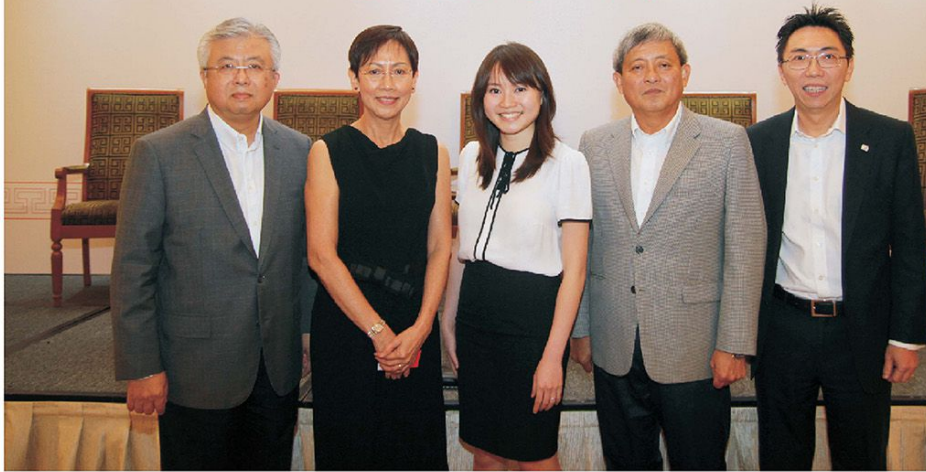


Successful Family Businesses

Generation after generation

企业传承 家业长青



(From left) Teckwah Industrial Corporation's Mr Chua and Ms Kok, Focus Network Agencies' Ms Loo and Mr Loo, and moderator Mr Ng of PwC Singapore.

Succession, talent attraction keep family businesses up at night

By Mindy Tan

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SUCCESSION planning and professionalising the business are the key concerns of business families in Singapore, going by responses to PwC and the Singapore Chinese Chamber of Commerce and Industry's (SCCCI) report, and questions posed to panelists at Thursday morning's sharing session.

The report, which is the result of 112 quantitative interviews and six face-to-face interviews, found that 64.7 per cent of family businesses in Singapore cited attracting talent as the biggest challenge, followed by

succession planning (54.1 per cent).

"We are seeing a clear shift towards greater professionalisation in Singapore's family businesses. It's born out of a desire to be able to attract and retain external talent. It also comes from the recognition that it is essential for family businesses to move away from reliance on one individual or a small group of family members," said Ng Siew Quan, Asia-Pacific entrepreneurial and private clients leader at PwC Singapore.

While the overall direction and ownership of the business will still be held by family members, more than half of the respondents (53.6 per cent) said they are open to bringing in more non-family talents to profes-

sionally manage the business.

Globally, fewer families are willing to go down this route (32 per cent), preferring to pass both ownership and management to their family members.

The process of professionalising has already begun for some.

While Singapore's family businesses are far more likely to have their overall direction managed by family members (61.8 per cent have family members on the board versus 21.6 per cent with outsiders), senior executives are increasingly likely to be non-family (81.1 per cent outsiders versus 52.7 per cent family members).

Audience members raised ques-

tions related to onboarding professionals both in terms of attracting and retaining them.

Thomas Chua, executive chairman of Teckwah Industrial Corporation and one of the panelists at the sharing session, said that when he first joined his father at Teckwah, he turned to classmates and schoolmates – people he could trust. As the company grew, he felt there was a need for a more structured process and started looking for professionals and talent who could assimilate into and contribute to the firm's mission and vision.

Angela Kok, advisor to the executive chairman at Teckwah, noted that the clear separation of business function from family relationships at work was one of the things she appreciated at Teckwah. At the same time, employees were treated like family – instead of taking a top down approach and telling employees what the management had decided during

the recession, for instance, Mr Chua held several rounds of staff engagement sessions to seek their feedback on how the company could overcome the challenges together.

"First you need to establish that this is a person you can trust and then you have to empower him or her to do the things you want him or her to perform," said Ms Kok. "Then see whether they perform up to your expectations. On the one hand, you want to empower them, but you also need to have a system to monitor their progress."

In terms of looking for a successor, 77.1 per cent of family businesses cited commitment and passion as top attributes they would like to see. Having a vision for the business ranked second (5.39 per cent) while age and gender were least important.

Another theme that emerged during the sharing session was the role family – particularly children – should play in the business. Both Mr Chua and Paul Loo, group CEO of Focus Network Agencies, agreed that the next generation should work their way up from the bottom.

