Premium Kanyin Series

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GLOBAL MALAYSIAN BRANDS

How Malaysian Brands Started from Scratch and Went On to Create International Success on the Global Platform

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Kanyin™ PUBLICATIONS

INTRODUCTION

The year was 1964; a young man was at a business dinner in Cameron Highlands, Malaysia. After a few drinks, he walked out of the restaurant for some fresh air. While enjoying the cool breeze at the mountain resort, an idea suddenly struck him: "Wouldn't it be great if we could have something similar close to Kuala Lumpur?"

That abrupt idea later saw the young man identifying Gunung Ulu Kali at Genting Sempah as the ideal place for his plan. At that time, the place was an undeveloped hilltop covered in thick jungle.

Building access roads to the hilltop, channelling water and electricity, constructing a proper sewage system and providing protection against fire …the scale and magnitude of the vision sounded impossible back then.

Nevertheless, the ambitious young man embarked on the journey to realise his dream. Along the way, he had to put up with a lot of cynicism from many different naysayers; this, however, he brushed off and proceeded with determination.

He went ahead with his plan, and soon, construction of a holiday resort in the hills was under way. During this period, he faced countless challenges and hardships, even surviving six close brushes with death. Still, he never gave up; he never looked back but instead, he continued on the path he had charted for himself. The rest, as they say, is history.

Today, the once bushy hilltop is a widely popular casino resort called Genting Highlands, and it attracts millions of visitors locally and globally every year! It is one of the most successful casino resorts in the world operating under the Genting Group. Not only that, the group has also diversified its business portfolio to include involvement in many other industries, earning for itself a global presence!

The young man of this story who was once laughed at, who started from scratch and went on to build one of the most successful casino resorts in the world, is the late Tan Sri Lim Goh Tong.

In his autobiography, "**My Story -- Lim Goh Tong**," he wrote: "*I believe that to succeed in business, one has to be what the Chinese say be bold but cautious*（胆大心细）."

He also wrote: "*If we are confident of our decisions, we should not be bothered by ridicule or criticism.*"

For decades, Malaysian entrepreneurs have been a strong force in the domestic commerce, building up personal business empires and contributing to the economy of the country. Some of them even took the further step of expanding their horizons and ventured abroad. Due to their extraordinary courage and vision, there are now many successful Malaysian businesses all over the world.

Globalisation is a journey full of challenges and risks, but the global Malaysian brands featured in this book embraced it with strong determination and have eventually become international success stories!

This entrepreneurial spirit of Malaysian businessmen and women who took the road less travelled in embarking on a global journey deserves the respect of fellow Malaysians. The inspiration to publish this book comes from a desire to communicate this spirit to readers and share with them the value of such an endeavour!

Most of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all.

~ Dale Carnegie ~

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"The strategy of a win-win situation is through joint ventures."

~ Mr. Cheng King Fa ~
Chairman and Founder, Khind Holdings Berhad

A FISHING VILLAGE, A YOUNG MAN AND A LITTLE SOUND MACHINE

Sekinchan, a little fishing and farming village located in Sabak Bernam District, the main rice-bowl of Selangor, Malaysia, is a small town surrounded by lush greenery, with a small population of friendly people who lived a simple life.

Cheng King Fa was an ambitious 21-year-old who was never satisfied with the idea of a normal life, and was always looking for improvement, for something better. Little did he know that he was about to begin an amazing journey!

The **radio** was a little sound machine that was a significant part of the life of the Sekinchan community, who looked to it for entertainment. It made them laugh and cry and they enjoyed singing along as the songs played one after the other. This little sound machine spread a rainbow in a dull life in those days!

When a product can meet people's needs, it usually goes on to become a brand that people would rather not do without. The story of Khind's success is the working out of this very principle. Let me tell you that story.

THE "SECRET WEAPON"

In 1961, the ambitious Cheng King Fa set up his own electrical appliances repair shop in Sekinchan, Selangor, Malaysia. His brother Cheng Hup joined him two years later when the business had grown too big for one person to handle.

During the 1980s, with national development and modernisation, the Malaysian economy began to soar. Recognising opportunity when they saw it, the Cheng brothers began actively expanding their business to other parts of Malaysia.

Being visionary businessmen with sharp business sense, King Fa and Cheng Hup did not simply expand their business to unknown places. Instead, they chose locations they reckoned would boost the growth of their young business and set up branches in places that they felt had potential for business expansion.

While expanding the business to prominent locations in Peninsular Malaysia, they kept an eye on East Malaysia. Separated by the South China Sea from the peninsula, East Malaysia was geographically disadvantaged as a suitable business location. But this was the very reason that made it an attractive location to grow a new business. The East Malaysian market was much less penetrated at the time compared to the market in the peninsula. The untapped market was indeed a "Blue Ocean" for Khind. Without hesitation, King Fa decided to spread the wings of his business to this territory.

With their "secret weapon," King Fa set out on the journey of business expansion. What was the secret weapon?

Simple. It was, and still is, this belief, ***"The strategy of a win-win situation is through joint ventures."***

King Fa personally visited potential partners to form a joint venture. Top of the list were agents who had been selling Khind products in East Malaysia.

How did the joint venture work?

King Fa proposed setting up a subsidiary. The subsidiary was fully funded by Khind, with the agent as a shareholder and partner. Profit sharing and a bonus were offered to the agent based on business performance.

When the agents saw that they did not have to fork out the initial capital and that they were being offered a good reward package, many were eager to form joint ventures with Khind. As business partners of Khind, the agents would have the opportunity to decide on the amount of Khind products they would sell in their shops. Selling more Khind products not only brought them more profit, it also brought in a higher sales volume for Khind. It was a win-win situation.

Indeed, it was a strategy that allowed for the mushrooming of many subsidiary companies for Khind in East Malaysia, one after another -- Kuching, Miri, Kota Kinabalu and Tawau. King Fa's "secret weapon" had won him a good battle in the East Malaysian market.

Expansion through joint venture in East Malaysia served as a precursor for Khind's global journey; from Malaysia to the world!

THE MANUFACTURING CORNER

As the business spread its wings across the region and began to grow, opportunities and challenges appeared at the same time. More branches equalled higher demand, so how could the company improve its business to cater for a market that kept growing day by day?

An endless series of "how to's" kept playing in King Fa's mind.

How could the company capture more market share? How to introduce more products to satisfy customers' needs? How to manage an escalating business workforce? How to accumulate funds for future growth? How to find and retain more reliable business partners?

Most importantly: How to sell the brand so that it captured customers' hearts?

Being a visionary, King Fa did not have to ponder for long on the "how to's." With foresight, he made another bold decision -- to build a brand name for his products.

This decision led to the birth of a small manufacturing operation for Syarikat Letrik Kee Hin. King Fa understood that being a manufacturer instead of a wholesaler was the way to take a business to a higher level.

In the late 70s, in a corner of the family house, the very first manufacturing operation was set up. This marked the early stage of Khind's manufacturing aspirations.

Khind's early manufacturing operation in a small corner of the family house.

NEW BLOOD FOR THE BUSINESS

Cheng Ping Tho, the second son of King Fa who was experienced in plastic moulding joined the business to help his father. Together, the trio turned the small corner of the family house into a small plastic moulding plant which produced plastic injection moulding parts.

