

How S'pore's oldest firms stay relevant

They have survived crises over a century and more; to some, merit is key consideration for succession

By Chin Yong Chang
yccn@ph.com.sg

Singapore

SINGAPORE may have just turned 52, but many homegrown businesses have been around for far longer. Greathart, Boustead, Drew & Napier, Braddell Brothers, Haw Par, Eu Yan Sang and Yeo Hiap Seng – to name a few – have existed for more than a century.

A chief concern for old companies is succession planning. Whether it is a family business trying to balance lineage with meritocracy or a company working to retain its talent pool, succession considerations is something no company can ignore. This might mean welcoming outsiders into management of family firms or promoting talented personnel to senior management roles.

For instance, Drew & Napier's Davinder Singh last week moved up from CEO to become executive chairman, making way for Cavinder Bull to assume the CEO's position. The firm also appointed Jimmy Yim as its deputy chairman and Sushil Nair as its deputy CEO. At Yeo Hiap Seng, CEO Melvin Teo is neither a member of the founding Yeo family nor part of owner Far East Organization's Ng family. Eu Yan Sang CEO Richard Eu's successor, Aaron Boey, is also not a member of the founding Eu family.

These firms, as well as others *The Business Times* spoke to – such as Boustead, Greathart, Haw Par and Braddell Brothers – have said merit is a key consideration for succession. It is an especially poignant issue for family-run businesses which often have to consciously decide the degree to which the firm would continue to remain within the family's ownership and management.

Singapore Management University's Busi-

ness Families Institute academic director, Annie Koh, said family-run businesses tend to have an advantage over others as the owners of these firms tend to be driven by "long-term horizons" and "a sense of purpose" behind their businesses, rather than just being motivated by maximising shareholder value.

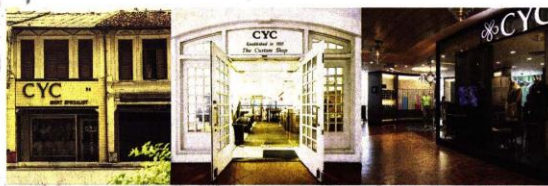
A prominent example would be Eu Yan Sang, whose CEO Richard Eu – who will step down on Oct 1 to be its non-executive chairman – is the fourth generation of the founding Eu family.

Even though Eu Yan Sang will no longer be headed by a member of the Eu family, Mr Eu said it was important for the family to remain as the firm's owners. This is so that they can provide the "corporate memory" and retain the DNA of the company. However, he acknowledged the company needed to transcend family boundaries for it to keep going, and whoever was running the company needed to be capable, whether or not they carried the Eu family name. "You want to make sure that they can do the job, and it's not just because of their surname."

He cited the Toyota family in Japan and the Ford family in the United States as models on which to base the future ownership and management structure of Eu Yan Sang, where outsiders would manage the company while the family would continue to own a substantial stake in it.

Although CYC Company Pte Ltd – famous for being the tailor of choice for Singapore's first prime minister, Lee Kuan Yew – is younger than Eu Yan Sang, it has also been run by family since it was founded in 1935. Its owner, managing director Fong Loo Fern, said that she intends to let her niece take over the business in the future.

And for Leung Kai Fook Medical, its managing director, Leong Mun Sum, is the son of the company's founder, Leung Yun Chee. Both these family-run businesses, like Eu Yan Sang, have non-family members working together with family members in running the business.



CYC Company, the tailor of choice for the late Mr Lee Kuan Yew, has been run by family since 1935. Its current owner intends to let her niece take over the business in the future.

The line between a family firm and a non-family firm may sometimes be blurry. Although Boustead Singapore was not founded as a family firm, CEO Wong Fong Fui has two children who occupy management positions. Both the children rose through the ranks based on merit, the firm said. Wong Yu Loon is the executive director and deputy group CEO, while Wong Yu Wei is the deputy chairman and senior deputy managing director of Boustead Projects.

Prof Koh said: "Family firms recognise that they don't have a monopoly of talent if they just source their human capital from the family. So having loyal professionals aligned to the values and vision of the family are critical to the sustainability of the family enterprises. That is why getting the human resources right is so critical."

Apart from succession planning, these firms have also had to weather events such as financial crises, technological disruption and globalisation. Many old companies have reinvented themselves to stay relevant. The legal sector, for one, has seen its share of difficulties, including competition from foreign firms and the threat of automation.