Mr Loo said he leaves it to his children to decide on the business functions they are interested in – he has two children in the business, with a third thinking of joining the company.

His daughter, Pamela Loo, director at Focus Network Agencies, said: "The four of us are very different... so in terms of areas of interest and strengths and weaknesses there is a very clear distinction in terms of the areas we will probably go into. In the last three-and-a-half to four years working here, (I've found that) there's a lot of advantage in putting someone in a role where they can thrive. I think amongst the four of us, there is no power struggle and it is really about fairness and what is objectively good for the company."

Only 22.3 per cent of families have a structured succession plan in place. To be fair, this in part reflects the relative youth of family businesses here, points out the report – over a third are still in the first generation while only 54 per cent are in the second.

It is also worth noting that almost half (45.5 per cent) are in the process of implementing a succession plan, leaving 32.1 per cent who are doing nothing.

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LOOKING AT LIFE IN AND BEYOND A BOX OF CHOCOLATES

By Sarah-Jane Lee

Pamela Loo is a second generation family member of FNA Group, well-known for bringing in sweet treats from all over the world. *Chinese Enterprise* found the opportunity to chat with Pamela on her involvement in the family business.

Growing up with sweet treats was a dream of mine, but it was no dream for Pamela. Her father, Paul Loo, was the man behind the chocolate retail giant in Singapore – The Cocoa Trees. When FNA Group was set up in 1991, they started as a confectionery distributor with five staff and two brands – Hawaiian Host and Droste. They moved into retail in 1993 with the FNA Chocolate Boutique, subsequently renamed The Cocoa Trees in 2000.

Why 'The Cocoa Trees'? "I had a few names to choose from but we really liked the idea of a 'tree' because tree represented life," explained Pamela.

Although Pamela grew up with the company, she never imagined being heavily involved in the family business one day. Majoring in Economics, Pamela had intended to pursue a career related to children with special needs. As it turned out, her father sat her down on the last day of her university examinations, asking if she could help him in the family business. She never said no, but decided to give it a shot after thinking things through.

Starting from the ground as an events sales staff, Pamela has now worked her way up to the Director of Retail and Local Sales at the FNA Group.

Asked if given another chance, would she still start her career with an MNC or the family business? Pamela said: "Some exposure in an MNC would have been good but I think whatever I have learnt over the last four to five years is more than what I can learn in an MNC." To Pamela, it was not just about learning the ropes of running the business but also a journey of self-discovery. "I learnt a lot more about myself, more than what I have learnt for the past 20 years. I always thought I knew myself well enough to know what I can do and cannot do, but over the last five years, I discovered that if pushed out of my comfort zone, even though I may not envision myself taking up certain challenges or roles, I can still adapt and make things work."

WAS THE BUSINESS DIFFERENT FROM WHAT YOU HAD EXPECTED? I thought it would be a lot more orderly. "laugh"

On the surface, everything seemed fine, but the behind needed some reshuffling. When The Cocoa Trees started, we did not have a long-term plan, neither did we have a professional consultant coming in to help the company. We were trying as we went along. There was no one to actually follow up to or see if any changes need to be made. There was no habit of documentation and the three were also no SOPs or templates. Being new to the business, I had to talk to each person individually to understand their functions, and figured out the process by being in the process.

WERE THERE TIMES YOU HAD A BIG DISAGREEMENT WITH YOUR FATHER AT WORK? I remember we argued a lot on the renovations of the Sunset store. It was the first shop where I ventured to propose a change of design and colour to the signboard, to refresh the corporate image which I found quite dated. I also wanted to update the corporate yellow to a brighter yellow and interface the store with white and yellow lighting for a fresher feel. When I offered my suggestions, he was really offended. He felt I was trying to change a corporate image which he had worked hard to build up over the years.

Eventually, my mother stepped in to mediate and told him that if he did not like the changes made, we could just revert to the original design. So he finally relented and gave me a chance to try.

When he first stepped into the store to inspect the changes, I was really quite worried. What comments would it elicit? Fortunately he came in, looked around and said "not bad", an understated comment which was actually a big relief to me.

WHAT WAS ONE OF THE BIGGEST CHALLENGES YOU FACED AND HOW DID YOU OVERCOME IT? With the ongoing transitions, one big group of employees comprises the younger generation around my age. Belonging to the younger generation myself, I understand that these younger employees have career aspirations. Some do approach me to find out how to develop their career plan and growth prospects. This was to me a valid

concern, but not to my father because he believed in "grow as you go", just the way he had built the company. Among the older generation, they always have the perception that a good employee is one who does what the employers say and trust that the employers would reward them fairly. So my father failed to understand why the younger employees had an issue with their career development.

