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“WE SHOULD MAKE THE TABLEWARE
BUSINESS SEXY BY HAVING INTERESTING CONCEPTS.”

ELAINE LEK (RIGHT), HEAD OF THE GLOBAL BRAND TEAM;
WITH LEONA LEK, DIRECTOR OF INTERNATIONAL SALES, AT LUZERNE

SEXY TABLEWARE

At family-run Luzerne, the second generation helps the company while the third generation oversees the day-to-day operations **BY MINDY TAN**

WHAT is the point of producing beautiful tableware if it is just going to end up stacked on shelves, with the only eye-catching detail about it being the large discount sign?

Local new bone ceramic tableware manufacturer Luzerne intends to shake this up when it rolls out its first shop-in-shop later this year.

"The current tableware environment in Singapore is very, very flat. We should make the tableware business sexy by having interesting concepts," says Elaine Lek, head of the global brand team at Luzerne.

The first store – set to open in October – will be located in the heart of Orchard Road in "one of the leading departmental stores". According to Ms Lek, the company will open at most two flagship stores on Orchard Road within the first year.

"The space will have a very distinct Luzerne identity," says Ms Lek. "Basically, the Luzerne personality is modern, whimsical and contemporary."

The irony is that while most people have probably eaten off and indeed admired Luzerne's tableware – the manufacturer supplies a host of major hotel chains and restaurants including Shangri-La Hotels & Resorts, Marriott and InterContinental Hotels Group – few outside the trade circle know of the brand.

Says Leona Lek, Luzerne's director of international sales: "The man on the street doesn't know Luzerne. That's why in order to bring the brand to the next level, we have decided to move into retail with shop-in-shops. Also, since we are producing for the top retail players – and they are doing well – we thought 'Why don't we do this for ourselves too?' It's a natural progression."

Run by the Lek family, Luzerne started out as a trading business under the name of Hiap Huat Pottery. It was founded in 1947 by Lek Song Cheng, the grandfather of Ms Elaine Lek and Ms Leona Lek (who are cousins). Today, the company is helmed by the late Mr Lek's three sons, although the third generation oversees the day-to-day operations.

"My grandfather started out with a very small shophouse in Beach Road," says Ms Elaine Lek. "He didn't have big dreams then; all he wanted was to feed his family of 10 who were all living in the shophouse."

Back then, the firm imported tableware from Japan and England for redistribution in Asia. Following the setting up of its own factory in China, the manufacturer took to original equipment manufacturing (OEM) for large brands, as well as developing chinaware under its own name.

"When we were doing solely contract manufacturing, at a point we were manufacturing for more than 20 world-renowned brands. It's great because you learn so much from these big guys in terms of marketing, packaging, design and even quality control," says Ms Elaine Lek. "But



PHOTOGRAPHY: CHING/CAPSULE PRODUCTIONS; STYLING: DAN FOO; HAIR & MAKEUP: ERNEST LIM; USING YSL; WARDROBE: ELAINE LK (LEFT) WEARING HER OWN; LEONA LK; DRESS BY COS

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PLANNING FOR SUCCESS

A PROBLEM that is gaining traction, but is often brushed aside, is that the *towkays* here are ageing. Among certain small and medium-sized enterprises (SMEs) here, the question of succession planning is the proverbial elephant in the room that has not even been acknowledged.

It is timely to ponder the question, in the light of the finding of a study by the Singapore Management University's Business Families Institute and Deloitte South-east Asia, that the full cycle of a management succession process takes at least 25 years.

Observers of local family businesses and private bankers say that there is an increasing awareness among Asian family businesses of the need to prepare for a handover of the reins.

Most SMEs founded between the 1940s and the 1970s began their leadership transitions in the 1990s, with their founders then approaching – or even past – the age of handing over the business.

Larger firms tend to have a more structured and disciplined approach to business succession, augmented by the rules of corporate governance; these rules and protocols, including those for internal conflict management, tend to be more established in larger firms than in SMEs.