Braddell Brothers managing partner Edmund Kronenburg said that it was becoming necessary for law firms to specialise in a few select areas, rather than provide very many different types of legal services. Mr Kronenburg said that his firm underwent a re-boot and re-branding exercise in 2009, and is now focusing on corporate and commercial litigation and arbitration, medical negligence, and corporate insolvency.

Drew & Napier's Mr Singh said that the firm focuses on dispute resolution and international arbitration, competition and regulatory practice, restructuring, and data protection as its four areas of growth going forward. As for firms such as Yeo Hiap Seng and Eu Yan Sang, their CEOs said that the key lay in adapting to current trends.

The deputy director of Nanyang Technological University's Institute for Asian Consumer Insight, Lewis Lim, said that for firms to survive, they often have to modernise their products while keeping their authenticity.

Whether it is Yeo's providing "healthier choice" options for its sweetened drinks, or Eu Yan Sang making easy-to-swallow pills or ready-made bottled drinks instead of just selling raw herbs, adapting their product is one way these firms have remained relevant over the years.

Firms such as Leung Kai Fook Medical or Haw Par have not changed their flagship products – Axe oil and Tiger balm, respectively – in the same way, but have managed to turn themselves into global brands. Haw Par has also since diversified into healthcare and leisure, and invests in securities and properties.

When asked how local businesses, including family-owned firm, weather crises and remain sustainable, Prof Koh said that these firms display resilience, work to remain relevant and crucially "needs to be rejuvenated at every generation as if it was the first, creating value with the entrepreneurial zest just like the founding generation".

➔ BTInfographics: Singapore's oldest businesses, Page 2

Singapore's oldest businesses

Even though Singapore has just celebrated its 52nd birthday, many of its homegrown companies have been in existence for much longer, with several being twice as old as its home country. Many of these firms have survived world wars, financial crises and disruptions in their respective industries to become a part of our everyday lives. *The Business Times* spoke to some of these firms to find out how they have changed with the times to become what they are today. **BY CHIN YONG CHANG**

Eu Yan Sang International Ltd



1879 Eu Kong left Guangdong, China, for Malaya and converted an opium den to Yan Sang medical hall.

1906 Eu Kong's son, Eu Tong Sen, built a business empire which included a traditional Chinese medicine (TCM) business, a tin and rubber business, trans-regional remittance, banking and finance.



1989 The TCM business was the only business entity left from Eu Tong Sen's business portfolio. The business was small, with one outlet in Singapore, five in Malaysia, and two in Hong Kong.

2001 Eu Yan Sang continued growing its business and established its first TCM clinic.



Today, Eu Yan Sang has 190 retail outlets in Singapore, Malaysia and China (including Hong Kong and Macau), and 57 outlets in Australia under its associate company. It also exports to the US, New Zealand, Canada and Indonesia.

Leung Kai Fook Medical



1928 Leung Kai Fook's founder Leung Yun Chee, emigrated from China to Singapore and met German physician, Dr Schneider, who gave him a recipe for a medicated oil. Mr Leung marketed and sold his newly made cure-all as Axe Brand Universal Oil.



1930s Before World War II, Mr Leung drove around different parts of Malaya and Singapore to sell Axe Oil to medical halls and provision shops.



1940s Mr Leung began to export Axe Oil to Indonesia, which was his third market.

2003 LKF Medical appointed a distribution agent to export its Axe Oil to the United States.

Today, LKF Medical exports directly to 28 countries, the latest being Nepal.

Haw Par Corporation Ltd



1920s Aw Chu Kin, father of brothers Boon Haw and Boon Par, set up his physician practice and apothecary shop, Eng Aun Tong, in Myanmar. He is credited with concocting the Tiger Balm formula.

1926 Aw Boon Haw moved Eng Aun Tong's headquarters to Singapore.

1969 The company was listed on the stock exchanges of Malaysia and Singapore as Haw Par Brothers International Ltd.

1975 The company nearly collapsed due to irregularities in the accounts, as British investment group Slater Walker took control.

1981 UOB, headed by Wee Cho Yaw, took control of Haw Par, and it became an associate company of the UOB group. Under Mr Wee, Haw Par established distribution networks in Europe and America.



1997 Haw Par Brothers International Ltd was renamed Haw Par Corporation Ltd. Today, the company has two operating businesses: healthcare and leisure, and investments in securities and properties.

Yeo Hiap Seng Ltd



1901 Hap Seng Sauce Factory was founded in China by Yeo Keng Lian as a partnership business. It was renamed Yeo Hiap Seng Sauce Factory two years later when his partner pulled out.

