

ON A SUGAR HIGH

BY VIVIEN SHIAO

Cheng Yew Heng Candy Factory has been contributing to Singapore's sugar rush since 1947 as the country's biggest and oldest rock sugar supplier and manufacturer



"IF MY FAMILY NAME WASN'T ON THE SIGNBOARD . . . I WOULD PROBABLY GO OUT TRYING NEW THINGS AND EXPERIENCING LIFE."

— John Cheng (right), director of trading & business development, Cheng Yew Heng Candy Factory

But while the company is most well-known for its sugar business, it is also a global soft community trader of other products such as corn, wheat, flour and rice. The company trades all across the world, even in the most far-flung places such as parts of Africa and Asia "where no one dares to go", quips Mr Cheng Liang Kheng.

WE ARE FAMILY

Both brothers joined the family business at different times, but under similar less-than-ideal circumstances. Older brother Mr Cheng Liang Kheng left a well-paying insurance job at Prudential in 1994 to help turn the company around as it was doing poorly at that time.

"I felt terrible. My salary dropped from S\$300,000 a year to less than S\$1,200 a month at that time and I had to sell my car," he recalls. But the company eventually managed to tide through the rough period and he stayed on ever since.

"Since we were young, our (late) father primed all of us to take over the business," shares Mr John Cheng. "My school holidays were spent either in the factory or following him to meet customers. Those were fond memories even though I would be grumbling and wanting to stay home to watch TV."

He jokes that every time he did not do well on an exam, his father would tell him that it did not matter as he could always just go "knock rock sugar" for the company.

But while the younger Cheng brother always knew that he would eventually join the family business, he decided to first work in a bank as well as pursue some of his own passions after graduating with a degree in business from the Singapore Management University.

As fate would have it, he had to join the company earlier than he expected due to his late father's health in 2008, mirroring his older brother's reluctant entry into the family business.

As a relative newbie at that time, Mr John Cheng decided to focus on building the foundation of the company for the first five years, referring to its manufacturing and operations.

The company made leaps in its food safety certifications, starting from zero to obtaining HACCP in 2012, then followed by ISO9001 and finally ISO22000 in 2016.

"When we first started, it was much easier working together as I just listened to my brother



PHOTOS: YEN MENG JIN

because he was there for so long. But things changed when I started to grow my wings and had an opinion," recalls Mr John Cheng.

Typical of most siblings, the two brothers – with a 12-year age gap between them – started bickering and arguing about business decisions and how the company should be run. But after eight years of working together, Mr Cheng Liang Kheng says that they now work together very well. "I respect him, he respects me. If we don't like a decision, we confront each other and we talk," he states.

Mr John Cheng says that at the end of the day, everything can be resolved because they are family. "We know what we do is not for us, but for the future generation. Whatever we do will affect them, so we work together for that same goal," he explains.

NEW DIRECTIONS

Cheng Yew Heng has traditionally been focused on business-to-business (B2B) transactions so not many consumers may have seen their industrial Star Brand bags that range from three kg to 30 kg.

The company has recently made the leap into the consumer space with the Cheng sugar brand launched last year in Cold Storage supermarket. The sugar bags come in more manageable, retail-friendly sizes of one and



IT MAY not be a name that most consumers are familiar with, but Cheng Yew Heng Candy Factory has been contributing to Singapore's sugar rush since 1947 as the country's biggest and oldest rock sugar supplier and manufacturer. A family-owned business in its third generation, the company is currently run by brothers Cheng Liang Kheng, 46, and John Cheng, 34. The former is the managing director while the latter is director of trading and business development.

Cheng Yew Heng today owns at least 60 per cent of market share in the rock sugar market in Singapore. And despite a falling trend in sugar futures, revenue has been steadily increasing: from S\$63 million in 2013 to S\$122 million in 2015. But getting to where it is now has not been an easy journey, according to Mr Cheng Liang Kheng. "The company has weathered through quite a few storms and financial crises such as post-2001," he shares.

The two brothers say, modestly, that their biggest achievement is the fact that Cheng Yew Heng is still here after almost 70 years. In that time, they have taken some innovative ways to refresh the brand and remain competitive.

SWEET BEGINNINGS

"Contrary to popular belief, the name Cheng Yew Heng is not the name of our grandfather (the company's founder). In Chinese, the three characters actually mean family, friendship and happiness," says Mr John Cheng.

The company retained "candy" in the name for heritage purposes, as it used to produce traditional Chinese sweets such as hawthorne and sourplum when the business first began.

Their grandfather started the business from scratch after arriving from China in the early 1900s, which he later passed on to his fifth son (the brothers' late father) in the 1950s. It was also at that time that the company started manufacturing its most well-known products: rock sugar, red jaggery sugar and black jaggery sugar.

In particular, red jaggery sugar is a product unique to Singapore and not found anywhere else. "It is eaten with *putu mayam* (a traditional Indian string hopper dish), and different from what is found in Malaysia," explains Mr John Cheng, adding that they are "proud to be a made-in-Singapore brand".

As recognition of the company's legacy, Cheng Yew Heng's Star Brand sugar was featured in the National Museum of Singapore as one of the country's 50 locally made products as part of the country's SG50 celebrations.