With the setting up of the manufacturing plant, not only was King Fa able to provide employment for the surrounding community of Sekinchan, he was also able to make the business stronger and better received by customers.

Demand kept growing and orders kept coming in, and King Fa had to equip the plant with fresh resources in order for the company to produce its own products such as cable clips.

In time, the product range was expanded and manufacturing was carried out on a bigger scale. The product portfolio comprised electrical accessories such as cable clips, electrical items like DC ballasts, wire extension rollers, table lamps and adapters, among others.

Looking at the product portfolio that was growing bigger and bigger, the trio found themselves at crossroads, puzzled by the question: How to create a brand that identified their products and at the same time retained the company name?

THE BIRTH OF A BRAND: KHIND

By that time, Syarikat Letrik Kee Hin has been in the electrical industry for more than two decades, and had managed to find a place in customers' hearts. Many factors had to be taken into consideration during the creation of a brand name for their products. It had to be a brand name that would be well accepted by Malaysian consumers.

Derived from the company's name, 'Kee Hin' was the earliest brand name carried by the products of Syarikat Letrik Kee Hin. The Chinese name led to the false impression that the products were made in China, and so they were viewed as second-rate by the local community. This made the business of finding a brand name for the products even more urgent, as their presence in the Malaysian market was becoming more prominent. The breakthrough came when Cheng Ping Keat, fondly known as PK, the eldest son of King Fa, joined the company in 1987.

Like his father, PK was ambitious and keen on improving things. The young man had travelled across the globe on business, and was open to exciting new ideas and insights.

Finally, after much consideration, PK came up with a suitable name for the brand -- Khind, which was derived, quite simply and quite cleverly, from the initials of the existing name 'Kee Hin' and the first three letters of the word 'Industries'. It was indeed a brilliant brand name: The name had a prestigious ring to it while retaining the company's original name and a sense of its history!

The birth of Khind as a brand signified the beginning of a new chapter for the company. The name change would cater for a bigger market. With the name 'Khind', which had a global ring to it, the company was set for penetration into the international market.

"I believe we made the right move by using Khind as the brand for international exports. After twenty years of involvement in the export business, the brand is well established in international markets like the Middle East and North Africa," said PK.

The evolution of the brand and its logo.

The early days of advertising: Taking Khind to every corner of Malaysia.

THE ACCIDENT, THE PAIN AND NEW BLOOD

On a day that seemed like any other to King Fa, tragedy befell the Cheng family; King Fa's beloved son, Ping Tho, lost his life in a road accident.

The incident caused great pain to the family and the business. Ping Tho had been the right-hand man for both King Fa and Cheng Hup. In order to continue running the business which was growing steadily day by day, King Fa asked his eldest son, Ping Keat (PK) to return from London.

Since young, PK had been fascinated with the idea of doing international business. After completing his first degree in Accountancy in Australia, he returned to Malaysia in 1985 and worked in an accountancy firm for one and a half years. After that, the "adventure gene" in his make-up drove him to set out on a greater exploration, and so he started work in another accountancy firm, this time in the United Kingdom.

During his career in the UK, he discovered a two-year International Trade Programme offered by the Institute of Export of UK. With little hesitation, PK enrolled in the course, and studied subjects he was truly passionate about from the basics like payment terms, marketing, freight forwarding, contracts and international trading law to marketing strategies of export.

In the UK, he lived a comfortable and happy life.

However, tragedy in the family brought all this to a halt. Duty to family called, and he couldn't turn a deaf ear to it. PK withdrew from the course and returned to Malaysia.

PK officially joined the company in 1987, and this opened a fresh chapter for the business, taking it out into the world.

NEW KID ON THE BLOCK

When PK joined the company, the family business was only handling the domestic market. Sales turnover was about RM4 million per year. His father and uncle were handling the domestic market, and as experienced businessmen, they had a good relationship with their dealers, the customers and the market; everything was already in place. When PK arrived on the scene, he told himself, "Perhaps I can do things differently from what the two seniors have been doing all this while."

That thought soon translated into an idea: To go global. With the knowledge he had gained from the International Trade Programme in the UK and seeing the potential there was in the international trade, PK suggested to his father and uncle, "Why don't we explore the export market?"

Being visionary businessmen, the older men supported his idea, "Why not? You may give it a try," they said.

With that, PK ventured into the global market. He was only 26 years old, and had zero experience in doing international business. "All I had were the theory and knowledge learned from a two-year programme in the UK which I hadn't even completed. I was the new kid on the block trying my luck," he recalled.

There is a saying "When there is a will, there is a way;" and fortunately for PK, he discovered MEXPO (now MATRADE), an agency set up by the Malaysian government to promote Malaysian-made products for export. Khind advertised several of its products such as cable clips, wire extensions and sockets in the agency's trade bulletin that was sent to potential buyers overseas and also participated in several roadshows and exhibitions that were held overseas to promote Malaysian products. PK grabbed the opportunity to travel to countries in the Middle East and North Africa with MEXPO.

THE FIRST ORDER!

MEXPO's proactive programmes allowed Khind to plant seeds that brought in a good harvest when the company received its first overseas order in 1988.

Responding to Khind's one-page advertisement in the MEXPO trade bulletin, a commission agent in Dubai sent a fax enquiry about the cable clips that Khind had advertised. Khind quickly developed a business relationship with the company.

A few months later, PK joined an exhibition called "The Malaysia Week" organised by MEXPO in Dubai, Kuwait and Jeddah. It was a promotion campaign participated in by many other Malaysian companies. PK took the opportunity to meet with the commission agent who had contacted Khind, and appointed him as Khind's agent in Dubai.

Not long after, Khind received its first overseas order from Dubai amounting to about USD4,200. With the exchange rate then at about RM2.50, the order translated into earnings amounting to RM10,500. Everyone was delirious as the occasion marked a milestone for the company!

"We were overjoyed and excited about our first order, just like you would be at the birth of your first kid -- you would never forget the feeling!" said PK with a chuckle.

Recalling the big break that began their journey of going global, PK explained: "I would say that the late 80s saw the beginning of the Malaysian export business. In the past, the export business in Malaysia was run by multi-national companies. They would come here to set up their businesses and export their products overseas.

"There were very few Malaysian companies that were doing international export for electrical products back then. We were among the pioneers," he added.

Indeed, it was a wise and remarkable decision because it put Khind on the world map!

CHALLENGES AND STRATEGIES IN GOING GLOBAL

"To conquer a market, we need to be precise. We don't sell all our products in one place; instead, we choose the ones that seem most suited to penetrate a particular market."

Mr. Cheng Ping Keat,
Group CEO of Khind Holdings Berhad

WHY GO GLOBAL?

The journey of going global for Khind began when PK joined the company in 1987. At that time, the domestic market was running smoothly under the good leadership of the two founders, King Fa and Cheng Hup. PK clearly saw the opportunity to take the business to a new level -- the global market.

Back in the 80s, taxes imposed on imported products were very high. Due to this, the domestic market became a protected market, and those who produced good quality products stayed ahead of the rest. Khind, which had been on the local scene for more than two decades, made a decent profit from locally produced goods as they rarely faced competition from imported products.

The domestic market for Khind at that time was growing and looking good. “The business was so good that we even asked ourselves: Is it the right time to go global? Should we export?” recalled PK.

Fortunately, PK made the timely decision of going ahead.

