

Spanstion apart



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Spancion (China) Ltd. offers workers at its plant in China's Suzhou Industrial Park many of the same employee benefits as scores of other nearby factories. What sets Spancion apart from the pack is the management style of its 47-year-old Singaporean chief executive officer, Loh Poh Chye. Most factories in the park, which is east of the city of Suzhou in the province of Jiangsu, offer medical plans, in-house training programs and promise to treat employees like family, says Mr. Loh. " But to me the difference is how you do it and how you engage the employees.

I believe you have to show them it's not just slogans -- you have to walk the walk. " That philosophy propelled Spancion to No. 1 this year in the Best Employers in Asia survey by human-resources consultancy Hewitt Associates. Spancion makes flash-memory products used in consumer electronics such as high-definition television sets and MP3 players. Headquartered in California, it employs 1,300 people in China and is a joint venture between Advanced Micro Devices Inc. of the U. S. and Japan's Fujitsu Ltd. It is listed on the Nasdaq Stock Market. One of the first things Mr.

Loh did at Spancion was to put in place a management team that thinks like he does. He also runs a mentoring program that pairs managers with someone two or three tiers below. And he gives each division a budget to fund an activity outside work such as a group dinner or a community-service oriented activity. Twice a month, Mr. Loh joins a dozen or so factory workers in the company's cafeteria to talk about staff issues ranging from pay scales to career goals to the quality of the canteen's food. So far, his strategy is working. Staff turnover in Suzhou Industrial Park averaged 30% last year, Mr.

Loh says, but Spancion's rate was half that, even though its pay scales lag some other companies in the park. Hewitt Associates conducts its survey every two years. It started the surveys in Asia in 2001 and this year's involved 772 companies and 160, 000 employees in seven markets. Besides China, Hong Kong, South Korea and Singapore, Hewitt added for the first time Australia and New Zealand, which are treated as a single market, and Japan and India. In addition to quizzing CEOs and their human-resources departments, Hewitt does random polls of employees.

The data is then evaluated by independent judging panels appointed by Hewitt, and winners selected. " It comes down to getting the basic things right, but most companies seem to let a lot of stuff get in the way of that," says Andrew Bell, head of Hewitt Associates' regional talent and organizational consulting practice. " Everyone these days will say 'our people are really important' but when you get inside these winning organizations, there's a deep philosophical belief about that -- and it starts with the CEO, and cascades from there. "

Joining Spancion at the top of Hewitt's survey are Three on the Bund, a company that runs four restaurants, a spa, an art gallery and high-end retail outlets in an historic building in Shanghai, and the Ritz-Carlton hotel in Hong Kong. Hotels usually rate highly in the best employers survey and this year five of the top 10 are hotel companies. According to Hewitt's research, hotels often top the survey because they have to be the best kind of employer. Every employee -- from housekeeping staff to bellhops -- has contact with the customers, and one bad experience with a maid can ruin a hotel stay.

Hotel managers must engage and motivate each employee, not just top-tier managers. So, top-tier hotels are run on the premise that employee satisfaction leads to guest satisfaction. Hotels also offer great mobility: They tend to hire from within and value customer-service experience, which is gained in every hotel job, as much as formal education. A bellhop, for instance, can work across and up to become a food and beverage manager. Indeed, Hewitt's latest survey shows that workers from all industries rate recognition and career prospects far above pay. The Ritz-Carlton in Hong Kong, like other hotels in the U.

S. chain, has an effective communication program, Hewitt says. Managers meet with employees in their team at morning meetings to brief them on what's going on with the hotel that day. At these daily meetings, Ritz-Carlton managers acknowledge staff who've done something to stand out. They also read out the company's employee pledge: " Our ladies and gentlemen are the most important resource. " The company backs that up with human-resource programs to help employees identify areas of strength and set career goals, and provides training to help them achieve those things.

" As part of our culture and philosophy, we constantly encourage internal growth as we strongly believe in talent retention and development," says Mark Lettenbichler, general manager of the Ritz-Carlton Hong Kong. " With succession planning, we nurture and maximize talent, creating long-term careers... and eventually building employee loyalty and commitment. " The Ritz-Carlton's human-resources policies also offer a lesson for companies in other industries. In an environment where everyone counts and anyone can

climb the career ladder, employees are likely to be more committed and work harder, says Hewitt's Mr.

Bell. That translates into profit. Hewitt's survey shows that companies that engage their employees have stronger earnings. The top 20 companies in this year's survey have had 75% higher revenue growth than the rest over the past three years; their productivity was 67% higher, and their profit growth 38% higher than other survey respondents. For Mr. Loh, a factory full of committed workers is well worth the extra effort he and his managers put in. It's not always about doing what employees want, he says; often it's simply communicating clearly why the company is doing what it's doing.

Newly hired employees sometimes gripe about Spancion's pay. But Mr. Loh says good communication is key to keeping employees happy. " We have to be honest and tell them we are not the highest paymaster because we can't afford to be. We don't blindly pay the top market rate -- but we do pay for performance," says Mr. Loh. " So those who stand out get higher pay, and those who are below average get lower pay. " And when an employee complains that a colleague has been promoted above him or her, Mr. Loh challenges the employee to pursue a promotion, rather than sit back and wait to be singled out by a manager.

" We are always willing to offer training to someone who's motivated, or move someone to a new department, laterally, to work across and up in a new area, " he says. " Sometimes when I say this, they start to get uncomfortable -- they don't want to move out of their comfort zone. I tell them not to put all their career movements in the hands of the company -- (you) have to take ownership, discuss it with your supervisor, show your

capacity and get out of your comfort zone. " Feedback is another big part of Mr. Loh's management strategy.

Employees in Hewitt's survey say they like to be able to make suggestions, but don't like it when feedback forms are met with silence. Members of Mr. Loh's management team encourage staff to make suggestions on the company intranet, and respond to each individual suggestion, regardless of whether it is implemented. " The affinity level between myself and my department managers is very high. We're all very close -- not just afriendshipkind of close, but more than that; we spend a lot of time talking, and they can read my mind and I can read theirs," Mr. Loh says.

His managers have taken a page from his book; two years after Mr. Loh came to Spancion, department managers starting holding cafeteria chats of their own once a month. Mr. Loh, who joined Advanced Micro Devices in Singapore1984, started reading ancient Chinese texts for management tips in a bid to better connect with his employees when he was posted to China in 2001. " There's a saying in Chinese: attack the heart instead of the castle. Management is about winning and managing the heart of a person -- then that person will start to believe in the vision you have.

" Of course, " that's got to be accompanied by proper compensation and benefits," he adds. " Most of the traditional Chinese literature talks about management style that focuses on managing the hearts and emotional qualities of a person, instead of the hard stuff," says Mr. Loh. " I feel that it is in the blood of the old Chinese people -- they value culture, they value a people-oriented style of management, and I think that carries over to this new generation. "