So, I had to convince the younger generation of employees to show that they were willing to work hard and contribute to the company. Eventually, my father realised that although these younger set of employees do think differently, they are just as willing to work hard for the company. These are the people the company needs to retain to ensure continuity. He also recognised that in as much as people value the company, the company needs to value its people as well. So he made changes to the leave structure by entitling birthday leave and even formalised the performance appraisal system.

DID YOU HAVE ANY PROBLEMS WITH RELATING TO PEOPLE WHEN YOU FIRST ENTERED THE COMPANY? I did have my worries but surprisingly no. Our company culture is quite family oriented and most of them save me grow up so they were very friendly.

Having said that, I also had to build up a relationship with them, listen and understand the reason behind certain processes before proceeding to make certain changes. It was a learning curve and error but at the end of the day, you need to be tactful and patient in explaining and showing them that this new way of doing things can actually make everybody's life easier.

As I know my father's boundaries quite well, I know what would prompt a 'yes' and the 'no'. So if the people in office wanted to change something or introduce something, they would come to me to see if the proposal would work. For example, my HR department would come to me saying that they want to introduce certain processes. If I think the proposal can work, I would find a way to help them persuade my father. So in a way, this helped me in facilitating my relationship with colleagues, including my seniors who had a much longer working history in the company. There's even a joke that I'm like a "nuclear umbrella" and someone who could help them push for change, something which could not have been done before.

WHAT IS THE MOST IMPORTANT THING YOU HAVE LEARNED THROUGHOUT YOUR STINT AT THE FNA GROUP? The way you envision things may not turn out the way you may think it to be because of operational constraints. When I first joined the business, I wanted to very quickly cut out the inefficiency of having too much paperwork, but I didn't know that change is not that easily effected. I started to introduce some systems but some were too sophisticated for the staff, especially the older workers, to execute. So I had to personally go to the store to help my staff with the transition, to teach them how to use the new system. If I realised

they had difficulty executing it, I had to find another way to solve the issue and make adaptations accordingly. At the end of the day, it's all about taking baby steps and finding the best way to change without too top down.

FAMILY MANAGEMENT VS. PROFESSIONAL MANAGEMENT. WHAT ARE YOUR THOUGHTS? I have never seen professional help as a threat. In fact, I welcome it as I believe that the company would benefit from professionals who can bring in their expertise and experience from other places. While we never have an internal auditor before, we engaged one recently to help us with compliance. He comes with seven to eight years of experience auditing and going through in detail the processes of other businesses which is his strength, and I honestly felt that we have benefited greatly from him. He was able to identify potential loopholes and weaknesses, share best practices which was beneficial to the company and help us set in stone a system and process. We do not have a culture where there is preferential treatment for family members. If the professional has worked hard, met all his KPIs, we believe he should be rewarded accordingly and no differently from a family member.

While it may be a family business, we have to keep an open mind because at the end of the day, we need professionals to help us grow the company and make the business scalable and take it to the next level.

ANY ADVICE FOR THOSE THINKING OF JOINING THE FAMILY BUSINESS? Humility is very important. You need to be willing to start from ground zero and to work hard alongside everyone to prove that your heart is in the business. You need to be patient and understand that things don't just change in an instant. We need to learn enough to see things for the way they are before trying to see where certain changes can be made. Don't try to force your way through without trying to understand the origin of certain things.

WHAT DO YOU HOPE FOR FNA TO ACHIEVE IN 5 YEARS' TIME? I hope to see improvements in the company's systems and processes, because I find that many current processes are very manual. Whether it's making our systems more efficient or exploring new ways to do old things, we have to adapt and be open to changes. We should not be fixated in thinking that the way things are is the way that we will move forward.

As a family business, although there are certain weaknesses, such as not being as organised, we do tend to be a lot more flexible, a lot more driven and a lot more family-friendly. Culturally, I feel that people working with us have a greater attachment to the company than they would in an MNC. These are the advantages that I feel we should leverage on. We would put in an effort to continue this culture and at the same time build on those strengths. Hopefully, we can balance the merits of an MNC and the family business – being able to implement changes without being too rigid, yet have the hunger and drive to move things forward and be in the business to diversity and red tape.



总商会董事、FNA集团创始人李卓人表示，父亲在公司和家里都言行一致，言传身教对我影响深远。

作为四兄弟姊妹中的长女，她表示兄弟姐妹之间兴趣与性格各异，因此可以各司其职，发挥所长。“我的性格外向，姊妹则较内向，而且性格十足，非常适合作为领导，我没有这个能力，也没有必要去争。”

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