Like his father, PK had foresight, and his foresight enabled Khind to set foot in more than 60 countries around the globe. From its humble beginnings in half a shop lot in Sekinchan, Khind is now a world brand, from Malaysia!

Making its presence felt in the international arena -- Khind's store in Myanmar.

KHIND'S STRATEGIES IN GOING GLOBAL

1. Untapped market

Venturing into untapped markets has always topped the list of strategies for Khind in going global. An untapped market or one with very few international players is a godsend for Khind. One of the good examples would be the Middle Eastern market. In the early years, before many others did, Khind had ventured into the Middle East and began the work of establishing itself as a leading brand.

"It is important to choose your battle ground wisely," PK commented on this topic. "We were often asked: Why not go into China, India or the US markets which are much bigger compared to the Middle Eastern market?"

PK explained, "In markets with high potential like China and the US, the competition faced is very different and tough at the same time. We chose to fight markets which we could win."

2. Right products

After identifying a potential market, Khind takes note of the products that could be suitable for the particular market. In the Middle East for instance, Khind's rechargeable emergency lights were obviously among the best. The range was good and well accepted by the market plus there was a good network there to sell the products.

"To conquer a market, we need to be precise. We don't sell all our products in one place; instead we choose the ones that seem most suited to penetrate a particular market," said PK.

He added that Khind would forego products that had no selling advantage in certain markets. Instead, they would focus on fewer products and do a good job providing strong and efficient support to their distributors.

3. Good business partner

In the journey of going global, Khind looked for good business partners, that is, distributors who could do a good job promoting and selling its products. Working with the biggest distributor in the country does not always ensure victory; more often than not, most of them deal with many other brands, and therefore, have many clients to focus on. Hence, they might not put enough effort into selling your products.

Having said that, it is also important to keep in mind that it is unwise to work with small distributors who have little or no financial capability, market network and knowledge; this can create a lot of problems. In a nutshell, it is important to find distributors who are passionate about the products they are selling and who are, at the same time equipped with the necessary knowledge, financial capability, infrastructure and good market relationship to succeed in the venture.

"Over the years, we have worked with many companies that grew with us. One example is our distributor in Mauritius. Our business relationship started when both of us were operating on a smaller scale but as time went on, we grew because of the effort we were willing to put in. Today, they are operating on a much bigger scale and continue to support us.

"When we celebrated our 50th Anniversary in 2011, we invited many of our long-time distributors to celebrate with us. Some of them are small distributors from countries like Kuwait and Lebanon; they are not big but they have been with us through thick and thin for many years," said PK.

4. Provide full support and maintain good relationship

After finding the correct distributors, Khind makes sure they are provided with all the necessary support. One of the key elements would be working on an exclusive basis -- "one country one distributor" has been a policy for Khind from the first moment the decision was made to enter the global market. The only exception is if the market is too big or if Khind knows the market well and therefore does not foresee the need to implement the policy. For example, Khind applies the open market system in Saudi and the UAE where they have engaged distributors.

Charity is another way in which Khind shows support for countries it is exporting to. When Myanmar, for example, was hit by typhoon and tsunami, Khind donated money towards helping the victims. In early 2012, when Thailand experienced floods, Khind and its Thai business partners donated money to help the victims.

Doing good deeds sincerely from the heart helps to build good relationships with local business partners. "To me, this is very important. We make money from the market, and when something unfortunate happens and our help is needed, it is our responsibility to contribute back to the market," said PK.

CHALLENGES AND DIFFICULTIES FACED IN GOING GLOBAL

With a presence of more than half a century in the local electrical market, Khind's initial journey in going global was not smooth sailing. Instead, it was full of challenges and difficulties. However, with great perseverance and a spirit of wanting to improve, Khind was able to emerge as one of the main players in many parts of the world.

So, what were the challenges and difficulties Khind faced along the way?

First of all, it knew nothing about the export market. The information and assistance available back then were limited. The company didn't have any real experience to fall back on, just theories from books. The export market was a completely different market compared to the domestic market -- it came with a different set of competitors, use of products and local requirements, among others.

"Do not expect to take Malaysian products to an overseas market and expect them to sell there; more often than not, that is not how it works," said PK.

"There could be some local requirements that you may not know about," he added.

Secondly, Khind didn't really have suitable products that catered for the needs of the local market.

Thirdly, in the vast sea of the global market, Khind was as good as a piece of plain paper. Everything on doing business globally had to be learnt from scratch.

"How to do costing? How to calculate freight charges? How to purchase insurance for the goods sent? We had to learn all of it -- from scratch!" PK said.

HOW TO OVERCOME THOSE CHALLENGES?

Fortunately, Khind managed to find a very good business partner in Dubai and both parties worked very closely to meet the needs of customers. In a nutshell, PK said, "The business relationship spanned years, and we are still working closely today."

With the help of the local business partner, Khind began to understand the needs of the local market better. This led to building and producing products that suited their needs such as cable clips.

The range wasn't complete when Khind first supplied the cable clips to the Middle Eastern market. Over in Dubai, the demand was for a bigger size, unlike in the Malaysian market, and therefore, Khind was not equipped to supply the product. However, there obviously was a big potential for cable clips in the overseas market -- what would the best move be, then, in such a case?

The answer, obviously, was to invest.

- Invest in tailor-made cable clips to cater for the needs of the local market;
- Invest in new packaging; back home, the cable clips were packed in paper boxes, but in Dubai, Khind had them packed in plastic boxes as most of the cable clips from European countries came in plastic boxes.

These steps allowed Khind to successfully enter the Middle Eastern market with its cable clips. "We won by lower cost. The European products were more expensive than ours. At the same time, the quality of our products was also of acceptable standard," said PK.

With the success of their cable clips, Khind continued to explore the possibility of supplying more products to the Dubai market. They even took the initiative to talk to local customers in order to get a better understanding of what their needs were and what products they were buying from other countries.

After that they calculated the costing of certain products and if the costing was competitive enough, they produced the goods and supplied them to the market. From cable clips, Khind's portfolio expanded to include DC ballasts, moulding boxes for wiring, wire extension sockets, table lamps and other electrical accessories.

From Dubai, Khind explored the Middle Eastern markets one by one. Today, its presence is established in several Middle Eastern countries.

"We were lucky that we started our global business at a time when there was no competition from China. Manufacturers or businesses that plan to go into export now face a completely different landscape because of the China factor," PK said.

As a Malaysian brand, Khind enjoyed the advantages of having a good reputation in the Middle East and North Africa. Its products were well-regarded compared to products from countries like China and Taiwan because at that time, many multi-national companies set up factories in Malaysia, and produced exported goods in Malaysia. With such a reputation to fall back on, Khind, a Malaysian brand, earned a good name in the overseas market.

However, Khind was still picking up technical know-how at the time, and it is not surprising that some painful incidents occurred even as it was climbing the ladder of success.

One such incident happened not long after Khind had set foot in the global market. The incident was shocking but it served as a wake-up call for Khind to look into its internal management while pursuing its dream of going global.

Order of Christmas Candle Lights Gone Awry

Time: Prior to Christmas, 1990s
Venue: An electrical and electronics products exhibition in Hanover, Germany

At the exhibition, PK met the person in-charge of a company in Finland who was looking for an Original Equipment Manufacturer (OEM) to produce candle lights for them. In the Scandinavian countries, candle lights are a popular product during Christmas; they are lit up around windows during Christmas.

