

# Forward-looking family businesses

By ANNIE KOH

AS we celebrate our country's birthday tomorrow, perhaps it is also opportune that we celebrate the success of some of Singapore's home-grown brands which have not only played a part in our nation-building but also put the Republic's name on the global stage.

Synonymous with our heritage, many of these family-owned household names had given us lasting childhood memories, and still continue to make an impact on the lives of our next generation.

From fashion, food, health care, lifestyle, hotel and resorts to retail and property, these brands have demonstrated pioneering spirit and surmounted challenges, bagging accolades and awards along the way.

What binds them across generations are four key success factors – entrepreneurial mindset, innovation, 'guanxi' (strong social capital) and core family values.

An entrepreneurial mindset is evident in OSIM. Under the leadership of Ron Sim, OSIM has progressed in the last 35 years beyond the producer of high-end massage chairs to become a leading brand in Asia.

Coupled with astute branding, Mr Sim has acquired interests in health supplement chain, GNC, and tea leaves company, TWG Tea, strengthening OSIM's position in the healthy lifestyle space.

Another example is Charles & Keith, now an international chain with 350 stores worldwide operating on the franchise model abroad, except for owner-managed stores in Singapore and China.

The founders, brothers Charles Wong and Keith Wong, have distinct roles. Charles is the public face of the company, while Keith focuses on design.

The brand's footwear and accessories continue to make inroads in retail markets abroad with innovative designs, chic branding and affordable pricing.

Demonstrating long-term vision and socially responsible business values and practices is Banyan Tree Holding's founder, Ho Kwon Ping.

Together with his wife Claire Chiang, they have not only kept the family business viable and successful but also grown the business and expanded their footprint right across the globe.

Twenty years following its founding, Banyan Tree continues to be a brand endeared by luxury travellers, enjoying a strong presence in 28 countries with close to 36 hotels and resorts, around 73 spas and 91 galleries; as well as three golf courses.

Innovation is another trait of successful

family-owned business. FJ Benjamin was founded in 1959 by Frank Benjamin who began modernising its operations in the 1960s.

His brother Nash succeeded him as the company's chief executive in 2006 and continues to lead in the building of brands and in developing retail and distribution networks for international luxury and lifestyle labels across Asia.

From the house of FJ Benjamin, RAOUL, one of Singapore's best known international labels, has been spotted on the frames of international celebrities and even on the Duchess of Cambridge during her visit to Singapore in 2012.

### Up to date

Another fine example is Eu Yan Sang, which has kept its brand up to date by continually modernising traditional Chinese medicine (TCM) to meet today's lifestyle trends.

As the nation's first public-listed TCM company, its use of scientific approach in its research and development of TCM products has helped the company break new grounds.

Far East Organization, Singapore's largest private property developer, also has a reputation for building innovative and functional spaces.

Since its founding by the late Ng Teng Fong back in 1960, the company has contributed to the transformation of Singapore's urban landscape, with 750 developments in the residential, hospitality, retail, commercial, and industrial sectors. In particular, 45,500 – or one out of every six private homes in Singapore – are built by Far East.

Household brand Prima, has a name which represents the company's vision of corporate longevity – 'Bai Ling Mai', which means 'hundred-year-old wheat' in Chinese.

Prima Limited was established in 1961 when its founder, the late Cheng Tsang Man, built South-east Asia's first flour mill. One of the company's best known subsidiaries, Prima Deli, is our first locally grown bakery.

Prima Limited was also recognised for its outstanding franchising system and named Domestic Franchisor of the Year 1998.

Like Prima, Ya Kun, which also operates on a franchise model leverage on close 'guanxi' that is critical for their success.

'Guanxi' comes into play in various dimensions – a close relationship with their workers, suppliers and franchisees helps to ensure consistency in the quality of their products; at the same time, the close relationship developed with their customers leads to the preservation of brand equity across generations.

Ya Kun, which recently celebrated its 70th



**Prof Koh:** Family-owned businesses have strong roots reflecting the values and principles of the founding generation

anniversary, has opened close to 80 stores across Asia within a short span of time by using a well-structured franchise business model.

In contrast, Polar Puffs and Cakes, founded in 1926 and celebrating its 90th birthday in two years' time, owns and operates all the stores itself, so tourists can only enjoy Polar's products by patronising its 30 outlets in Singapore.

Both Ya Kun and Polar are armed with their time-tested secret family recipes that have been passed from one generation to the next, winning the hearts of our parents, ourselves and now our children.

Strong core values form the foundation of trusted brands and represent the real glue that binds generations of partners and consumers to ensure business and family sustainability.

Homegrown brands are often characterised by strong core family values which ensure that even when the family and the business grow and transform, the presence of 'familiness' in the brand is never lost. These family-owned businesses have strong roots reflecting the values and principles of the founding generation.

Take, for example, Woh Hup Food, which is known for their savoury oyster sauces and aromatic soy sauces.

Its brand logo, depicting two mutually covering red bowls above two stalks of wheat tied together by a ribbon, signifies family harmony and continuity. The logo reminds families



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to stay united, live in harmony and build a better future.

Another example, the Wen Ken Group, a family-owned group of companies and the creator of the renowned Three Legs Brand Cooling Water, also operates by the motto of its logo; the three running legs in its logo represent the tri-values of diligence, humility and parity.

These family values are the true gems of the family business that goes beyond the figures in the balance sheet or financial statements.

The humble beginnings as well as the legacy – values, beliefs, morals, lessons, philanthropic activities – imparted through their product offerings should inspire many Singaporeans and new, emerging Singapore companies and brands.

### Challenges

Looking ahead, Asian business families who participated in the inaugural research survey conducted by the Business Families Institute (BFI) at the Singapore Management University (SMU) in collaboration with Deloitte South-east Asia, indicated that they face many challenges, including rising costs and expenses (84 per cent), stiffer competition (79 per cent), talent acquisition and retention, and economic uncertainty in Asia (75 per cent).

Some also face unique challenges such as managing family dynamics, attracting and retaining non-family talents, as well as succession planning – how to successfully transfer business responsibilities from one generation to the next.

The same survey revealed that Asian business families are forward-looking and are, in fact, very receptive to enhanced developmental support and training opportunities.

We found that 60 per cent of Singaporean business families are in the developmental stage of the management succession process.

This means that their most pressing training need is in the area of developing the next generation leaders' family and business-related competencies, which can be done through education, experience and exposure.

It is with the purpose to develop insights and knowledge on business families' best practices that SMU launched BFI in March last year.

We aim to provide a knowledge platform centred on Business Family education, engagement, and research in key areas such as family ownership, business and governance to help business families grow and build their sustainability beyond the third generation. This will help to create an enduring and lasting Business Family legacy in Singapore.

My wish would be that when Singapore celebrates our 100th birthday in 2065, we will also have a significant number of 100-year-old home-grown companies still around and thriving.

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