

All in the family

A younger generation is taking over the reins of some well-known family businesses



Cheryl Faith Wee

The family behind Muthu's Curry has a recipe for success: Do not dish out the secret to its famed fish-head curry.

So when its chief executive, Mr Kasivishvanaath A., 41, and his brother, director of operations Srinivasan Ayyakanu, 33, travel abroad, there is one thing they always do beforehand.

And that is, prepare enough fish-head curry spice mixture for their three outlets while they are out of the country.

The brothers are the only ones who know the recipe handed down by their late father who started the family business with a small coffee shop stall in Klang Road in the late 1960s.

Mr Kasivishvanaath learnt it when he took over the family business in 1994. His father, Mr S. Ayyakkannu, died of a heart attack two years later at the age of 50.

He says: "The recipe has been recorded and kept in a safe place but to ensure that its authenticity is preserved, my brother and I still mix it ourselves. We have to prepare huge portions before we go away."

In family businesses such as Muthu's Curry, protecting the family name and reputation through the generations often translates into high product and service quality, says a study released last year by the Centre For Governance, Institutions & Organisations at the National University of Singapore Business School.

The centre's associate director, Dr Marleen Dieleman, 38, says: "Family firms are very important to any economy. The general public tends to believe that family firms are small and cannot be listed on the stock exchange, but our study shows that family firms are not necessarily small."

According to the centre's research, such firms make up 52 per cent of the 743 listed on the Singapore Exchange that were covered in the study.

One family firm that has grown by leaps and bounds is third-generation business Hock Tong Bee CornerStone. The company had an annual turnover of \$25 million last year – a far cry from its origins as a seller of gunny-sacks and wholesale provisions in the 1930s.

It now imports wines from countries including the United States, Italy and France and exports them to over 22 countries across the Asia-Pacific.

Managing director Clinton Ang, 39, says: "We have considered going public as it would help us attract talent and expand beyond Asia. But we have amassed a large net asset base so the need is not too compelling at the moment."

Hock Tong Bee celebrates its 75th anniversary next year, but getting to this point was no easy feat.

Not long after joining the company in 1997 after leaving a job with investment

house Merrill Lynch in New York, Mr Ang suggested that his father, Mr Aloysius Ang, restructure the company by having inefficient family members leave the business.

This created tension among older relatives and shareholders. More than half of about 10 family members in the business left.

Such friction in transforming family-run businesses to being professionally run is not unusual, says Dr Fock Siew Tong, 66, chairman of external relations at Nanyang Technological University's Nanyang Business School, whose research interests include family businesses.

He adds: "The entry of children into the company will sometimes set the stage for inter-generational conflicts that often plague family businesses."

Mr Ang, who was initially a sales and marketing executive, was made managing director 10 years ago when his father retired. His three siblings do not work in the business.

Changes he instituted including adding the word CornerStone to the company name, with an eye to expansion beyond Singapore, Malaysia and Indonesian mar-



ST PHOTO: LIM WUI LIANG

"I have to punch a card just like the other employees."

Ms Charlene Chng (far left), Poh Heng's purchaser, with her cousin Pamela Seow, the firm's marketing and communications manager

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kets. CornerStone is also the company's premium wine label, set up by Mr Ang.

He says: "To this day, some people are still not convinced about the new name because there is a lot of emotional attachment to the old one. But we needed a brand name that could take us to the next level."

Last year, Mr Ang emerged as one of the Junior Chamber International Ten Outstanding Young Persons of the World – Singapore 2011 Awards, which recognises exemplary young professionals who personify excellence in their respective fields. Past winners include Prime Minister Lee Hsien Loong.

Still, Mr Ang retains a sense of attachment to the business – a photo of his father – who died of cancer at 65 – hangs behind his work desk. He says: "My father is looking over my shoulder all the time."

A strong sense of ownership is one of the advantages of family businesses, say experts.

Putting into place systems and strategies is crucial for any family-run business to survive over many generations, says Singapore Management University associate professor of strategic management Tan Wee Liang, who is in his early 50s. His research interests include family businesses.

It is important for family businesses to adopt the best business practices, he says.

For the second-generation leader of Poh

Heng Jewellery, chief executive Chng Seng Mok, 62, it is never a given that the next generation is capable enough to join the business.

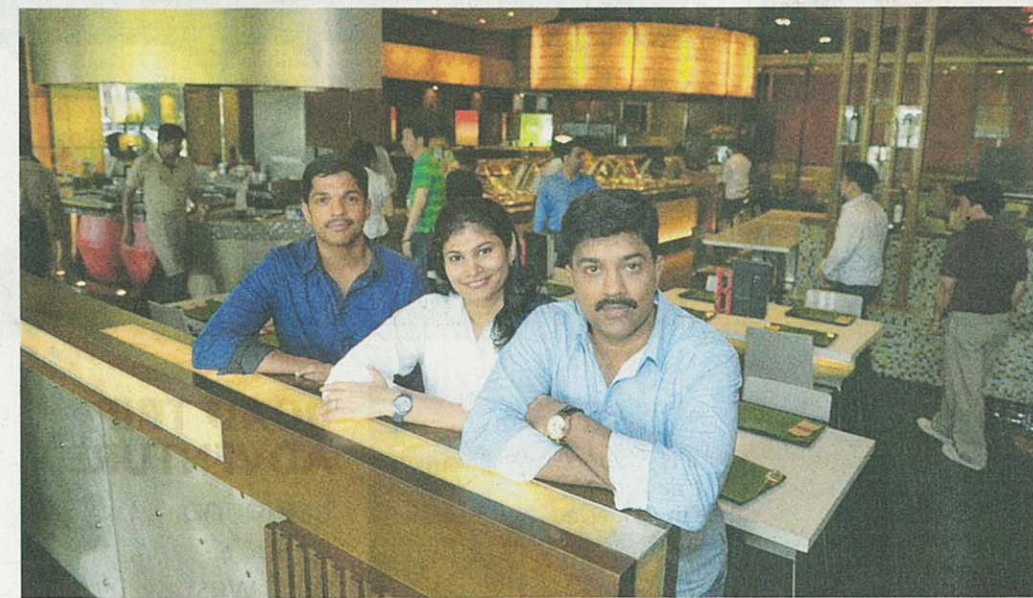
His late father Chng Tok Ngam was the founder of Poh Heng, setting up a silver and goldsmith shop in the late 1940s. It now has 14 retail outlets here. Mr Chng has four other siblings, all of whom are in the family business.

He says: "With all factors being equal, I would naturally prefer a family member to join the business because of the stronger affiliation to Poh Heng through kinship and family loyalty. However, my main consideration is that they should be able and willing, family or otherwise."

Mr Chng asked his niece to join the company five years ago – Ms Pamela Seow, 30, is now its marketing and communications manager. She used to work in that area in a bank.

Earlier this year, Mr Chng's daughter, Charlene, 29, joined the company as a purchaser after working in the courier industry for five years.

She reports to her aunt, Ms Chng Hwee Siang, and expects no special treatment, saying: "I have to punch a card just like the other employees. Work is work and when talking to my father or aunt, I am no longer a daughter or a niece."



ST PHOTO: AZIZ HUSSIN

"To ensure its authenticity, my brother and I mix it ourselves."

Mr Kasivishvanaath A. (above right, with his wife, director of marketing Veshali K., and brother, director of operations Srinivasan Ayyakanu) on the fish-head recipe at Muthu's Curry