



NOURISHING SUCCESS

In one of the most spectacular instances of turning rags to riches, QL Resources Managing Director, Dr Chia Song Kun, has built a thriving agro-food empire. Even more dramatically, he has uncovered the holy grail of creating a business entity that will outlast the competition with a motto that seeks to benefit every single person who comes into contact with it. In an exclusive interview with Kenneth Tan, Chia shares his honest-to-goodness story of building a sustainable business for posterity.

Photography Tian Xing/Show Up Studio & Imagine Art Direction Shahrul Hilal Rethashah

At the recent Malaysian edition of the Ernst & Young Entrepreneur Of The Year awards, the buzz that ran around the glittering ballroom was of the global economy, predictions for the eventual winners and – this being Malaysia – of where the best food could be found in the country. Smiling serenely through these exchanges was silver-haired Dr Chia Song Kun, Managing Director of QL Resources, the frontrunner for the Entrepreneur Of The Year Award that night. His unbridled joy had plenty to do with him being among peers and contemporaries, his own presence guaranteed by the monumental achievement of navigating QL Resources through 25 years of uninterrupted growth. Perhaps, also, that beatific smile had a little something to do with popular topics of conversations that evening; in that it showed just how important and relevant his nature and model of business was – for the present day and in time to come.

Amid the aplomb when Chia was duly announced as the Ernst & Young Entrepreneur Of The Year, none would have begrudged him his victorious hour. While Chia's acceptance speech was humble – he simply thanked the many committed QL Resources employees who brought their own brand of entrepreneurship to the organisation – there's an unshakeable certainty that the company has, in application, the last unwritten secret of enterprise. In all these years, Chia and his team have doggedly pursued an all-encompassing vision of mutual benefit, the kind which recalls the olden days of hand-on-heart dealings; where the greater good outweighed speedy gains; and when success was equated to the simplistic dream of repaying the kindness of people.

The broad-based integrated livestock farming, marine product manufacturing and oil palm activities of QL Resources now sees the group operating across Malaysia, Indonesia and Vietnam, with large-scale infrastructure projects undertaken and plantations developed to deliver in years to come. In Indonesia and Vietnam, more than RM300million has been invested on production facilities and opening new markets, with day-old chick production almost doubling from 1.3 million per month at the end of last year to 2.5 million currently. In the small fishing village of Brondong near Surabaya, 500 people – formerly in subsistence fishing – are now employed by QL and enjoying a far higher quality of living, with their employment in the making of *surimi* and fishmeal. That multiplier effect on living standards has risen yet again as the processing plant's capacity doubled from 5,000 metric tonnes (MT) last year to the present 10,000 MT.

In Vietnam, the group recently hit break-even stage, with approximately 350,000 chicken eggs produced per day. All these are, of course, allied by QL Resources' resolute fortress of growth in Malaysia, which still accounts for close to 90 per cent of the Group's bottom line results. In the major fishing village of Hutan Melintang



on Malaysia's western peninsula, QL Fishery operates as the area's biggest employer, with about 1,000 people working in a behemoth processing plant. Meanwhile, out at Tuaran in East Malaysia, QL Marine Products boasts the only EU-certified fishery jetty in Sabah. These are but some highlights in an entrepreneurial vision that was realised over a period of 35 years, in which the first 10 were but a mere thought nestled in the mind of a young academician in Universiti Teknologi MARA in Shah Alam.

A MATHEMATICIAN COMETH

Chia graduated with a First Class Honours in Mathematics from the University of Malaya in 1973. The same year, he began a career in academics as a tutor in his alma mater, moving on to become a lecturer at Universiti Teknologi MARA. In between lessons of mathematics and statistics, Chia was continually nursing the idea of starting a business and, as he says, "the longer I thought about it, the more inclined I was to leave the teaching line to start a business, because I firmly believed I could do better by getting out." It wasn't that the teaching life was unkind to him. But, inspired by the same redoubtable confidence that all entrepreneurs possess, Chia began looking at projects with a group of his friends, eventually settling on the 1985 founding of a private college called INTI, which eventually became INTI Universal Holdings Berhad. "Education, at the time, was something I knew how to do best."

It was at this time too that Chia took the next step with the founding of a family business distributing fishmeal and other feed-meal raw materials. It was the first step in a long road for Chia, a tangible reminder that he had begun to fulfil a promise he had made to himself.

A reading into Chia's early life easily reveals the motivations behind the genesis of QL Resources. "I come from a large family of 15

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siblings and money was very tight when we were growing up," he says. "Even as a young boy, I felt a deep responsibility to contribute and ease the burden of my parents." The obvious answer, to Chia, was mud crabs. "It was a good way to earn because the mud crabs I caught could fetch two to three ringgit a day; I remember my mother being especially happy if I could bring home that much."

Thus, for the young Chia Song Kun, his first office was the mangroves and mudflats in his seaside village of Sungai Burong in Upper Selangor. Here, on weekends and school holidays, Chia would wade into the thick mud for hours to look for the crabs, foraging among the burrows and pulling the crustaceans out using a hook he designed himself. He quickly learned to read the tide and the days when it receded the furthest – always the first and 15th day of the lunar month – and when the ebb would expose a vast expanse of mudflats.

Chia excitedly recounts how such conditions made it perfect for the mud-sled – a simple contraption constructed from a plank of wood to look almost like a giant ski – which he would kneel on with one leg while propelling himself with the other, all the while catching crabs and depositing them into an attached crate. "With the mud-sled, I could travel at about the same speed as a bicycle and this speed wasn't just useful for getting to the crabs; you had to be faster than the next village boy who was going for the same crab on his sled!" This source of income became of paramount importance to the young Chia and, so eager was he to play his part in contributing to the family coffers, that he would willingly forego his first day of the Chinese New Year, preferring instead to head out to the exposed mudflats with his sled to catch crabs in the sweltering high noon on the most auspicious day of the Chinese calendar.

