about 26 years old then, started the business. He studied business management and double majored in operations management and marketing. After graduating from the Singapore Management University he decided to work in a bank - like many of his cohort - before joining the family business. In the bank, he looked at improving business processes and creating new opportunities for the institution through Six Sigma, a set of well known techniques and tools for process improvement.

"This is a way equipped me with the foundation and helped me in making many decisions to manage the family business right. Along the way I associated with next generation business leaders from the Business Families Institute @SMU and this network helped me form a group of next gens who I meet regularly, network, share and collaborate with," says Mr Cheng.

On joining the family business, Mr Cheng decided to focus on strengthening the foundation by spending time on managing HR, sending staff for courses to upgrade their skills, introducing flexi-working and adding new staff to lower the average age of the employees in the company.

After that, he did several projects with the help of Spring Singapore to raise standards, achieving HACCP and ISO9001, rebranding and also introducing semi-automation. Today the company is ISO22000 and Halal certified.

## Learning quickly

He knew he needed to learn quickly and tapped knowledge partners such as the Singapore Institute of Technology, Singapore Poly, Institute of Education, A\*STAR and National University of Singapore for their experience and knowledge. "Together we improved processes and created new products like 'Jewels'. Today we have our own R&D laboratory and continue to work closely with our knowledge partners to innovate," says Mr Cheng.

Last year the company launched Jewels under its lifestyle retail brand for the young at heart by introducing rock sugar sticks in a variety of colours and flavours for coffee, tea, sparkling water and cocktails. Through products like these we hope to create awareness about locally manufactured sugar and our heritage in this industry to educate the younger generation and to start a new era of transformation from tradi-

tional to something novel and exciting," says Mr Cheng.

"Currently we are retailing in major departmental stores such as Tangs and Robinsons, and specialty shops like Naisie, Botanical Gardens, Clipper Tea Stores and soon the Singapore Flyer and not forgetting e-commerce on online stores like Shopee, Lazada and Tmall in China. We hope to establish our presence in China, Japan, Korea and Taiwan in the near term."

The company's international division is playing an important role in growing the business. Mr Cheng says his role in the division is primarily business development and strategy. "I travel often to get closer to the ground and identify opportunities to collaborate. Keeping abreast with international affairs and developments helps in understanding the changing market landscape and allows us to adapt quickly and capture value."

"Currently our plans are to venture into China, Japan, Korea and Taiwan. With assistance from IE Singapore, SMEs like us are able to get first hand insights into markets and access which might take years to develop on our own especially in bigger new markets."

The business outlook seems to be good. While the company's turnover was S\$104 million last year, this year till June it has already done about S\$100 million worth of business.

When asked what being an entrepreneur means to him, Mr Cheng says: "It means being brave enough to do something most people do not even think of, let alone do. It requires courage to take a leap of faith, to do something beyond your comfort zone and even experience some sort of failure in the process."

"It is a never ending journey that is not guaranteed and requires hard work and perseverance. In a nutshell, you would need to carve a niche for yourself, thinking out of the box to generate fresh ideas and have that gut feel. Of course it will be helpful with mentors and a good team."

Mr Cheng says that it is important for Singapore to nurture entrepreneurs as it is a small country with a relatively small market. "If we don't nurture entrepreneurs who are willing to do new things and push the limits, we will lose out to the global competition. Singaporean business owners need to think big and beyond their comfort zone. They should rethink strategies and create synergistic ways to further their business outreach and to build better business mechanics and processes, in order to keep up with the new world, new dynamics which are constantly changing. Only then can Singapore

become a sustainable global business player and leader."

On his plans going forward, he says: "We have several plans in the pipeline locally and overseas. In Singapore, we are rebuilding our factory of the future. This will increase our output capacity to cater for export and the creation of new products. We also want to create an ecosystem of collaboration and incubate startups that have synergy to help us move up the innovation curve and push boundaries."

"Our factory will also serve as a place of interest for the public to visit and learn how rock sugar is made in Singapore's only sugar factory. It will also be a place where we bridge the education and industrial domains through programmes, and co-run and share laboratories where R&D can happen. We hope this will strengthen our position as a forward-looking manufacturer in Singapore."

## Succession planning

Looking ahead, Mr Cheng says that succession planning is important for a family owned business. "I have seen that some businesses have no other option but to close because of the lack of a succession plan. It is a shame as they are companies that have taken time to build their reputation and we have become accustomed to doing business with for so many years - all the prior efforts to build their businesses are wasted when they close down."

Mr Cheng says, for his family, it started when they were young. Their father had instilled in them a sense of duty as one day they would take over the business. "I remember many school holidays where I observed him working endlessly till the end of every business day, wondering why he spent so much effort and time at work. I only realised why after I joined the business."

"I hope that the next generation will follow in the footsteps and carry on the legacy, remembering that it is the relationship between friends (being our employees, suppliers and customers) and the family that bring prosperity. That's what Cheng Yew Heng stands for when translated from Chinese."

## STANCHART'S TAKE

### SUCCESSION PLANNING

By Andrew Ho

How can businesses go about making succession plans?

Succession planning is important for all businesses, and especially critical for family businesses and SMEs.

For many business owners, "letting go" of the business can often be challenging, and the first step to thinking about succession planning is to have a collective vision and goal.

While many business owners may prefer to keep the business within the family, there is sometimes a need to consider bringing in professional management, and it is necessary to determine the importance of continued family involvement in the leadership of the company.

Some of the most successful examples I have seen around succession planning are a result of intentional grooming of the next generation of leaders.

It is usually recommended that you spend a year or two working closely with your successor before handing over the reins, and have in place a thorough transition plan.

Building a succession planning team or task force is also helpful for business owners, where the core group can come together to deal with issues in a transparent way.

This team is usually made up of the board and the leadership team, and can help identify successors as well as active and non-active roles for family members.

Having succession planning plans formally developed and sharing them also reduces ambiguity among employees, and the greater transparency prevents a dip in productivity due to uncertainty.

A good succession plan should clearly delineate the individuals responsible for company management and governance, and identify those in ownership positions.

For family businesses, being able to communicate this clearly to the different members of the family is critical, alongside establishing a method for dispute resolution and establishing governance processes for involving family members in decision making.

■ The writer is market head, South and South-east Asia, Standard Chartered Private Bank.

Brought to you by

Standard Chartered  
Private Bank



Source: The Business Times @ Singapore Press Holdings Limited. Permission required for reproduction