In Top Story, we delve into the nuances of Asian family businesses and examine what consultants have to tackle in the difficult area of succession planning. When is a good time to start succession planning? With businesses that choose to leave the management of the firm in the hands of outside professionals, how can a balance be struck between the family's concerns and the autonomy needed by the management team to be effective?

In the same vein, in our Towkay spread, third-generation business leaders and cousins Elaine and Leona Lek talk about the challenges that they faced when they joined the family business. The pair, fresh from the corporate world, found themselves dealing with relatives and having to acclimatise to a different work culture, one enmeshed in a web of blood ties. But the Leks are revolutionising their family business, and with great panache. Taking it further, Legal Adviser touches on the legalities to be



Photography: Ching, Capsule Productions Styling: Dan Foo
Hair & Makeup: Granel Loh, using Clinique Wardrobe: Jacket stylist's own

considered when passing on the business; included is the more personal aspect of preparing one's will.

Separately, Budding Entrepreneurs caught up with bedding distributor Intero's founders, Patrick Goh and Sam Koh to find out what prompted them and their business partners to leave their jobs for the rough-and-tumble world of entrepreneurship. What sets Intero apart from the other budding entrepreneurs previously showcased? Well, Mr Goh was 45 – and the youngest of the five business partners – when he took the plunge to start the business.

Starting a business is easy, but building it to last? That is a testament of its leaders and the leaders who come after that.

Mindy Tan
EDITOR



ON THE COVER

Photography: Ching, Capsule Productions
Stylist: Dan Foo
Hair & Makeup: Ernest Lim, using YSL
Wardrobe: Elaine Lek and Leona Lek's own

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“THE CURRENT TABLEWARE ENVIRONMENT IN SINGAPORE IS VERY, VERY FLAT. WE SHOULD MAKE THE TABLEWARE BUSINESS SEXY BY HAVING INTERESTING CONCEPTS.”

– **Elaine Lek** (second from left), head of the global brand team at Luzerne

at the end of the day, you are making beautiful products for other people. Why not make them for yourself under your own brand? So we decided to develop our own brand.”

Today, Luzerne splits its resources equally between OEM manufacturing and manufacturing its own products. “We are doing OEM for three to four brands presently. In the next two years, our vision is to see production of Luzerne ceramics hit 60 per cent,” says Ms Elaine Lek. The company produces 28 million pieces of tableware annually.

TURNING TABLES

The old Chinese saying that the first generation builds, the second generation consolidates and the third generation dissipates has been firmly turned on its head by the Leks.

When Ms Leona Lek joined the family business six years ago, she did so because she wanted to take a break from her hectic corporate life. “I was getting quite tired of having to travel a lot because I was doing regional sales (prior to joining Luzerne). I just wanted a nine-to-five job. My parents suggested I join the company, and I thought that sounded like a good idea,” says Ms Leona Lek.

But she quickly realised that the company needed to relook its sales and distribution policy. Previously, Luzerne’s distribution network comprised a Greater China sales team headed by their uncle Stanley Lek, and Landex which handled distribution for the whole Asia-Pacific region.

Today, Landex handles sales in Singapore and Malaysia while Ms Leona Lek oversees the distribution network in the Asia-Pacific region (excluding China), North America and the Middle East. Her brother, Jonathan Lek, heads Luzerne United Kingdom, which oversees Europe sales. The firm has established a wide-reaching network of 35 distributors which sell to over 40 countries.

“Before I joined, there was no time (to formalise the distribution network). Our uncles were really focused on production, and nobody had time to look into expanding our sales reach or doing branding,” says Ms Leona Lek.

In the same vein, Ms Elaine Lek hit the ground running and embarked on a rebranding exercise when she rejoined Luzerne in 2010 after a break following the birth of her children. Previously, she worked at various multinational companies, with her last position at a skincare and wellness

company. “It’s very important to have brand synergy worldwide. Prior to this exercise, everybody was doing their own thing because there was no brand guideline, no brand bible, no proper brand image. As part of the rebranding initiative, all of this was put into place,” says Ms Elaine Lek. “Now the global offices and distributors have to follow the guidelines, and the image of Luzerne is standardised worldwide as well to brand Luzerne as world-class.”