Not long after the meet-up in Germany, Khind received an order from the customer in Finland asking it to manufacture candle lights for them. It was a huge order amounting to approximately RM600,000 to RM700,000 in revenue.

It was joyous news for Khind, managed at that time by family members. The whole family celebrated the news.

Unfortunately, a bad flood in China caused a delay in the shipment of raw materials needed to make the candle lights. In addition, being a small manufacturer at the time, Khind didn't have good production planning and quality control systems in place. Khind was not able to deliver the candle lights on time.

The candle lights that did make it to Finland as scheduled had manufacturing defects while the rest arrived way behind schedule. Not surprisingly, the Finnish client rejected all the candle lights and they were returned to Khind!

The rejected stock was kept in a warehouse as it couldn't be sold anywhere else, having been custom-made for the Finnish client. It was a disaster for the family. The earlier excitement soured into deep disappointment. Khind bore a loss of about RM200,000 as a result of the failed venture.

Catastrophically, Khind's reputation suffered a dent in the international market because of the incident.

MOVING ON AFTER THE MISTAKE

Years later, PK recalled the incident with a chuckle, "The first reaction was to blame someone, anyone!"

Yes, the family blamed the flood in China which delayed the shipment of raw materials. Then they blamed the Finnish client and the introducer. Finally, after deep reflection and a detailed probe into the matter, Khind realized that it had to shoulder the major part of the blame; the main reason for the disaster was its inexperience in handling the order.

This incident certainly taught Khind several crucial lessons, namely:

- In order to do international business, a company has to make sure the quality of its products is acceptable to the market;
- Delivery on time is a must, and delays are definitely a no-no in international business;
- To do international business especially on a bigger scale, it is important for the company to be ready. The word "ready" here refers to the company's capability to handle the business, which includes

having on board experienced professionals and a good system.

CALLING IN THE PROFESSIONALS

Khind experienced a huge loss of money when the Christmas candle lights deal went awry. However, as a good fighter that never thinks of giving up, Khind quickly rebounded from the fall and searched for a solution.

After the Christmas candle lights fiasco, Khind engaged the services of management consultants to study and analyse the company. The advice they gave was to recruit professional managers to run the business.

Initially, Khind hesitated, asking itself: "Should we spend such a big amount of money on this matter?" "Can we afford this?" The questions were of concern especially to the senior management team comprising King Fa and Cheng Hup.

"This kind of reservation at the initial stage is expected," said PK.

Eventually, Khind took the advice of the consultants and recruited professional managers. First, a production engineer and an accountant were recruited. However, the accountant resigned after a month and the services of the production engineer were terminated after three months. This happened because of Khind's inexperience in assessing candidates for the job. It took some time to learn how to do this, and finally, Khind began to recruit the right candidates, who have grown with the company.

With the help of these professionals, an effective production planning and quality control system was set up. With a modern style of management, not only was Khind able to take its business to the next level, it was also able to see significant and encouraging results. When progress and improvement began to be evident, confidence within the company grew, and more professionals were recruited.

Noting this positive outcome, the senior management was happy to accept the need for professional managers to run Khind. Prior to the recruitment, sales turnover per annum was about RM15 million. Afterwards, it was RM77 million, and Khind went on to be listed on The Kuala Lumpur Stock Exchange in 1998.

"There are some business owners who never trust outsiders to handle the company for them, but we were lucky that the founders of Khind kept an open mind and accepted new ideas and changes in the company," said PK.

PK had, in fact, acted as the catalyst who had effected well-needed change in the company; he was the one who had brought in a different management style when he joined the business in 1987, and together with his father and uncle, had grown the business. When Cheng Hup left the company in 2003, PK took over management of the whole group and became Group CEO.

The Christmas candle lights incident served as a turning point for Khind, shaping it from a family-managed business into a professionally-managed one. In PK's point of view, many SMI's stay small or medium-sized because they do not engage professionals to manage their business for them.

"Let us use an analogy: How many goods can a three-tonne lorry carry? A maximum weight of three tonnes, am I right? If you insist on carrying loads of four or five tonnes, what would happen? The lorry would move much slower and perhaps will create a lot of problems for you! So, what should you do if you would like to carry more goods? You would have to upgrade to a bigger lorry! Similarly, if an organization wishes to grow bigger, it needs to upgrade and install better systems," he said.

By bringing in professional managers, Khind was able to enter the export market in better condition. The Christmas candle lights incident motivated Khind to improve the quality of its goods for the export market. For everyone at Khind, failure serves as a good lesson. The failure of the Christmas candle lights was the impetus for the company to introduce a better management system and more efficient daily operations. In other words, the international market fuelled the company to improve its operations and to grow stronger not only globally, but also domestically.

Before the Christmas candle lights incident, Khind faced stock rejections domestically. However, the pain of those rejections hardly hurt and, therefore, the issue of quality control did not come up. The Christmas candle lights incident, however, did make Khind take note very quickly that to compete in the global market, it had to first strengthen its competency domestically.

"Indeed, the issue of quality did pop up from time to time, and we learnt from our mistakes and made the necessary improvements over the years. It has made us stronger and better," concluded PK.

Khind's manufacturing plant in Sekinchan -- business and operation mistakes have only made the company more resilient and more efficient.

THE OPEN BOOK SYSTEM

Along the way, Khind also realised the need to implement an open book system. An open book system calls for transparency in management so that every number and figure is disclosed to staff.

The decision to adopt an open book system was made in the 1990s. The conventional practice was, of course, for business owners to keep all the numbers to themselves; in fact, it was taboo then to disclose expenditure and income.

When asked about whether was it hard keeping an open book system and delegating important tasks to staff, PK smiled and answered, "Well, not for me but it was tough for the senior directors. Being businessmen who managed the business in a traditional way, they believed that numbers and figures were highly confidential and should not be disclosed to staff.

"However, I have a different view on this matter. In my opinion, if staff are in the dark, they don't know about the revenue of the company, and that makes it difficult for us -- how are we going to get them motivated? Furthermore, more professional managers were being recruited into the company as the business grew; they were educated, knowledgeable, intelligent and dedicated workers, hence there was a need for them to know more about the company," he said.

How and why did the open book system come into the picture?

During the early years, the global business was handled solely by PK. Being a hands-on person, he travelled around the globe to meet with customers, attend exhibitions, close business deals and much more.

Over the years, as the global market and the company began to grow, he could no longer manage the global business on a full-time basis. There were other important things that required his time, energy and attention, such as getting the company listed on the stock exchange.

He obviously needed someone who could handle a global business to come on board; with this in mind, PK began to train potential successors. Fortunately for him, Khind was able to engage good people who were helpful in this area.

However, along the way, PK noticed that there still remained weaknesses that needed to be fixed. For instance, as an owner, he could make decisions on a lot of matters in which his staff had no say. However, because only he could make those decisions, work flow was slowed down when he was not around. PK finally acknowledged this as a problem and decided to empower his staff so that work flow would not be interrupted just because he could not be at the office. That was the beginning of the open book system.

"The decision was made because I felt that it was important for my staff to be able to make certain critical decisions when I was not around and especially if they were overseas at the time," he said.