1938 Yeo Hiap Seng Sauce Factory began operations in Singapore.

1960s The company globalised the Yeo's brand by exporting canned food products to other markets such as Brunei, the Philippines, Hong Kong, the US, and Europe.

1967 Yeo Hiap Seng was the first to put soybean milk in disposable paper containers called tetra paks.



1969 The company was listed on the Singapore Exchange as Yeo Hiap Seng Canning and Sauce Factory Pte Ltd.



1995 Far East Organization acquired a majority stake in Yeo Hiap Seng.

Drew & Napier LLC



1859 John Simons Atchison, whose legal practice was the forerunner to Drew & Napier, arrived in Singapore.

1889 Alfred Henry Drew, who partnered Mr Atchison's successor Isaac Swinburne Bond, subsequently partnered Sir Walter John Napier after Mr Bond retired. Mr Drew and Sir Walter together formed Drew & Napier.

2005 The firm acted for the Singapore Press Holdings in the National Kidney Foundation dispute.

2014 It acted for a consortium in a S\$512 million acquisition of Prudential Tower, one of the largest commercial deals of that year.

2015 Drew & Napier's Davinder Singh SC acted for the Prime Minister of Singapore in defamation actions.



2017 Drew & Napier was named South East Asia Law Firm of the Year by Asian Legal Business.

Braddell Brothers LLP



1883 Braddell Brothers was founded by the two sons of Singapore's first Attorney-General, Sir Thomas Braddell.



1951 The third and last generation of the Braddells who practised at the firm, Dato Sir Roland St John Braddell, left Singapore.

1965 Braddell Brothers represented the accused in the Sunny Ang murder case. He was found guilty of murdering his girlfriend, Jenny Cheek Cheng Kid.

2009 The firm underwent a reboot by current equity partners, Edmund Kronenberg and Tan Kok Peng. The firm is now a disputes "boutique" focusing on complex commercial and corporate litigation and arbitration in Singapore and the region, and medical negligence and misconduct. It has 13 lawyers.

2013 Edmund Kronenberg and Lye Huiyan (instructing Toby Landau QC) acted for Lippo's First Media in blocking the enforcement of a US\$200 million arbitral award made in favour of Astro, reducing the enforceable amount to US\$700,000.

Boustead Singapore Ltd



1828 Edward Boustead founded Boustead & Co. It traded tropical commodities such as spices, seeds, resins, medicinal herbs and oils. The company later diversified into the rubber and tin industry.



1960 It split into Boustead Pte Ltd in London, and Boustead Holdings Bhd for its Asian assets.

1975 Bousteadco Singapore Ltd was formed after it split from Boustead Holdings Bhd and merged with Boustead Australia Pte Ltd. It subsequently listed on the Singapore Exchange.

1993 Jack Chia-MPH Ltd took over Bousteadco Singapore Limited.

1996 Current chairman and group CEO Wong Fong Fui purchased the controlling shareholder stake and took over the company, subsequently started its three divisions focusing on energy solutions, industrial real estate and geo-spatial technology.

Greatearth Pte Ltd



1912 United Engineers Ltd (UEL) was founded when two British engineering firms, Riley Hargreaves & Co Ltd and Howarth Erskine & Co Ltd, merged.

1966 UG MSE Pte Ltd, Greatearth group's current engineering subsidiary, was established by UEL.

1981 Greatearth Construction, Greatearth group's construction subsidiary, was founded.



1990 Greatearth Construction was acquired by UEL.

2011 UEL spun off its mechanical and electrical engineering, construction and other related businesses and listed them on the Singapore Exchange as UEL E&C Ltd.

2015 The group privatised and delisted it from SGX. It rebranded and renamed itself Greatearth, focusing on its core business of property development, engineering and construction.

CYC Company Pte Ltd



1925 Chiang Yick Ching and his wife, Foo Ah Heek, arrived in Singapore and founded CYC Shanghai Shirt Co. They opened their Selegie Road shop in 1945.

1992 Current managing director Fong Loo Fern took over the business.

1994 CYC Shanghai Shirt Co was rebranded as CYC The Custom Shop, focusing on custom-made tailoring.

1997 The Asian financial crisis of 1997 caused the company to become unprofitable, and it became profitable again only in 1999.

2009 When e-commerce took off globally, CYC started an online retail platform to take its products into other markets. It has customers all over the world, from Asia, Europe and America.



*This list is not exhaustive

Source: Compiled by The Business Times. IFT Infographics. Mohamed Khairi Rahman, Teoh Yee Chee

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