



Emperors and their John Waynes: Business strategy, inspired by the Wild Wild West!

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Ask most business executives who they draw their management inspiration from and usual suspects like General Electric's Jack Welch, Intel's Andy Grove, or IBM's Lou Gerstner will be cited.

Now, please add John Wayne to the list.

The actor, most famous for playing that gun-slinging cowboy in old Western movies, is not a common choice. But, for Victor Fung, chairman of Hong Kong-based Li & Fung, one of the world's largest supply chain and management firm, Wayne, with his eyes perpetually squinting in the desert sun, bears the right kind of character traits that Fung wants in his managers.

Together with his brother William, he runs a century-old company co-founded by their grandfather. From a mere porcelain and silk trader back then, the company now helps retailers like Wal-Mart, Marks & Spencer, Gap and Levis manage the design, manufacturing and delivery of all kinds of products that these big brand names sell. Fashion fads come and go, inventories need to be carefully managed. To many businesses, this is a logistical nightmare, but for Li & Fung, this has been a money-making opportunity. Last year, its publicly-listed trading arm alone achieved a turnover of HK\$110 billion and a net profit of HK\$2.4 billion.

So how does John Wayne fit into the picture? In the words of Fung, Wayne, the actor, played "fiercely independent, highly determined, and driven people who achieved their goals through any honourable means." These are the very same traits that the company desires in its managers. Each "John Wayne" manages 30 to 40 people, focusing on specific customers' needs within product markets. Each "Wayne" is empowered with complete authority in marketing, customer service, product selection and development, purchasing, logistics, distribution and sales.

“Victor Fung actively seeks this type of manager. Such people, he told us, ‘if they did not work for Li & Fung, would rather start their own business than work for a more traditionally-structured company. They must be able to operate on their own, without strict supervision; they must be entrepreneurial’,” wrote authors George T. Haley, Usha C.V. Haley and Tan Chin Tiong, in their latest joint effort, “New Asian Emperors – The Business Strategies of the Overseas Chinese”.

But first, let’s clarify what this book is not: it is not a rip-roaring, page-turning epic of smugglers turned property tycoons; it is not an insider exposé dripping with salacious details; it is not a fly-on-the-wall account of the wheeling and dealing. There are existing titles of this genre, like Joe Studwell’s “Asian Godfathers” and readers expecting something similar will be disappointed.

Rather, this book offers an overall framework on the philosophy, culture, ideas, origins, and organisational structure of the Overseas Chinese. There are discussions on the perspectives that they hold, strategies adopted by them, the challenges facing them and their business partners today and tomorrow.

The three authors bring with them solid academic credentials, and together, have numerous titles under their belt. George Haley is Professor of Marketing and Director of the Center for International Industry Competitiveness at the University of New Haven; Usha Haley is Asia Programs Fellow, Ash Institute for Democratic Governance and Innovation, Harvard University; and, Tan Chin Tiong, a marketing expert, is the Deputy President of Singapore Management University (SMU). Running 250-pages, the book contains not only in-depth research, but also extensive interviews of many of these “New Asian Emperors”.

Why

One might ask, what makes this particular group of businesspersons worth the time and trouble, to study and understand? There are several other major ethnic-based business groups besides the Chinese – Jews, Indian, Japanese and British, vividly portrayed by Joel Kotkin in his 1992 work “Tribes”, on the kind of influence and power these different races are exerting outside their home countries.

This book shows how more than 40 or so Overseas Chinese families are able to dominate the business world in Southeast and East Asia, despite major upheavals like the Asian financial crisis, and the SARS epidemic. The authors have a deeper intent to share. “Though our book focuses on the corporate giants and their strategic revolution, we emphasise that the great majority of the Overseas Chinese who must face the travails of their people are not the super rich of Asia but those who are still struggling, and basically, “fighting the good fight,” the authors wrote. “This combination of courage, skills and intelligence has created something most of the Chinese emperors of the past passionately avoided: an overseas colonial empire.”