PHOTOGRAPHY: CHING, GREENPLASTICSOLDIERS STYLING: JC GROOMING: SHARON POW FROM LIVING BEAUTY WARDROBE: CHENG LIANG KHENG (LEFT) IS WEARING A SWEATER BY H&M, SUIT HIS OWN; JOHN CHENG (RIGHT) IS WEARING A SWEATER BY H&M, SUIT BY BLACKBERRITT BY NEIL BARRETT



PHOTO: YEN MENG JIN

“OUR PRODUCT IS QUITE RECESSION-PROOF. NO MATTER WHAT, YOU STILL NEED SUGAR IN YOUR COFFEE OR TEA.”

– **Cheng Liang Kheng** (second from left), **managing director, Cheng Yew Heng Candy Factory**

social media, and has set up Instagram and Facebook accounts. It is also engaging with key online influencers, as well as public relations and marketing companies.

“From a B2B business, we are now doing B2C (business-to-consumer). It’s a very different market, but we are not forgetting our B2B . . . It’s about reaching out to the next generation of users and hoping it brings some momentum to our B2B side as well,” adds Mr John Cheng.

Another new business is the bulk tanker delivery system that allows the company to deliver in a bulk container of 22 tonnes compared to the previous 50 kg or one tonne bags. The brothers explain that in the near future, customers that have grown to a certain size will automate, by pumping sugar into a silo for these companies to process and make their own products. Cheng Yew Heng wants to be there when it happens, they say.

They estimate that they are the second player introducing this bulk logistics service which traditionally has been a monopoly, and it will be fully operational by the end of the year.

MANAGING PEOPLE

In family businesses, it is quite common to have staff who have been faithfully working there for years, and the brothers have high praise for them. “They are very loyal, and you can’t find these kinds of workers anymore. They really think and breathe for the company, and back you in both good times and bad,” says Mr John Cheng.

In contrast, he says that the younger generation will balk, especially if they

need to work in the hot, humid factory conditions or even travel to Jurong. “If my family name wasn’t on the signboard, I would (be one of them),” he laughs. “I would probably go out trying new things and experiencing life.”

But as more of their mature workers retire, there is a pressing need to keep up with the times. The company has hired younger workers, so now there is a good mix of the young and old. “We have a few who just graduated from polytechnic and universities who just joined us,” says Mr John Cheng.

He lamented that previously, he was the youngest. But managing older and more experienced workers also comes with its own set of issues. “If you want them to change something and it’s an area you are not so familiar in, they will tell you that they have eaten more sugar than you have eaten rice,” jokes Mr John Cheng, giving a twist to a Chinese proverb.

As a result, he spends a lot of time convincing these workers of the need to change, and they are often sent for courses on food hygiene and training.

But what makes the family business stand out is the fact that the workers are treated just like family. “I have a friend who works nearby. He will pop by every now and then, and he comments that the atmosphere here is different from other companies, where everyone is very serious,” says Mr John Cheng.

If employees have problems, they will go to big boss Mr Cheng Liang Kheng for help. “It’s not a one-man show, and I listen

to everybody. We talk about everything – we even have a mass chat . . . open communication basically,” says the older Mr Cheng.

CHALLENGES AHEAD

While there has been a war against diabetes going on, with many pinpointing sugar as the main cause, Mr John Cheng says their company emphasises on giving information to customers through their labels.

“Sugar is not a source of nutrition, it is a source of energy and makes what you eat taste a little better,” he explains. “We want to educate people so that they can enjoy sugar, but in moderation and with exercise. We clearly say that in the packaging.” As for their most pressing challenges faced in the manufacturing business, the brothers say that it has to do with finding manpower.

One way that the company is hoping to get around it is to become more visible to the younger generation, especially with its new retail products. This is done through an internship programme by working with universities.

Another project in the pipeline is creating an educational experience by having viewing galleries and allowing schools to see what the sugar-making process is all about and becoming a name that Singaporeans can associate with, says Mr John Cheng.

Cheng Yew Heng has ambitious plans to expand, and one of these is to increase its manufacturing space from 30,000 sq ft to 80,000 sq ft in the next three to five years. Mr John Cheng says that the company is lacking capacity right now to capture more market share in the rock sugar industry. The brothers are also optimistic about the future of the business. “The whole general market is bad, but our product is quite recession-proof. No matter what, you still need sugar in your coffee or tea,” says Mr Cheng Liang Kheng.

The brothers share that they have big plans to expand worldwide, and China happens to be the first market that they are focusing on due to its huge potential, growing population and market size. “With our new facility in the pipeline, we will then be able to produce more and export all our value-added products,” adds Mr John Cheng.

As for succession plans in the future, the brothers say that they are trying to encourage the next generation to take an interest in the business, just like what their father did with them.

Mr Cheng Liang Kheng’s son recently spent his school holidays in the company doing some administrative work to earn pocket money. “Eventually we hope that the next generation will choose to be a part of the legacy . . . and help grow the business to greater heights for their children and further generations,” concludes Mr John Cheng. ■