

Lee kum kee



**ASSIGN
BUSTER**

Mr.. Lee Shih Nan carries on the work of improving production procedure, while Mr.. Lee Shih Tang was responsible for sales and marketing. However, because of the disagreement in business, Lee Shih Nan buying out of Lee Shih Tang with the help of Lee Wanda, the son of Lee Shih Nan. During this period, Lee Gum Eke expanded its operation and develop import and export business to meet the increasing demands of its overseas market. And then, in 1972, Mr.. Lee Wanda was appointed Chairmen of the company.

New business policies and expansion strategies were introduced, setting the direction of the company for the future. Mr.. Lee set " promoting Chinese cuisine worldwide" as the corporate vision and infuses " Is Lie Xi Rene", which means considering others' interests, into the company. However, Lee Gum Eke faced a big problem in 1986 for the reason that Lee Wend's brother Lee Went wanted to liquidate his own share. Lee Gum Eke faced a split once again. The conflict escalated as the time passed by, even resorting to law. Lee Gum Eke was ordered by court to suspend business for half a year.

At the same time, The 4th generation of Leefamily, Eddy, David, Charlie, Sammy and Elizabeth graduated from abroad and joined Lee Gum Eke in the ass. The scope and scale of Lee Gum Eke has been developed rapidly. In 1992, Lee Gum Eke collaborated with the First Ministry Medical University and established the Infant Lee Gum EkeHealthProducts Co. , Ltd. To promote traditional Chinese herbal health products. In the same time, apart from the mission of " promoting Chinese cuisine worldwide, Lee Gum Eke purr forward the mission that " modernizing traditional Chinese herbal health around the world".

Armed with a unique management culture, stringent quality control, superb and innovative products, coupled with the century-long brand reputation, Lee Gum Eke has achieved unanimous recognition and won numerous prestigious awards. . Family asset 2. 1 Value based leadership (culture value, family value), 2. 1. 1 core value From 1972-1992, after the third generation Lie Wanda took charge of the company, Lee Gum Eke substantiates its core value of " considering others' interests" in every aspect of its business operations. It was built upon the principles of " pragmatism, integrity and constant entrepreneurship".

Besides its core value and principles, the company also put forward two missions -" promoting Chinese cuisine worldwide" and " modernizing traditional Chinese herbal health around the world". This value reflects the corporate social accessibility . When pursuing the interests of their own, enterprises should also consider others interest, and then benefit the society. It conforms the long-term management goal of company. 2. 1. 2 Family First Lee Gum Eke always put family in the most important position, making business as a part of family.

Lie Wanda thought that family harmony is the foundation of prosperity, which reflects the traditional Chinese culture harmonious family can lead to the success of everything. 2. 1. 3 Establish family committee Lee Gum Eke Group established committee on the family, including a total of 6 people. The core members are Lie Wanda, his wife and his five children. Lie Wanda and his five children are held key position in Lee Gum Eke. The family committee is the highest authority overseeing Lee Gum See's operation.

The core function of family committee is the study how to governance family, including to resolve family conflicts, construct family system, nurture the next generation and so on. The family committee do not need to discuss the enterprise management problem. A major decision should agreed by 75% Of total number and the general decision should be agreed by 50% As we can see from the graph, the score of value of Lee Gum Eke is higher than the score of most other companies in SEA and Mainland China. To explain this Phenomenon, I will list the following four reasons. . Irritate(means longevity), 2. 2. 1 History and Reputation Established in 1 888, Lee Gum Eke has become a household name as an ethnic Chinese enterprise as well as an international brand and a symbol of quality and trust. With a glorious history of 1 25 years, Lee Gum Eke has become a household name as an ethnic Chinese enterprise of quality and trust. Armed with a unique management culture, stringent quality control, upper and innovative products, and its century-long reputation, Lee Gum Eke has achieved recognition and won numerous prestigious awards. . 2. 2 Activity participate in promotional activities. In recent years, Lee Gum Eke family members frequently take part in the speech andinterviewactivities to promote the company. Apart from that, many experts have published books intending to study on the cause of success in Lee Gum Eke family. Lee Huh Seen, one of the fourth generation member of Lee Gum Eke, published two books, which is "the power of considering other first" and " automatic wave model of leadership".