"For example, some customers might require changes to be made to products, or they might bargain on price; by giving my staff the authority to make decisions, work could progress more smoothly. So I authorised them to make decisions for the company. Who knows, I might be sleeping at home while they are negotiating a deal in some part of the world, and they would not be able to ask me for a decision at that time because of the time difference," he added.

With the open-book system, the staff involved in a deal or transaction know what to do; they are aware of costing, and need only work according to the guidelines that have been given. "In other words, they are given the power to make the decision, and to me, that is important," PK said.

Khind started the open book system by sharing sales turnover figures with its staff -- how much they achieved in a particular month, what the target was for coming months etc. Profits and losses were shared with them too. The open book system allowed staff to see how each of their actions or decisions affected the company. In addition, they understood clearly the rationale behind rewards and penalties that might apply to them.

"In general, the open book system has been a great help to us in the export market," said PK.

GOING GLOBAL

"A company that wishes to grow big must set its sights on the international market. The world population stands at 7 billion -- the world is our market!"

Tan Sri Lim Wee Chai
Chairman and Founder, Top Glove Corporation Berhad

THE WORLD IS OUR MARKET!

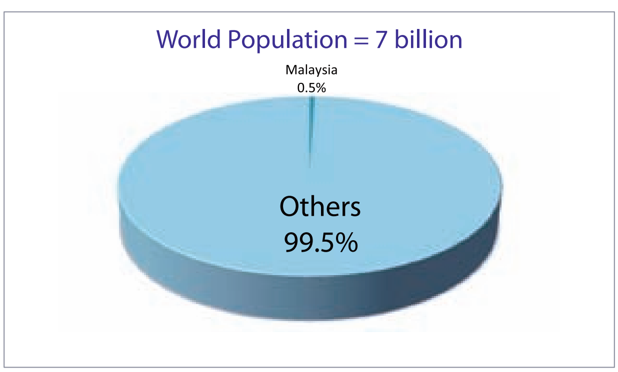
The first product manufactured by Top Glove was the powdered latex examination glove. At the time, all the gloves manufactured were powdered; powder-free gloves only came into the scene in 1999.

It was the powdered latex glove that set Top Glove on its path of going global and today sets its footprint in 185 countries worldwide!

Since its inception in 1991, Top Glove has been exporting 100% of its gloves to overseas markets. Why sell to the world rather than to the local market?

"A company that wishes to grow big must sets its sights on the international market. The population of Malaysia is only 28 million, a mere 0.5% of world population, which stands at 7 billion. We should look at the remaining 99.5% of the market," said Tan Sri Lim.

Ninety nine point five per cent of 7 billion does represent a really BIG market indeed!



EMBARKING ON THE JOURNEY OF GOING GLOBAL

Doing business on an international scale is not an easy task, and will be even tougher if you are new to the industry. So, was it difficult for Top Glove to go global right from the start?

"Of course it was!" said Tan Sri Lim. "However, I had the advantage thanks to my MBA years in the US; that provided me the knowledge I needed to start and run the business. It also helped that I had experience in the business world, having worked in the air-con business previously."

The one and a half years of studying abroad widened Tan Sri Lim's way of thinking and helped him gain insight into the international market. When he started the glove business, having been in the US before gave him the confidence to go back there, rent a car and start driving around looking for business! Knowing the business environment well allowed him to move around at ease and find the business he was looking for quite easily.

"Having said that, I must add that at that time when the Internet was not widely available or used, I needed to do my homework first, such as looking through the directory, faxing some documents, fixing appointments and so on," said Tan Sri Lim.

That was the beginning of Top Glove's journey towards globalisation, with a man who was clear about his direction in charge, who readily worked hard to realise his dream.

OBSTACLES ALONG THE WAY

Going global was not a smooth journey for Top Glove. The path was strewn with difficulties and obstacles for everyone.

While Tan Sri Lim was ambitious and visionary, he was also young and new to the industry.

How did he gain his customers' trust?

What were the challenges that he faced?

How did he handle and overcome those challenges?

Well, here is how Tan Sri Lim did it.

1. Gaining customers' trust and confidence

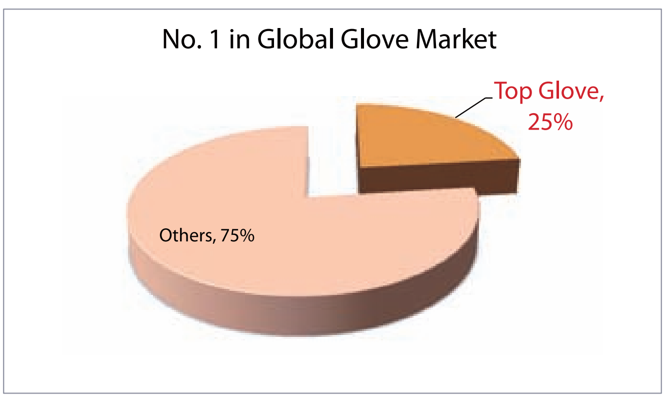
In the initial period, despite the fact that he was able to drive around the US to look for customers, it was not an easy task to gain the trust of these new customers especially so when Tan Sri Lim himself was new to the business.

It took time to gain the trust of customers and to build a reputation as a trustworthy and diligent businessman who always provided items of high quality at efficient cost. Also, it took a lot of hard work to win the support of the banks.

"It was not easy, but it was not very difficult either; when you are in that situation, remember two simple rules: Keep doing what you believe in, and make sure you get repeat orders from the same customers," advised Tan Sri Lim.

In doing business, especially if it involves disposable products, it is important to have repeat orders. Not getting repeat orders could mean that you are doing something wrong or that there is something wrong with the business model. If this should happen, do not waste time looking for culprits to blame -- just get to the root of the problem and fix it, quickly!

Believe in what you do, keep improving in terms of quality and efficiency, be honest in business dealings -- these are the guidelines that helped Top Glove win the trust of its customers over the years. By adhering firmly to its tagline, **Top Glove, Top Quality, Top Efficiency, Good Health, Safety First & Be Honest**, today Top Glove has stand tall and relish its position in the world market!



2. Lack of technical know-how

Another challenge for Top Glove in the early years was lack of technical know-how in glove manufacturing.

As the business progressed and grew steadily, Top Glove's vision became wider and its dreams got bigger too. The aim was soon to capture a bigger market share. This was not easy to do as the company had to, at the same time, keep up with the stringent requirements of the industry and the high expectations of its customers.

When a company grows bigger, it experiences a bigger need for resources such as raw materials, human capital and energy. Top Glove has always had to deal with issues like increasing cost of raw materials particularly latex, escalating energy cost and labour shortages especially in the unskilled and semi-skilled categories.

Initially, Top Glove collaborated and worked closely with Rubber Research Institute of Malaysia (RRIM), which provided great assistance to Top Glove in terms of Research and Development (R & D). By learning and improving over time, Top Glove has been able to strengthen its in-house R & D Team and has been able to produce gloves that are consistently high quality at efficient low cost.

