

HITTING THE SWEET SPOT

by Genevieve Cua

John Cheng has grown Cheng Yew Heng's sugar business, and expanded to support startups and SMEs in the wider food industry

SUGAR manufacturer Cheng Yew Heng has traversed a full circle, returning to its roots in the past few years as a traditional candy maker. But under the watchful eye of John Cheng, third-generation business owner and director, the firm's circle has arguably swelled beyond the confines of sugar and candy. Canny partnerships have enabled it to explore ways to repack its lineup of sweets.

Beyond even that, Mr Cheng has founded a food accelerator, the Innovate 360 Innovation Hub, which he hopes will help to give a leg-up to food-tech startups and catalyse innovation. Cheng Yew Heng may itself invest in and collaborate with the startups that have joined the ecosystem.

In addition to the accelerator, Mr Cheng has also founded Feed 9 Billion, an open platform to help find solutions for global hunger; and foodculture.sg to help SMEs in the food business sell and market their products online. This year he is nominated for The Straits Times Singaporean of the Year 2021.

The idea for Innovate 360 was sparked some years ago when Mr Cheng was exploring ways to expand Cheng Yew Heng's nascent retail business.

"I was establishing retail channels. We thought – why not tap startups? I had gone with Enterprise Singapore on a trip around Europe looking at innovation. I thought – startups could create products for us... It's a win-win. They will have access to our facilities and network, and we in turn could become their distributors." Launched in 2018, he says Innovate 360 was the first of its kind in Singapore with manufacturing facilities, test kitchens, laboratories and co-work offices.

"We differentiate ourselves by offering access to market. And we're also paying it forward. In the first 12 years of my career in the business, I tapped various partners such as the polytechnics and universities to shape my business... I wondered – how do we help more startups to scale and become part of their business as well? In the process, we would recreate our business and our footprint."

Cheng Yew Heng was founded in 1947, originally selling a range of sweets such as hawthorne and sour plum candies. Under the second generation, the firm focused on rock sugar, and red and black sugar, due to competition from China. Today, with the third generation in charge, the firm continues to manufacture and distribute its mainstays of rock sugar, red and black sugar. Its retail range includes Jewel Rock Sugar Sticks, available on their own or in a bundle with Hook Coffee or with The 1872 Clipper Co Tea. Hook Coffee is a startup under Innovate 360.

MR Cheng says he did not expect to join the business. He studied Business Management in Singapore Management University, and was briefly with a bank after he graduated in 2007. He was roped into the business as his father was ailing.

"In the first couple of years I spent a lot of time trying to modernise and transform the business with automation. I knew nothing about sugar or manufacturing. It was a challenge, and I tapped different partners and institutions to help me understand and learn."

The business has since grown, with a presence in China, Hong Kong and Japan. It operates out of its factory on Chin Bee Drive which was rebuilt in the late 1990s to expand space from 30,000 sq ft to nearly 90,000 sq ft.

Part of the space became the site of the first unit of Innovate 360. A second unit is Innovate 360 @ SMC Nutrition Hub. Two more are in the pipeline.

There are currently 40 startups in Innovate 360, including kombucha maker Kombination; Turtletree Labs which is developing lab-based milk; and Asia Insect Farm Solutions, which is developing protein from alternative sources such as insects. Innovate 360 houses four "verticals" of startups – food sustainability; consumer packaged goods; deep tech; and agri-tech.

"Not all 40 startups need office or production space. But we help them in various ways such as access to markets, contacts and free programmes... There is demand for this space because it's a one-stop shop.



"In the first couple of years I spent a lot of time trying to modernise and transform the business with automation."

John Cheng (above), director of sugar manufacturer Cheng Yew Heng



Since we launched we've filled up the space fully without advertising. Hopefully in the next three to five years we'll have at least one to two million sq ft of space."

The support includes a mentorship network. Mentors include Michelle Cheo of Meowwah Group and Shuichi Sato of Phoon Huat.

Mr Cheng says startups under Innovate 360 typically are already "ready to scale", which means they have a product and are looking for manufacturing space. But some others also seek R&D assistance.

SUSTAINABILITY is a common thread running through Mr Cheng's endeavours. "We believe strongly in giving back, but we're not so much into CSR (corporate social responsibility) projects. In my father and grandfather's time, sustainability was about saving costs. Whatever waste the factory produced, we recycled. Today, the sexier term is upcycling. Sustainability was about saving money." Cheng Yew Heng's packaging, for instance, is biodegradable.

"Innovate 360 helps us to extend our impact in sustainability. Most startups have different degrees of sustainability incorporated into their business."

In 2018, he founded Feed 9 Billion, an

open food ecosystem comprising startups, corporates, institutions and government agencies to promote food sustainability and innovation. Its mission is to support the United Nations' goal to feed the world's 9.8 billion population by 2050. While global resources can feed 1.5 times the world's pop-

ALL ABOUT SUSTAINABILITY

- 1) Mr Cheng at the launch of the Good Food Startup Manual.
- 2) Sieving process for rock sugar.
- 3) Innovate 360 offers a supportive ecosystem for foodtech startups

"Family-owned businesses play an essential role in catalysing economic transformation. Business families hold the key to trusted business relationships and industry knowledge. As stewards of their family's legacy, an increasing number of next-generation owners are exploring how they can tap these long-standing relationships to create ecosystems that can accelerate the growth of new businesses in their industries."

Dr Kenneth Goh, Interim Academic Director, Business Families Institute; Assistant Professor of Strategic Management (Education), V3 Group Fellow in Family Entrepreneurship, Singapore Management University

This column profiles business families and how they approach issues of governance and stewardship. They support the Business Families Institute's mission. SMU established BFI in 2012, in response to the growing needs of business families in Asia. It encourages business families to Think Generations, Think Growth, Think Giving and Think Global.

ulation, over 800 million still lack access to nutritious and sufficient food.

The group has published a Good Food Startup Manual, in partnership with the Apac chapter of The Good Food Institute, which lays out steps involved in starting up a plant-based or clean meat company. The manual is available for download and has insights from clean meat experts and entrepreneurs. Feed 9 Billion is a strategic partner of Innovate 360.

YET another initiative is the foodculture.sg platform, launched this year to assist homegrown brands in their e-commerce sales. The idea was initially driven by Cheng Yew Heng's own desire to expand in e-commerce, and it has morphed into a multi-brand effort.

"In Singapore (Cheng Yew Heng) needed the travel retail market, but that was impacted by Covid. Rather than just set up a site for our Jewel brand we thought – let's do something to help startups and our partners like our suppliers and customers. So we launched foodculture.sg. We need to help companies go digital, and to go beyond Singapore. We worked very closely with Enterprise Singapore for this project."

The platform has three-pronged objectives – to help food SMEs to sell products online; connect with customers by digital marketing; and ultimately to go global by linking them with distributors.

Meanwhile, Mr Cheng's efforts have borne fruit in raising the company's profile in the fields of innovation and sustainability which should enable it to attract a younger work force. Modernising Cheng Yew Heng's business, however, was something of an uphill climb at the start. Some things he instituted, included a five-day work week, reduced from five-and-a-half day work week previously, and a system of employee benefits including leave days.

"I realised the business was very traditional. I came from a bank which had a lot of processes and procedures. I thought the best thing I could do was to try to help the company become a more modern organisation. I spent many years trying to understand the business, signed up for a lot of courses to train myself. That's where I met people and grew my network, and that has been very important to help me set up what we have today."

Mr Cheng says he has begun to consider succession and planning for the fourth generation. "You need to foster entrepreneurs in the next generation... You need to constantly be an entrepreneur, to think differently.