The Emperors

Spaced regularly in between, are thumbnail sketches of some of these “emperors”. The authors have done away with factual, matter-of-fact biographical accounts. Instead, they zoom in right away on the key salient points on what is special about the business practices or philosophies of these “emperors” that makes them deserving of this title.

Some of these are the usual suspects, like Indonesia’s Anthony Salim, who helms one of the largest conglomerates in Indonesia, if not Southeast Asia, with interests across a mind-boggling number of sectors and industries; Wee Cho Yaw, arguably the most famous contemporary banker in Singapore, whose business savvy and deal-making skills ensured the steady growth of an empire with the United Overseas Bank as the flagship entity; Robert Kuok, a regular chart-topper on the Forbes’ list of Southeast Asia’s richest, thanks to his sugar, media and hotel interests; Thailand’s Charoen Pokphand Group, which grew from a single shop selling seed and animal feed, to becoming a multi-industry concern, that owns one of the largest retail chains in China, on top of its holdings in telecommunications and agriculture.

The authors also reached back deep into history, providing snapshots like 19th century’s Wu Ping-Chien, a Chinese official cum merchant whose wealth was said to be larger than even the likes of the Rothschilds and the Astors back then; Admiral Cheng Ho, who was basically China’s 15th trade envoy, leading a massive fleet that established ties with countries as far as Africa and some say America, leaving his mark and legacy just about where ever he visited.

The Fungs, the Wees and many others offered insightful thoughts and views on how they think and approach issues. For example, Li & Fung’s Fung told the authors: “A product costs US\$1 when it comes out of the factory in Asia. By the time it gets to the retail shelves in the US it is going to cost US\$4. The secret is to try to earn a bigger share of that 4:1 mark-up.”

Wee Ee Cheong, CEO of UOB and son of Cho Yaw, refuses to rely solely on numbers and the quantifiable to come to decisions. Rather, according to the authors, when it comes to making decisions on projects, Wee would want to find out who is in charge, taking the trouble to talk to the middle level people involved, whom he thinks are the best sources of information. In other words, the qualitative aspects outweigh the importance of the measurable. “Numbers often come last. They are used to confirm the decision rather than to arrive at the decision,” the authors wrote.

Stephen Riady, of Indonesia’s Lippo Group, meanwhile, touched on an element that has beguiled and frustrated many foreign businessmen – guanxi, a Chinese word loosely translated as “connections”, and seen by many as a pre-requisite to doing business within the community. Guanxi, to Riady, is not a silver bullet to business and management challenges, contrary to popularly-held belief. “We can no longer depend on guanxi. We need

professional managers to run our businesses. The operations have become too big and too complex... the important thing is to get good and trusted people, and then reward them correctly. The rewards must be appropriate – if you need good management, you must pay appropriately for the quality you want. And then you must make sure that the rewards provide the incentives appropriate to accomplish your desired goals.”

East meets West

To round up the book, the authors have drawn up a “roadmap” of “adaptive action”, which suggests that there will be a convergence between Western and Chinese management style and thinking. They based their premise on what has been the broad transition in economic centres of gravity so far: that historically, US management systems had arisen to challenge the established economic powers of Europe; they, in turn, were challenged by the Japanese. “Rather than one-way transfer of knowledge and practice, the established and emerging economic powers’ business cultures learned from one another, adopted each other’s best practices, and adapted techniques to exploit their own strengths as they took action to compete successfully,” the authors wrote.

In other words, “East will meet West,” and more likely than not, it is happening now. And the “roadmap” that they put forward illustrates this convergence.

According to the authors, there are several distinct yet inter-linked paths in this roadmap: Road of Knowledge, Road of Speed, Road of Action, Road of Results, Road of Relationships, Road of Quality, Road of Passion, and, Road of Legacy. Together, they form the aptly-named Silk Road of Strategic Planning, conjuring up vivid imageries of the ancient trading route that joins the East and the West, dotted by merchants’ camel caravans crossing the vast desert.

Thus, in a way, it is not too difficult to imagine John Wayne, with many of his adventures in the arid Wild Wild West, being entirely in place swaggering along the Silk Route, together with these emperors.