3. Escalating operating cost

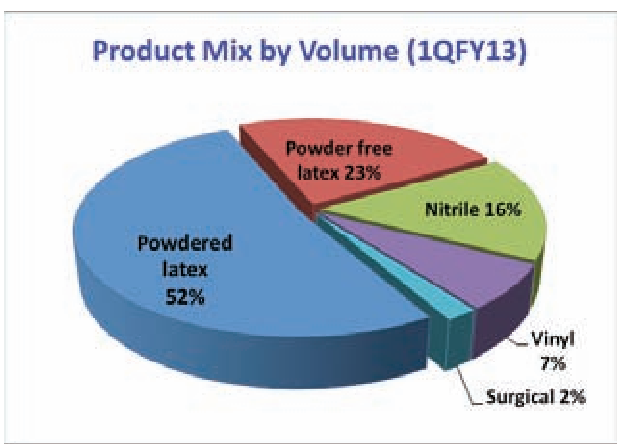
Fluctuating prices of raw material, latex in particular, is a major cause of concern for Top Glove as the price of raw materials is the main cost component of their products.

Acknowledging this fact, Top Glove constantly looks for ways to save cost, not only by being prudent but also by being efficient in all its manufacturing processes.

Fortunately for Top Glove, its customers are aware of the cyclical nature of latex prices. Due to the good business relationship established over the years, the company is able to pass on the greater share of the increase in the cost of raw materials to customers. On the other hand, when the prices for latex go down, customers do enjoy lower prices for the gloves ordered.

Top Glove has also been rebalancing its product mix by producing more synthetic rubber i.e. nitrile gloves to avoid over-reliance on natural rubber gloves. With dual capability production lines, the company has the flexibility of producing either natural or synthetic rubber gloves as necessitated by market conditions. This has enabled the company to mitigate the impact of latex price fluctuation.

At the time of writing, the production ratio of natural rubber gloves (NR) to synthetic rubber (SR) gloves for Top Glove is 70% : 30%. Top Glove's plans for the future include achieving a more balanced product mix at a ratio of 50% : 50% with flexibility to switch between NR and SR as and when necessary.



4. Supply of efficient and honest workers

Getting good and efficient human resources is neither always easy nor is it guaranteed. Also, retaining good workers may also not always be possible. In its starting years, labour shortage was a major challenge for Top Glove. Skilled workers were hard to find, and it took a great deal of time and work to train an unskilled or semi-skilled person into a skilful worker.

To solve the problem of labour shortage, Top Glove hired foreign workers in addition to locals. That, of course, introduced a new problem -- integrating the foreign workers into the system and ensuring that these people from different nationalities and cultures could get along with one another and with the locals and that all of them could work together harmoniously to achieve one common goal.

This did not remain a challenge for long as Top Glove was able to draw its entire staff body into adopting its corporate culture, **THE TOP GLOVE CULTURE**. The whole company was soon able to move in one direction. *(The Top Glove Culture will be discussed later in this book.)*

Although the hiring of foreign workers was able to address the problem of labour shortage to an extent, obtaining approvals from government authorities for the hiring became another challenge that Top Glove had to deal with. Lack of knowledge particularly of government policies and procedures made things tougher for Top Glove in the early days.

Nevertheless, the tough journey turned out to be a learning curve for the company. As it progressed and grew, it constantly reviewed its processes and installed a more automated system with the goal of reducing its dependence on manual labour.

Today, Top Glove has a workforce of 11,000 employees and operates 462 production lines in 25 glove factories located in Malaysia, China and Thailand. Total production for Top Glove is 40.3 billion gloves per annum, which it exports to approximately 1,800 customers in over 185 countries across the globe.

Currently, the biggest challenge facing by the industry is the minimum wage policy set at RM900 per month which took effect on 1 January 2013. The Group intends to reduce the use of low-skilled labour and improve on manufacturing processes by using more advanced technology and automation. The advanced processes include reducing dependence on manual labour through installation of robotic arms at strategic points in the manufacturing processes so that stripping, stacking and counting are less reliant on human labour.

5. Escalating energy cost

Shortage of energy resources to fuel its ever growing business and the escalating cost due to gradual removal of subsidies are two more challenges faced by Top Glove.

Knowing these are not going to be short-term challenges, Top Glove has worked out a way to minimize such effects by implementing alternative energy resources such as biomass.

6. Volatile foreign exchange

Volatile movements in foreign exchange are unavoidable for any business that goes global. This is a big challenge for Top Glove especially at the moment of weakening US Dollar.

As a business that has occupied the global platform for many years, Top Glove has managed to mitigate the negative impact of the US Dollar through prudent hedging of a large portion of its open foreign exchange position with forward contracts.

"In business, we do not only face one but many challenges along the way," said Tan Sri Lim, summing up the topic.

When asked what has been the biggest obstacle in the last 10 years, Tan Sri Lim said with good humour, "To be honest, every year is a challenging year for Top Glove! We still face a lot of challenges today.

"With the 25 factories that we have now, I am busier now compared to the time when we only had a few factories. My time now is limited. In the past, I only needed to manage one hundred staff, but now the number has increased to 11,000, I am sure you can imagine the challenges that lie in that figure!" he said.

The obstacles will get tougher as the company grows bigger. Having said that, it should be remembered that challenges are not something to be avoided; they only need to be conquered. Knowing the fact that the company has grown bigger and will continue to grow, Top Glove has set in place a good system with clear business direction, a positive corporate culture, attractive incentives, competitive KPI and the opportunity for shares options and profit sharing. The company also makes sure that all employees are motivated, and that they will feel a sense of ownership towards the company and not feel that they only work for the company so that they will want to continue working and growing as a joint venture partner with the company.

Tan Sri Lim concluded the topic with an analogy from sport. The horizontal bar is placed higher after each jump. In order to be able to make a higher jump, the athlete would have to train harder, practising the correct techniques every day. It is the same in business; a company that wants to succeed must learn to overcome every obstacle in its way. The way to do this today is to be well-versed in current technology and to keep track of the latest trends and information concerning the business world. In addition, the company also needs to strengthen its internal capability by implementing continuous improvement through training, for instance, to ensure it retains its competitive advantage in the market.

Challenges enabled Top Glove to improve in all areas to emerge as the biggest glove manufacturer in the world.

GOOD STRATEGIES GO A LONG WAY

According to Michael Porter, a leading authority on corporate strategy and the competitiveness of nations and regions, **"A strategy delineates a territory in which a company seeks to be unique."** Indeed, good strategies are not only able to take a company a long way, but to elevate its image to the next level.

Since its inception in 1991, Top Glove has set its business direction towards the global market, with the clear aim of leaving its footprints all over the world.

With that goal in mind, Top Glove has laid out a series of good and practical strategies. After more than two decades of globalisation, seeing itself at the top of the game, it is obvious that these strategies are indeed effective and sustainable.

The following are the strategies implemented by Top Glove to get to and stay at the top.

1. Tap into customer distribution channel i.e. OEM

In the early years, Top Glove's focus was on being an Original Equipment Manufacturer (OEM) for overseas companies. In order to fulfil this responsibility, the company has continued to expand its production capacity which allows it to achieve a greater economic scale that translates into more competitive pricing.

2. Assistance from government agencies

Besides being an OEM, Top Glove has been working closely with government agencies such as the Ministry of International Trade and Industry (MITI) and the Malaysia External Trade Development Corporation (MATRADE) to promote and expand its business overseas.

MITI and MATRADE have been actively promoting Malaysian businesses in the global arena, and Top Glove has taken full advantage of this by participating in trade shows and exhibitions and touring countries around the world to promote its brand and products.

Malaysian brands that are eyeing the global market and would like to take their businesses to the next level, MITI and MATRADE serve as a good platform to showcase how good they are and what they are capable of.

