

MOVING WITH THE TIMES

A father-and-son team grew Yang Kee Logistics to a respectable size from its modest beginnings, but the company reached a turning point when the two leaders had different paths in mind

BY VIVIEN SHIAO

IT WAS seven years ago when Ken Koh gave an ultimatum to his father, then-CEO and eponymous founder of Yang Kee Logistics. The company was at a crucial juncture that would determine its future. But with both father and son taking the reins and steering the business in separate directions, the younger Mr Koh felt that it was time to make a stand. “After 10 years in the business, I said: ‘Enough. Either I run it, or you run it – and I’ll find my way in the world outside,’” he says frankly.

In the end, his father made the decision to give up control of the day-to-day running of the business, and paved the way for the younger Mr Koh to take over.

The move may seem controversial, but it has paid off handsomely. Not only has his relationship with his dad grown stronger after the passing of the baton, Yang Kee Logistics has also expanded at an accelerated pace.

Under Mr Koh’s charge, Yang Kee Logistics’ revenue has shot up to S\$400 million this year from S\$30 million in 2011, as it continues to stamp its footprint across major markets such as the US, China and Australia. With S\$1 billion in revenue within sight in the next few years and plans for an initial public offering in 2020, Mr Koh tells *The SME Magazine* how he intends to move the company forward.

ONE DIRECTION

Mr Koh may not be short of ambitious and lofty goals for the company, but he is upfront about being reluctant to join the family business so soon. “My father was not happy with me working outside the company. And there’s this thinking in logistics SMEs that there’s always fire-fighting or problems to resolve. And it was my responsibility to come back to the family business to see through these problems,” he says.

So in 2001, he left his job in HP after just nine months. But while his dad expressed his wish that his son join the family business, there was no plan or assigned role for him. “I was left to my own devices to find my way in the organisation,” he recalls.

He decided to start in information technology (IT), which he described as “the easiest way possible” due to his IT background. And because the company had no proper systems, he could implement processes such as individual e-mail identities at the Yang Kee domain, and even a centralised calling number. Those were the “low-hanging fruits” he went for.

After IT, he slowly moved through different departments such as sales and business development. Along the way, he also got a good

glimpse of the operations side such as transport and warehousing, which allowed him to get an overall grasp of the entire business.

It was in 2011 – 10 years after he first started – when he finally took over the helm of the company. By then, the father-and-son team had led the company to grow to a respectable size from its modest beginnings. From a simple trucking company in 1990, it has since expanded into contract logistics, providing warehousing and transport services for customers.

To date, some key milestones include the award of the site on 8 Jurong Pier in 2008, which today houses its headquarters and chemical logistics warehouse, and its S\$150 million logistics hub in Tuas South that is currently underway. Today, the company is a global end-to-end supply chain logistics solutions provider, capable of holding its own against established multinationals in its field.

Mr Koh might have joined the family business against his will all those years ago, but it is undeniable that he has been a key driving force behind the firm’s dazzling climb to new heights.

Still, he says that if he could turn back time, he would have waited. “It’s always my regret that I couldn’t spend more time outside before I joined Yang Kee. I always give the same advice to second-gens: Go explore the world outside before settling to join the family business. Because after that, it’s never ending,” he says.

And despite his background, he is not a fan of family-run firms and does not mince his words. “I believe that in order for a company to survive, you need a combination (of two things). You need to have professionals running the business. Number two, you cannot have too many family members in the business. If possible, there should only be one.”

Too many family members who want a say in the business will cause it to go down the drain eventually, says Mr Koh. Keeping the business professional helps to avoid family politics, and also provides consistency in planning, he stresses.

It is this clarity of direction that Mr Koh values. Before his dad stepped down, the company was at crossroads due to different paths that the two leaders had in mind.

Mr Koh explains that the business used to service many freight forwarders. But over time, they became more demanding and led to losses for the company. However, his father was reluctant to drop the customers due to sentimental reasons. This was something that the younger Mr Koh disagreed with, which eventually led to the earlier-mentioned leadership transition.