To further develop its brand presence, Luzerne has also engaged in domestic and international partnerships and sponsorships to build the brand’s profile.

Locally, it is the official trophy sponsor for the Singapore Turf Club and has inked partnerships with the National Heritage Board to manufacture collectibles as part of efforts to support the local arts scene.

CULTURE SHOCK

“One of the benefits of joining the family business after gaining experience from outside is that you learn what to do and what not to do. So it’s less taxing on the company’s resources because there’s less experimenting,” says Ms Elaine Lek.

“Another thing that’s very important is that you learn discipline and proper framework, as well as having proper guidelines in everything you do.”

On the flip side, joining a small and medium-sized enterprise (SME) after years of corporate experience in multinational companies meant learning and, in certain cases, unlearning protocols.

“Because of our corporate experience, we feel like we need to justify everything we do . . . I’m so used to putting up board papers that when I first joined Luzerne, I was like, ‘I can just do this? Really?’” says Ms Elaine Lek.

“In the beginning, I set a lot of frameworks and forms and templates. But slowly I realised okay, let’s be productive. One of the benefits of being in an SME is that there is less red tape. So I learnt to pick the positives and negatives and put them into play.”

For Ms Leona Lek, the biggest bugbear is that the line between family time and business has been blurred. “When you are working outside, when you apply for leave, it’s your personal time. But when you’re at home, there is no time off,” she says.

“I feel like you can never completely switch off even when you are together with your family. We don’t talk about things other families talk about – like what we are doing the next day, or where we are going on holiday. Instead, we talk about business all the time!”

Part of the frustration stems from the nature of her job. “Maybe it’s because I’m doing sales, so I’m constantly fighting with them for something on behalf of the customer. In sales, there’s a lot of feedback, and that’s why there is some friction when you can’t get things to move. Every time you give them feedback, it sounds like a complaint so they start getting defensive and then you really get agitated,” she laughs.

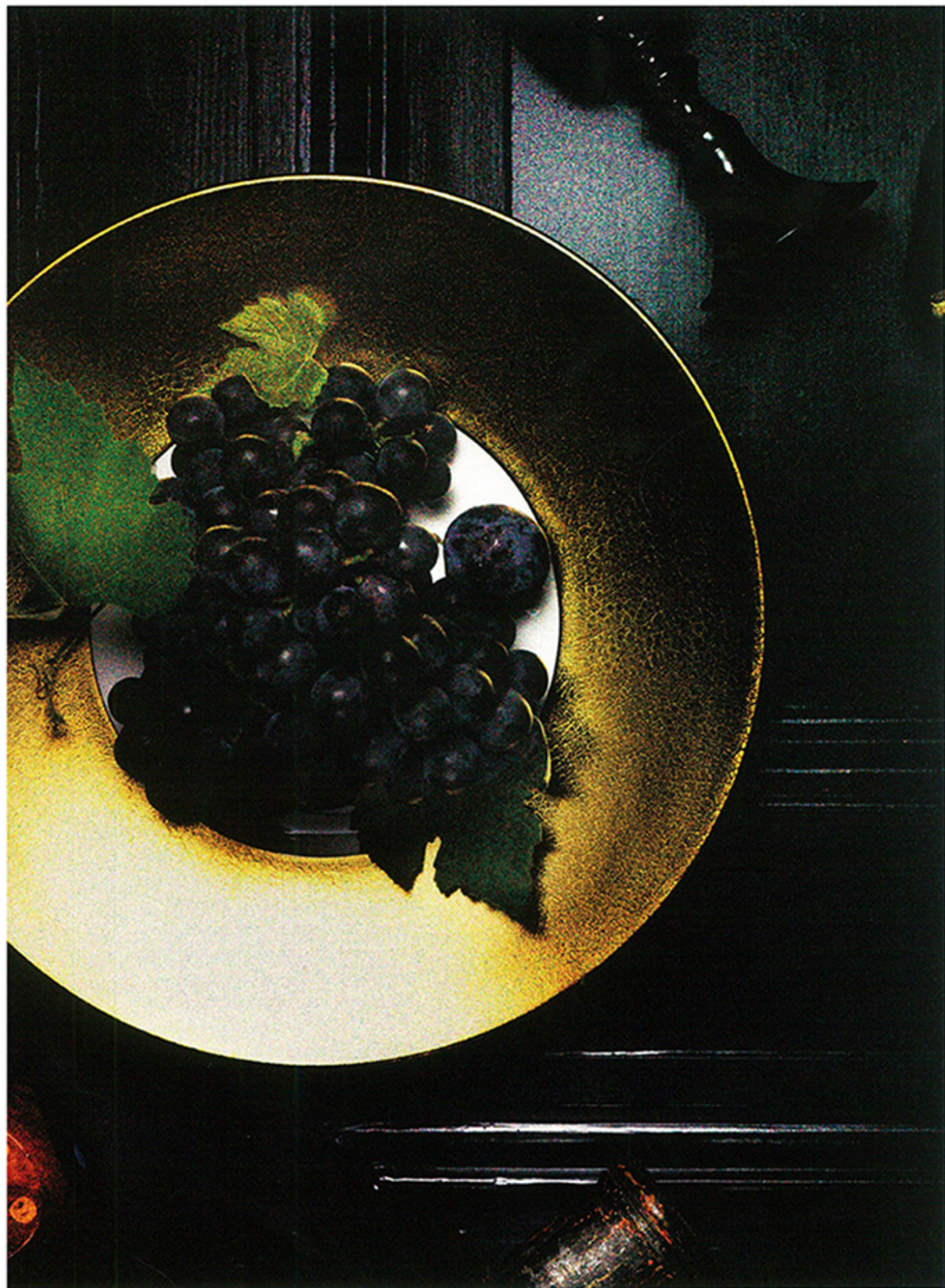
On the other hand, there is a strong sense of cohesiveness that is apparent in the way that the business is run.