3. Sending marketing teams to visit customers

Marketing -- *"The activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large." (Source: Wikipedia)*

This is what marketing means according to Wikipedia. In layman's terms, it simply means: "Good and consistent service."

Yes, it is as simple as that.

For instance, if you were a customer buying from a certain supplier, what would you expect from them? Good and consistent service, for sure! Exactly, good marketing simply means letting your customers see you often, providing them with constant updates so that they do not forget you!

Knowing this important fact, Top Glove has employed 78 marketing personnel based in its Headquarters to serve its customers. The marketing personnel take care of the company's global business directly from Malaysia, attending to over 1,800 customers in 185 countries across the world. On average, each marketing personnel attends to approximately 25 customers.

4. Opening up Sales and Marketing Offices in the US and Germany

Apart from developing marketing personnel to serve the US and Germany markets, Top Glove has also set up Sales and Marketing offices in these two countries. The US office has about 20 members of staff who service the US market for Top Glove.

Besides the two existing offices, in time to come, Top Glove is looking to set up a Distribution Centre / Office in China to tap into the ever growing market there.

What are the benefits of having sales and marketing offices overseas?

First of all, due to the time difference, having a foreign sales office allows Top Glove to attend and respond to its customers more quickly. Secondly, the foreign sales offices are able to provide better before- and after-sales service to its customers around the globe.

In this fast changing world where it is no longer the case of the big fish eating the small fish, speed is crucial because today, it is the fast fish that eats the slow fish. Having foreign sales offices definitely adds to the competitive advantage of any business that intends to go or has gone global.

5. Stringent quality control to comply with different regulations

To produce consistently high quality gloves at efficient low cost has always been the business direction set by Top Glove.

In order to stay on track all the time, Top Glove has been stringent in terms of quality control in line with ISO 9001 and strictly complies with the ASTM and EN455 Standards.

As a world class cost-effective glove manufacturer, Top Glove has invested substantially in modern and advanced glove manufacturing machines. A comprehensive quality assurance system has been implemented to ensure high product quality.

The concept of Total Quality Management (TQM) is strictly implemented in all areas, including in the receiving of raw materials, the manufacturing process, on the premises and equipment, laboratory tests, inspections and shipment procedure. Before the gloves are delivered to customers, they need to go through TQM measures of visual air pump test, tensile strength and water-tight test. Finally, a compulsory and stringent pre-shipment inspection is carried out to ensure the gloves shipped are of high quality.

In 2011, Top Glove extended its quality control measure by including inspection and testing of raw materials at its supplier's premise. After the implementation of this practice, only raw materials with high and acceptable quality are now delivered to Top Glove.

In addition, many of the processes have been automated to reduce human error as well as to ensure greater consistency in product quality. All Top Glove's factories are equipped with modern machines that are manned by experienced personnel and checked regularly by qualified experts. Top Glove believes in adopting the latest manufacturing techniques for all its production lines and in applying continuous engineering processes to achieve its business direction of ***producing consistently high quality gloves at efficient low cost.***

The gloves undergo 1000ml water-tight testing in strict compliance with ASTM D3578 (01) Standards.

Visual inspection of the gloves is carried out to ensure high quality and reliability.

6. Invest in R & D and constant improvement to ensure competitive cost

Being in the fast changing and emerging global market, in which demand is constantly on the rise and customers have high expectations, Top Glove strongly believes in investing in good Research and Development (R & D).

The company invests considerable resources into developing new products and services which are market and customer driven. At the time of writing, Top Glove has about 40 personnel involved in R & D who constantly carry out research to further improve the quality of the gloves produced. The research and development process is driven by a team of R & D employees in each factory who focus on producing gloves that are consistently high in quality at efficient and low cost. By March 2013, Top Glove will have set up a central R & D Department based at factory Number 25, which is currently under construction.

Besides strengthening its internal R & D Department, Top Glove has been working closely with the Rubber Research Institute of Malaysia (RRIM) and Lembaga Getah Malaysia (LGM) to obtain the latest information and developments on rubber research technology in Malaysia.

GLOBAL MARKET: TO EXPAND OR NOT TO EXPAND?

When talk centres around exploring the global market, what is the first thing that comes to mind? Impossible? Not ready? Too difficult? Want to but don't know where to start?

Well, let us hear from Tan Sri Lim who has walked the path. "Yes, I would strongly advise Malaysian companies to explore the global market to promote Malaysian brands, to expand their global market share and to compete in the competitive international market."

For Tan Sri Lim, who embarked on the journey two decades ago and has now achieved significant results, venturing into the global market is not something difficult, and definitely not a "mission impossible."

Having said that, it should be noted that a company should venture into the global market with proper preparation; comprehensive planning ensure it achieves a competitive advantage and bigger market share. If a company went into the global market without good planning, it would face rigorous competition from all over the world. When this happens, things will be in disarray if the company does not know how to handle the situation well, which will lead it to vanish from the global scene in no time!

Hence, before going global, the owners of a business should ask themselves: "Are we ready?"

It is important to be well prepared with the necessary and important details before going global.

What exactly are these details?

Falling back on his experience and success in placing Top Glove on the world map, Tan Sri Lim shares what these details are.

1. High quality product;
2. Competitive pricing and efficient costing;
3. Aggressive marketing strategies and marketing team;
4. Reputable and reliable importer or distributor; and
5. Good business ethics i.e. dealing with customers with honesty, integrity and transparency.

When you are confident, have the knowledge, are clear about your direction, know what to achieve and are backed by the above details, you have all it takes to venture into the global market and to succeed.

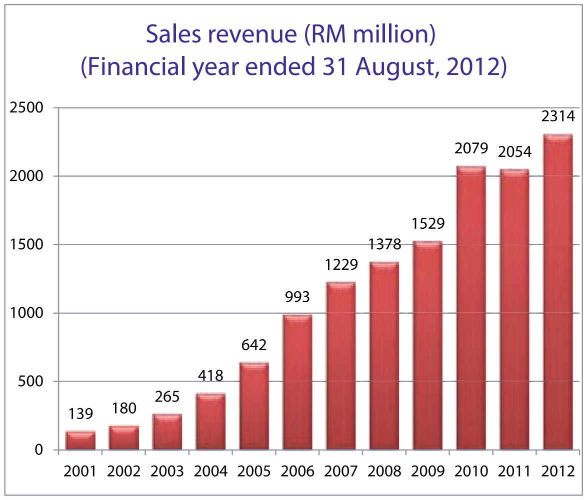
Top Glove makes sure all the gloves that leave its factories are of high quality.

SIGNIFICANT RESULTS!

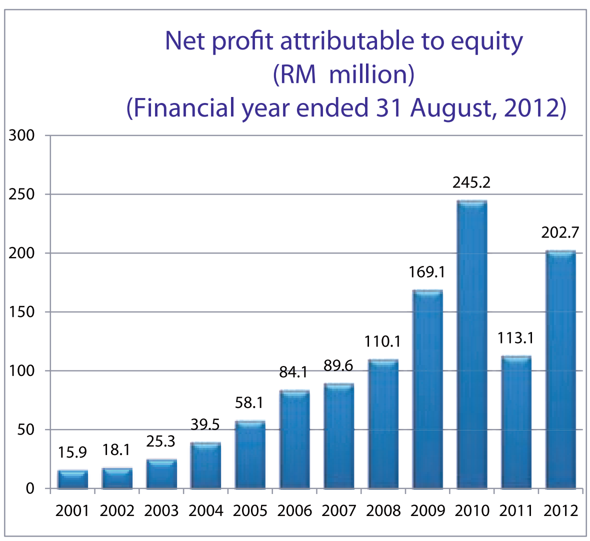
After making its global debut in 1991, Top Glove began harvesting interesting results due to its clear business direction and effective business strategies. It has been doing so for two decades.