“This decision was critical as it helped Yang Kee to climb the value chain and be able to now directly serve customers,” he says.



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– Ken Koh, group chief executive officer of Yang Kee Logistics

Reflecting on the past, he muses: “It’s extremely difficult for two concurrent generations to be in the same business concurrently and find a balance.”

He walks the talk on this front – now that his dad is no longer running the firm, Mr Koh is the only family member in the business. The rest of his staff are professionals.

But while his father is no longer calling the shots, he still goes into office daily and staff will sometimes go to him for advice. The elder Mr Koh also travels to countries where the company has a presence to establish relationships with employees or to meet potential customers.

“We make it a point not to talk about business over dinner, but I will update my dad whenever possible about what is happening, my plans, and to also seek his opinion on certain matters,” says Mr Koh.

GOING GLOBAL

One strategy that Mr Koh firmly believes in is to internationalise. “Singapore is a very small domestic market. We’ll never be strong and global if we are just in this one country,” he explains.

Yang Kee has ventured overseas since 2003, with its expansion into Malaysia. But it was within the last few years that its mergers and acquisitions abroad have gone into overdrive.

When its latest acquisition in New Zealand is completed, the group will have a combined headcount of over 1,250 employees in 12 economies across Australia, China, Hong Kong, South-east Asia and the US.

To date, 80 per cent of its revenue comes from abroad. It is the unique nature of the logistics business which makes going abroad so crucial, Mr Koh says. Unlike industries such as construction which are more localised, logistics requires a global network. “We don’t compete with locals. We compete with the multinationals. You need to have a network to go global. It’s a relentless race for us to go overseas,” he says.

And unlike the strategy of many businesses which is to focus on the South-east Asian region due to proximity, he has set his sights further. “I’m not even looking at Asean – I’m looking at US, Europe, Australia and New Zealand.” He adds that the scale of the US market alone, as the biggest economy in the world, is reason enough to go there.

“Secondly, in our business, most of the companies we deal with are Fortune 500 companies. If you go to Europe and the US, you gain an access to these companies in Asia. It’s very difficult for an Asian company to gain Western customers in a field that’s dominated by Western multinationals,” he says.

He also takes a contrarian view of emerging markets. “The official line is that Asean is our backyard. But we don’t believe that. We are also not going to Africa, Middle East and Latin America,” he says. There are several reasons for this. First and foremost, the rule of law is respected in most developed countries, he says. Secondly, it is the lesser possibility of corruption. “I don’t want to go to sleep at night wondering what happened to the money,” he says.



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– Mr Koh (left)



Finally, it’s the ease of doing business. “People always say that Western economies are slowing down, but I beg to differ. It’s easier to go to the West than to go to the emerging markets. Emerging markets have so many problems that I can’t even start to describe how difficult it is,” he says matter-of-factly.

ALL ABOUT THE PEOPLE

Many companies tend to wax lyrical about the importance of their people, but Mr Koh’s entire strategy for growth hinges on his staff. “Nowadays, my people all come from multinationals. Asians – but from multinationals. We are effectively as capable as them,” he says, rattling off a string of global names such as DHL and Schenker.

When asked if poaching talent was a tactic that he believes in, he immediately holds up a copy of the Straits Times Press’ *Neither Civil Nor Servant: The Philip Yeo Story*. “He would describe it as kidnapping talent,” Mr Koh says, pointing at the cover photo of Philip Yeo – the current chairman of Spring Singapore, and former chairman of the Economic Development Board.

In fact, it was Mr Yeo who inspired him to think about talent back in 2008 when he came to visit the firm. Mr Koh recalls: “I prepared a 30-slide presentation, but after the second slide, he brushed me off. He asked just one thing: What’s your strategy on people? If you’ve no strategy on people, forget about your other ideas.”

It was an eureka moment for Mr Koh. From then on, he started putting emphasis on hiring the right talent. He is a realist when it comes to what attracts them. “First thing is compensation. Ultimately, it still boils down to dollars and cents. We don’t pay top dollar, but we make sure we’re higher than the average.”

