

Health is wealth for Wen Ken

The homegrown TCM firm is constantly innovating and differentiating to stay ahead of the competition, reports **KAREN NG**

HOMEgrown Traditional Chinese Medicine (TCM) firm Wen Ken, famous for its Three Legs Cooling Water product, knows that the only way to stay ahead of the competition is to innovate and differentiate, something which it is very earnest about. For instance, it found that crab shells are a good source of glucosamine for joints, according to Cheong Wing Kiat, corporate development director of the Wen Ken group. The process is even explained in detail.

"In our biotechnology factory based in Shandong China, we extract the chitin found in crab claws which is rich in glucosamine sulphate. The molecular structure of chitin is then changed to molecular bile to be used in our products," says Mr Cheong.

A main motivator that spurred Wen Ken to innovate its TCM ingredients (instead of buying through their usual suppliers in China) was the rising labour costs in the mainland. While Wen Ken still brings in most of its raw ingredients from China, the firm has had to set up a professional purchasing department to control the costs and quality of ingredients, otherwise it would "break their budget".

High labour costs locally have also pushed Wen Ken's main production factory into neighbouring Malaysia. Mr Cheong is very positive about the situation though, saying that "as the factory is near our home ground, IT infrastructure, transportation, and distribution of the goods is convenient". Cost-cutting measures have also been implemented on items such as bottles and bottle caps through industrial design measures which makes use of recycled materials.

Fu Siang Jeen, another director of the Wen Ken group, elaborates on the firm's differentiation bid. It started Cool Rhino, a modern take on the company's distinctive Three Legs Cooling Water, in a bid to "move out of the traditional mindset" and attract a younger clientele and also to make its "packaging more relevant for consumers".

Mr Fu adds: "As part of the third generation of founders taking over the group, we wanted to stay relevant to modern needs of society, so besides improving the aesthetic part of our products, we also felt the need to vertically integrate TCM and take Wen Ken into the 21st century."

Wen Ken started vertically integrating in 1995, when Mr Cheong first joined. Not wanting to put "all the firm's eggs into TCM", he formed joint ventures with Singapore Biomedical Innovations, the life sciences arm of the Economic Development Board. The fruits of their collabora-



Generation next: (from left) Wen Ken's directors Cheong Wing Kiat, Fu Siang Jeen, and Fu Shou Jeen

tion bore products such as MarinEx, which focused on extracting ingredients from marine biotechnology.

Wen Ken also developed other products such as Osteo Milk and Osteo Soy, providing an alternative source of calcium to consumers and in 1999, came up with GlucoSCare, a line of tea products that were diabetes-friendly. Mr Fu also came on board during that time to help take these brands further.

Leveraging on its established name in the health products sector, Wen Ken started marketing its new products overseas, and also focused on packaging its ingredients for sale to other manufacturers, or "OEMs", as Mr Cheong calls them. Territories under its marketing umbrella so far include China, Poland, Australia, Dubai, Hong Kong, Vietnam, and Brunei.

This strategy has paid off handsomely for Wen Ken, as

its 2010 revenue reached a high of \$20 million, excluding takings from associated companies. It also bagged accolades along the way such as the BrandLaureate – SMEs Chapter Awards and the Singapore Prestige Brand Award in 2007.

Such success is a far cry from "Wen Ken's humble beginnings way back in 1937", says Mr Cheong. With the aim of helping people overcome ailments that arose from being in the tropics, four families decided to formulate their own concoctions to help their fellow immigrants, which led to the genesis of Wen Ken's Three Legs Cooling Water, elaborates Mr Fu.

The Foo, Fu, Chan, and Cheong families, who had just arrived from China then, went door-to-door to peddle their wares, and added reliefs for other common ailments such as headaches and coughs to their inventory.

Mr Cheong was quick to add that most Hakkas (the dialect group of the four families) were well-known for their TCM cures back in China, so they could always rely on their backgrounds to make or improve their wares. As the business grew over the years, Wen Ken's shareholder structure remained primarily the same but only two families remained. Mr Cheong says, "Due to two of the partners passing away early, only the Fu and Cheong families were left."

Succession, known to be a difficult period for most companies, was always a smooth process in Wen Ken. Says Mr Fu, "Our philosophy has always been to maintain harmony among shareholders. How we manage relationships between the families and how we choose successors have always been more than fair."

According to Mr Fu, shareholders will usually "choose active members from the two families, and see their suitability" in taking over the leadership reins. While Mr Fu's father was managing director and Mr Cheong's father the chairman before them (their parents being the second generation), Mr Fu adds that "usually when there is a strategic change in leadership, all the shareholders will meet for a discussion".

Wen Ken looks set to climb further with an injection of fresh blood to its management. Mr Fu's younger brother, Fu Shou Jeen, joined early this year. So far, he has gotten the company's factory in Malaysia to not only produce and market ingredients but to also offer services ranging from the development of a product all the way to distribution.

With all the health care products Wen Ken is producing across its vertical integration chain and marketing, as well as its drive to constantly innovate and differentiate itself from its competitors, it can be said that health is definitely wealth for Wen Ken.