Over the years, Top Glove has been building up its customer base around the globe. To date, it has 1,000 customers in over 185 countries with no single customer constituting more than 4% of its total revenue. By implementing such a strategy, Top Glove has been able to cushion negative effects from the world economic downturn. On top of that, it has also expanded its business across the region to Thailand and China, and has benefited from the tax incentives and effective cost structures offered by these countries.

In addition to making a notable presence around the world, Top Glove has also achieved a Compounded Annual Growth Rate (CAGR) for sales revenue of 31% for the past 15 years. Translated into figures, this means that sales revenue grew from RM36 million in 1997 to RM2 billion in 2012. This has given Top Glove a very strong and healthy financial performance record. Since being listed in 2001, Top Glove has had sustainable and steady growth of dividends with a target payout ratio of 40%.



Compounded Annual Growth Rate (CAGR) for Sales Revenue of 31% for the past 11 years.



Compounded Annual Growth Rate (CAGR) for Net Profit Attributed to Equity of 32% for the past 11 years.

ECONOMIC CRISIS OR GOLDEN OPPORTUNITY?

Economic crisis: Some see it as disaster, some as opportunity. For Tan Sri Lim, it is definitely opportunity. He believes global demand for medical gloves is expected to remain strong and resilient because medical gloves are a basic necessity of the healthcare industry. In fact, the demand for gloves is expected to rise by about 8 to 10% per annum due to increased use in emerging economies such as Brazil, Russia, India and China (BRIC).

Top Glove is eyeing Russia and Brazil as its new emerging markets as both countries are doing well and have big populations. In 2011, Brazil moved ahead of the United Kingdom as the sixth biggest economy in the world with a GDP value of $2.518 trillion. Similarly, Russia ranked No. 9 on the world GDP list at the value of $1.885 trillion. The positive trend signals big potential for Top Glove to enter and capture the market in these countries. Importers have been appointed to sell to Brazil and Russia, and sales are growing consistently.

Besides, with the uncertainty caused by the European debt crisis and the slowdown in the global economy in 2012, the pressure on commodity prices including raw materials namely latex and nitrile is expected to ease further. At the time of writing, the prices for both raw materials have fallen from their earlier peaks in recent months, and if this trend continues, Top Glove will experience positive growth. An improvement of 10 to 15% in sales revenue is expected in the coming financial year with steady organic growth in consumption being supported by lower latex prices.

On the industry outlook, the business landscape is expected to remain competitive and challenging for Top Glove, as it copes with overcapacity issues, commodity prices and foreign exchange volatility. Fortunately, given Top Glove's strong and positive net cash position, it would be an excellent opportunity for the company to gain further market share. During tough times when the cash rich would have the ability to hold on, Top Glove would also have the financial capability to acquire other companies.

In 2012, Top Glove set for itself the target of increasing its current world market share from 25% to 30% by end of 2015. At the time of writing, Top Glove is still expanding organically, and with a potential Merger and Acquisition (M & A) in sight, it is highly likely that it will achieve its target.

STAY COMPETITIVE!

When business is good, everyone is able to see it, and everyone wants to have a share of the pie. When this happens, there is competition.

"This happens every year," said Tan Sri Lim.

So, how is Top Glove able to sustain its business in such a competitive global market?

Price volatility for latex, the major raw material required in manufacturing rubber gloves, is critical in determining the average selling price of gloves. In the long run, the company has planned to further integrate upstream into rubber planting to minimize the impact of fluctuations in the price of rubber on its earnings as well as to balance its upstream and downstream activities and investment performance.

In 2012, Top Glove acquired an Indonesian company that holds a 60-year concession to operate a rubber plantation covering 30,773 hectares on two islands east of the Southern Sumatera city of Palembang. In line with this, Top Glove will continue to actively acquire plantation land in Indonesia, Malaysia and other Asean countries. With the purchase, Top Glove will be involved in the upstream business of planting and processing its own rubber in order to have consistent supply of raw material and also to mitigate commodity price volatility on the group overall performance.

Rubber planting is a long-term project and it demands great responsibility from Top Glove. However, Top Glove has grown big enough to justify taking on such a heavy long-term commitment; demand for its rubber gloves is too great for the company to rely on the hope that market conditions in the supply of latex will always be favourable. Thus, it has to cater for its own latex needs.

Apart from having its own rubber plantation, what other strategies does Top Glove intend to employ to win new customers while maintaining its existing ones at the same time?

"We have invested heavily in human capital. We recruit the right people and provide them with good training. At Top Glove, we make employees feel that they are working for themselves rather than for the company, just like a joint venture," said Tan Sri Lim.

Tan Sri Lim is a strong believer in having good people working for one; this, in his opinion, is the way for a company to do well. As he sees it, every staff must be a positive contributor, if not, then that staff should be trained to be one.

When fresh graduates join Top Glove, the company prepares them to work there for the next 30 to 40 years. Opportunities are made available to everyone. "We cannot have them thinking that they will be leaving after two to three years -- that is not the correct mindset. At Top Glove, we do our best to provide good opportunities for staff to grow with the company. We do our part. Whether they decide to stay or leave after that is the decision they will have to make," said Tan Sri Lim.

"People are important. So is every department of the company: Production, Engineering, QA, Human Resource, IT, Finance, Marketing and others. Every department must do well -- every day, every week, every month, every year, on constant basis," he added.

Since its inception, Top Glove has held on to its business direction of **producing consistently high quality gloves at efficient low cost.** Only in this way are they able to compete in the global arena.

Every obstacle and challenge that has come its way has given Top Glove the opportunity to think harder, to innovate, to work harder and smarter. "Difficult years are the best years as they lead us to learn and to improve. Based on our company history records, we improved the most during the difficult years, and we improved the least during the good years," said Tan Sri Lim.

Why is this so?

"Well, it is simple. During good years, everyone is at ease. However, when times are bad, it's natural for us to think hard for ways to overcome the challenges we are facing. We make the most mistakes during good times but we make the most improvements during difficult times," explained Tan Sri Lim.

As a result, Top Glove has been able to achieve an average compounded growth rate of 26% every year in spite of severe challenges such as the global economic downturn.

ABOUT THE AUTHOR

Carol Lin believes that knowledge empowers. Her inspiration in writing this book was the desire to share the spirit of Malaysian entrepreneurs who have taken home-grown brands to the world. As a Malaysian, she is indeed proud to see many Malaysian brands venturing out into the world and leaving their footprint all over the globe.

Laozi, the ancient Chinese philosopher who authored 'Tao Te Ching', once said ***"The journey of a thousand miles begins with a single step"*** （千里之行，始于足下）. For those who are embarking on the journey to materialize their dreams, Carol sincerely hopes this book will serve as an inspiration.

More often than not, people who succeed aren't the smartest, but the ones who just do not give up trying!

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