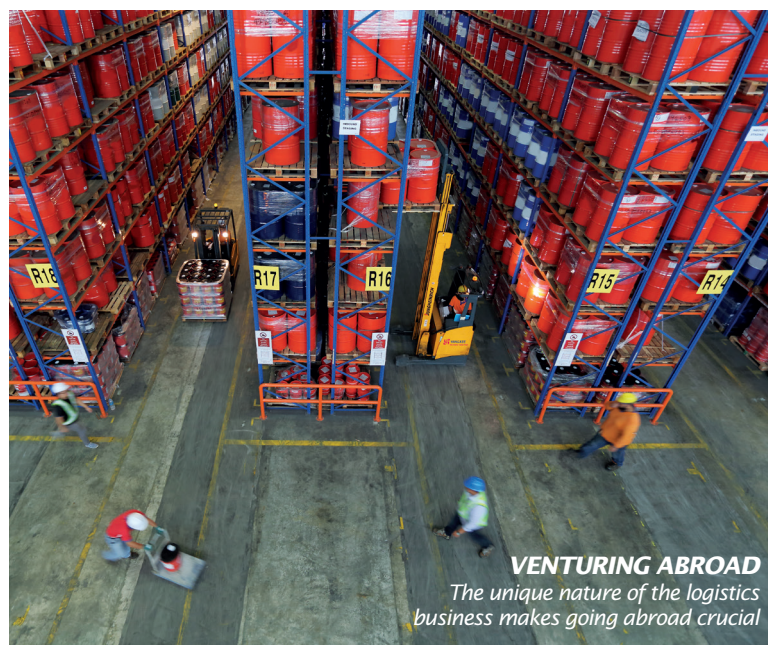
But he is acutely aware that for many, it is not just about the money, but about a sense of future. “They want to be part of something exciting. And if we can give them something like that, they will be willing to try. You’re effectively selling not what you have now – you’re selling the future,” he says.

Other novel steps that the company has taken to make itself more employee-friendly include having transportation, an on-site gym, childcare and even a karaoke lounge – all rarities for many resource-strapped local businesses.

The logistics industry has often been described as 3D – not three-dimensional, but dirty, dangerous and demeaning. For many SMEs in the space, one of their biggest struggles is to secure skilled talent.

To address this issue, the company has actively participated in several government schemes such as the SkillsFuture Earn and Learn (ELP) programme and the Professional Conversion Programme (PCP) to ensure a pipeline of talent. Yang Kee Logistics has since hired 17 ELP colleagues, and two PCP colleagues to meet their rapidly growing needs.

Training and development is also a big deal for the firm, with employees receiving an average of 16 hours of training per year. Mr Koh says: “My father and I believe strongly that it is the people



VENTURING ABROAD
The unique nature of the logistics business makes going abroad crucial

here that make Yang Kee what it is today – and tomorrow. We place a lot of emphasis on our people for that very reason.”

WHAT’S NEXT?

The next decade for Yang Kee Logistics looks set to be even more exciting, with many new developments in the works. Its integrated logistics hub currently being built in Tuas South – a partnership with Logos SE Asia – will feature the world’s first framed multi-storey automated container depot, slated to be a game changer in the industry to boost productivity gains.

Mr Koh proudly shares that the design for the depot was all done in-house with the company’s own architects and engineers. There are also plans to acquire more companies and expand into more countries. “We’ll never stop,” he quips. He also intends to list on a stock exchange by 2020, when its revenue is expected to hit S\$1 billion.

When asked about challenges that could derail plans, he says that the answer to the question changes for different stages of the company’s growth. He explains: “If you asked me 10 years ago, I would say it’s money. Five years ago, it’s people. For now – the answer might change next year – it’s . . . people’s perception,” he says.

There is a Singaporean perception that foreign is better – which Mr Koh is trying to change. “I think within the logistics industry, there’s this changing perception that Yang Kee is a strong competitor. We have reached a certain critical mass where people from multinationals want to work in this company,” he says. “But my resistance is outside the company. It has to do with customer perception. I think Singaporeans need to take more pride in the Singaporean brand. That’s my challenge.” ■