Automatic eave model of leadership is a kind of management mode of south Lee Gum Eke, the subsidiary company of Lee Gum Eke, aiming to continue operating cool, release unlimited potential, attract talent, consists of

selection of talent, high letter atmosphere, highly efficient team. Publishing books has a very positive effect to promote the culture of company to public.

As we can see from the graph, the score of heritage of Lee Gum Eke is

higher explain this Phenomenon, I will list the following three reasons. 2.

Connection 2. 3. Title in government department Lie Hussein: member of the

CAP National Committee; Member of the Standing Committee of the Chinese

people's Political Consultative Conference Committee of Loaning Province;

Director of the overseas Chinese unitedfriendshipconference; Lie Hugging:

Vice President Chinese Cuisine Association; Director of Chinese Institute

offoodscience and technology; Director of Hong Kong Chinese manufacturers

association. These titles are very special political resources for enterprise. 2.

3. 2 Close cooperation with well-known universities and government

department.

Besides owning a lot of titles for family members, Lee Gum Eke has also

collaborated with the First Military Medical University, Hong Kong University

of Science &Technology, Distinguish University and other well-known

colleges as well as some government departments. This is a very good

resource for company's development. 3. Roadblocks 3. 1 Family roadblocks:

Possible family conflicts At present, the fourth generation successor has not

yet been determined. The four sons of Lee Wanda were hold important

positions in the group.

Although Lee Gum Eke Group set up a family committee which is a

goodcommunicationplatform between family members, it cannot guarantee

that after Lie Wend's death, the fourth generation won't appear the

operation, because the separation appeared in the second and third

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generation. 3. Institutional roadblocks 3. 2. 1 Hinder by government policy Chinese government banned direct selling activities in any form in April, 1998, asking the company that has obtained authorized direct selling power like South Lee Gum Eke stop business.

It has caused a great impact on profit in the market of mainland china. 3. 2. 2 More concern on food safety problem There are more and more different kinds of food safety problems appear in China in recent years. Therefore, people especially from mainland china could pay more attention in food safety problem. However, more and more companies in sauce industry received complaints from public, which disclose that there are some unqualified products circulate in market. Those companies include Haitian Group, Lee Gum Eke Group, Wang choosy Group and so on.

Therefore, food companies like Lee Gum Eke should invest more money to ensure the quality of product, which will increase the cost of company. 3. Market roadblocks 3. 3. 1 Fierce competition and high operational cost Lee Gum Eke has been facing fierce competition from assets to the beginning of 21st century. With the advent of some famous sauce companies like Haitian Group, the market share of Lee Gum Eke in mainland china is losing constantly. Although the market share of Lee Gum Eke in Hong Kong and America performs good, it will still hinder the development of the enterprise for the low market share in mainland china.

With the intense competition, the operational cost is increasing constantly, which is another problem Lee Gum Eke should avoid. 3. 3. 2 Disputation on workers There are some labors dispute the low-level salary. To lower the cost

of company and make the product more competitive, Lee Gum Eke did not increase labors salary in these years, making employee have different opinions toward the company. Because Lee Gum see's core market still has a lot of growth opportunities and the firm is pay more attention in innovation recently, continue to expand their market overseas.

Therefore, the market roadblocks is not a big problem. 4. Reactions to roadblocks 4. 1 Reactions to Market roadblocks 4. 1. 1 launched a " happy index" For the dispute from some labors, Lee Gum Eke launched a " happy index" to measure the degree of satisfaction of workers. The survey showed that Lee Gum Eke won the honor of best employer in Asian area and Mainland China. . 1. 2 Constant entrepreneurship For the fierce competition and increasing operational cost, Lee Gum Eke put forward the target " constant entrepreneurship", which means constantly innovation.

Innovate in product packaging, in market, in management method and product producing procedure. It offers over 220 varieties of sauces and condiments in over 1 00 countries and regions across the five continents nowadays after setting the target " constant entrepreneurship". Len addition to the Lee Gum Eke Sauce Group, Lee Gum Eke Health Product Group Infinitem (China) Company Limited develops the market of Chinese rebel health products. Not satisfied with the sauce field, Lee Gum Eke expand their business to the health product field, which is also a kind of innovation.