Asked who will lead the company after the second-generation leaders step down, both Ms Leks agree that the mandate will likely be shared.

“I guess it will be passed down to the three of us,” says Ms Elaine Lek. “So it’s very important that we work cohesively to carry on the legacy of our late grandfather. No decisions have been made for positions on the board. In time to come, I think it will depend on who is good at what, and we work together.”

Ms Leona Lek agreed: “In family and business, that has always been our way. Even the second generation always tries to get a group consensus. I think, moving forward, that is our style as well.” ■





GENERATION GAP

"UNCLESS!" say the third-generation towkays, before breaking out into peals of laughter. It is a rather unexpected answer to the serious question of how they resolve inter-generational conflict given that the second-generation towkays still hold the reins of the company.

Uncless – pronounced un-kless – is the code name shared by the cousins for "stress from uncles", an inevitable outcome when their uncles disagree with a decision undertaken by them.

"Usually, this is what happens – They will tell you what they think, you argue and tell them they are wrong, and they say I will leave it to you guys. So we go and do what we want to do. But obviously, they are not happy about it and



that's when you get uncless," explains Leona Lek, director of international sales at Luzerne.

That being said, the third-generation leaders do have significant latitude in their scope of expertise. "So far, they haven't really told us we can't do something. They might comment on it after we've done it, and it may be negative – but that's about it," says Elaine Lek who heads the global brand team.

On the corporate level, Ms Elaine Lek, Ms Leona Lek and Jonathan Lek – who is the managing director of Europe sales – generally work more closely before presenting their findings to their uncles, whom they affectionately call "*Fu Lu Shou*" (Happiness, Prosperity and Longevity).

"The best thing is that the three of us are more on the same page," says Ms Leona Lek. "It could be the education, the MNC experience (all three built their corporate careers in a variety of multinational companies before joining the family business), or just the generation gap."

That being said, the two third-generation business leaders agree that they are thankful that their uncles are still in the business.

"I love it that they are still in the business because honestly, the third generation still has a lot to learn from them. They built the business to what it is, and it wasn't easy. So I have a lot of respect for that and I'm very happy to see that they are still so passionate," says Ms Elaine Lek.

"And it's nice to see them get excited over new ideas and new ventures. It's great! Sometimes we are (as happy) but sometimes we are not. And when we are not, it's okay, let them have their fun!"

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