Nearly 20 years since the establishment , the South Lee Gum Eke successfully produced nearly 50 kinds of product including infinitem health food. Since the twenty-first Century, Lee Gum Eke showed a strong

momentum. 4. 2 Reactions to Family roadblocks 4. 21 Established family committee and constitution enterprise management problem. A major decision should agreed by 75% of Apart from establishing family committee, Lee Gum Eke also developed he family constitution. All family members must follow the family constitution, otherwise will not be able to get its due share.

4. 2. Caring for the Community Lee Kurd Eke deliver consciousness Of caring for the community, because to measure the success of a enterprise, the most important factor is how many contributions the enterprise make to the society. For example, the founder Wang Young-aching of company Formosa Plastic Group, contributes a lot to society, by establishing the charitable foundation Change Gung Memorial Hospital and the charitable trust Change Gung. All of his son and all the hillier were deeply moved by their father, leading them work together continue to be of value to their family company.

After setting the target of caring for the community, Lee Gum Eke has obtained great achievement in following part. Caring for the Community: In 2008 and 2009, the senior management and employees of Lee Gum Eke participated in the " Charity Walk to Support Look Chi Association," the " Lifeline Express Hong Kong Foundation - Charity Run/ Walk 2009" and various activities to raise money for victims of the Is Chuan earthquake.

Caring for the Employees: Lee Gum Eke promotes a " 3-balance" corporate hilltop's - family, health and work; and provides free nutritious lunch and a shuttle for employees.

Caring for theEnvironment: Lee Gum Eke implemented environmental management facilities within its plants - an integrated oil and grease removal process to the sewage treatment system; reduction of plastic usage

in packaging; and deploying circulating hot water system to generate energy. 4. 3 Reactions to institutional roadblocks: In line with the spirit of "Is Lie Xi Rene" which means considering others interest, Lee Gum Eke resolutely bought out of the First Military Medical

Seniority and let the First Military Medical University continue to provide scientific research for the South Lee Gum Eke without participate in any management and investment. At the same time, the South Lee Gum Eke provided a sum of money to the First Military Medical University from sales in proportion. The problem has been well settled with guidance of "Is Lie Xi Rene". For the complaints from public, Lee Gum Eke attaches great importance to quality of product. From 2004, Lee Gum Eke has taken a series of reform measures to improve product quality and improve customer satisfaction.

Lee Gum Eke conduct questionnaire survey every half a year, set up R & D center and invest huge funds to establish integrated supply chain. These strategies have ensured product quality and have improved the competitiveness Of enterprises. The results show that 2004-2007 years customer complaint rate remains below 0.006%. 5. Recommendations for other family enterprise 5. 1 Consciously penetrate the enterprise culture to brand shaping 5. 2 Cultivate the spirit of forever the entrepreneurial and continuous improvement 5. Implement people-oriented management culture 5. 4 Starting from basic and Striving to consolidate the basis of a hundred ears enterprise Family sustainability score 6. Conclusion " Lee Gum Eke" is not just an isolated brand, but a true to life, ups and downs of the family business 100 years of struggle history. Let's not easy for any business

concern to survive and remain strong for over a century. It is even more inconceivable for Lee Gum Eke, which began as a humble family operation, to grow into the renowned family enterprise that it is over a period of 125 years.

By studying Lee Gum Eke, I have learned a lot for the enterprise's core value "considering others interest first", the target "constant entrepreneurship" and customer focused approach in developing business. By introducing family business map, we naturally come to the conclusion that Lee Gum Eke will continue put the family ownership and family management strategy in the foreseeable future. 6. 1 family ownership Concentrated ownership enables the controlling owner to effectively control the firm and to be held responsible for his decisions (Lucian, 1965; Jensen and Neckline, 1976).

However, diffused ownership has benefits too. Selling ownership shares to investors facilitates financing and firm growth (Demesne, 1967). As we can see from the chart. The company Lee Gum Eke has a very high score of family value. Therefore, concentrated ownership can enable family members make their decision effectively. 6. 2 family management In principle, firm decision rights should be given to the person who maximizes the productivity of firm assets (Grossman and Hart, 1986; Jensen and Neckline, 1992).

Founding family members have specialized abilities to preserve and share these intangibles because of life-long interactions and family governance mechanisms that are not available to non-family members. We call these specialized intangibles family assets. From the chart we can see that the roadblock of Lee Gum Eke is lower than most of companies located in SEA

and Mainland China. Therefore, choosing family management can maximize the profit of company because of the intangible family assets can show to others.