Beyond his skill at mud-sledding, the young Chia also exhibited a knack for education and his aptitude for learning was encouraged by the rest of his family, particularly his elder brothers, who supported him throughout his schooling, all the way to university level. To supplement the pocket money he received from them, Chia also took on temporary teaching jobs at high schools during his time as a university student, an experience he found 'extremely fulfilling'. "Education has given me the tools to change my fate; it gave me an option other than a life of subsistence fishing – unlike my elder brothers, who had to leave school at 11 because of poverty and lack of opportunity for further education," Chia says. He remains passionate about education to this very day and is actively involved as chairman of the governing committee of community-run Pin Hwa high school in Klang, which is also his alma mater.

Chia cites his academic background – as a mathematician – for imbuing him with a strong knack for analysing situations. "A mathematical problem can often be solved in a number of ways and the challenge is to find the most efficient way of solving it," he starts. "The solution might be elusive when using traditional step-by-step logic; sometimes, it has to be found through lateral thinking, using indirect and creative approaches." Chia reveals that his methodology

for problem-solving simply requires him to step back from the problem, examine ways in which it can be solved and, then, re-examine it to see if there are other more attractive alternatives – an almost textbook recourse that has borne huge rewards in his business life. He's quick to recommend the study of mathematics to anyone who wants an edge in business. "I cannot answer whether an academic background would be good for all entrepreneurs, but I know the knowledge I gained during my years in and around education has helped me get to where I am today."

THE CURIOUS CASE OF CALCIUM

That same exposure to fine thoughts and great minds in academics also enabled Chia to realise that he was sitting on a rich seam of wealth. In his time as a lecturer, he unearthed a nugget of information concerning seashells as an excellent source of calcium for animal feed. Poultry breeders and egg producers know that, without calcium supplements in hen feed, the shells of eggs will not have the same hardness as naturally occurring eggs, which derive mineral hardness from grit, dirt and sand naturally ingested by free range or wild fowl.

Chia remembered that the beach close to his family's home village was littered with shells from long-dead molluscs. And it was, perhaps, the easiest way to involve his fishermen brothers in a business enterprise which would not remove them from their ken. The only stumbling block was the obstacle of a giant swamp that lay between the beach and the nearest serviceable road. Necessity, as they say, begets invention, and Chia and his brothers decided to construct a road from a large copse of felled coconut trees, sawing the trunks to 10ft-lengths and stacking them across the swamp, with trunks on either side to bind them. Sand from the beach was used to fill the gaps and the Chia brothers were soon in business together, supplying harvested shells to millers in bulk. This was the precursor to QL Resources and Chia had begun to come good on his wish to help his family lead more comfortable lives.

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When QL Feedingstuffs came to be on 22 June 1987, Chia became founding managing director of a business that largely based itself on marine products, such as the harvesting of shells, fishmeal processing and the like. It was a simple time, with Chia continuing his entrepreneurial streak of developing and pursuing new business ideas. At the root of his business plan was the idea that his company name espouses. *Quan Li* is an abridged Chinese phrase that means 'Benefit for All'. Chia defines this to mean that the business should not merely serve to benefit the owners. "The business must be able to provide benefits to all the people involved – employees, customers, stakeholders, partners and supplies, and extend to the larger spheres of local community, society and environment." For those who thought win-win was a difficult proposition, what then of QL Resources' mantra?

In the present day, four million QL Eggs are produced daily in Malaysia, Vietnam and Indonesia, making QL Resources the leading regional chicken egg producer. Even in the face of growing production numbers, the chickens of QL Resources live in comfortable and cool coops, augmented with strict hygiene controls and bio-security to enhance their overall health.

Owing to Chia's academic-meets-pragmatic thrust, QL Resources has surged ahead of its more traditional competitors, simply by finding the newest and best way to produce better quality products. Its *surimi* project began life with the stated aim to supply the Japanese market with fish-based products. To fulfil this tall order, the company made the decision to engage Japanese consultants and import Japanese technologies. "We create value and high-value products are able to fetch better prices in high markets." Underlying all this was the simple idea of adding value to the fish stocks that his brothers and other fishermen would return with from the seas. This value-add exercise has been so wildly successful that you can now walk into any Chinese supermarket in every major Chinatown around the world, and pick up a packet of Mushroom-and Figo-branded fishballs, fish tofu or *chikuwa* produced by QL Resources right here in Malaysia.

AN ALL-WIN EFFECT

The strong 20 per cent compounded annual growth rate of QL Resources' average share price on the KLSE makes for good reading among those who initially bothered to invest in a business of poultry and fishballs. Turnover, profits and assets are continually up and QL Resources currently has an RM2.5billion market cap to fuel further growth. Amidst these stratospheric financial highlights, the fundamental tenets of entrepreneurship remain the same for Chia. "One should not be afraid of small starts and humble beginnings. Many people say they want to have big ideas and think of something unusual but all that guarantees is that you may never get started. I've always believed that starting with something you know best will enable new and better ideas."

Education, and the agro-food industry, has been Chia's keystones since his leap of faith from an academician's career. "I was happy to be a teacher because, while you may not earn a lot, it gives you a lot of meaning in life. And I've always told myself that this business that I'm in must do good for society."

In order to keep himself on the straight and narrow, Chia considers business discussions to be the common ground to secure his allwin mantra. "I always look at partnerships as ways in which we can work out benefits for all parties," he says. "I need to see an angle that benefits us as it does them, and I admit it's not easy to always do that. But if we are creative enough, we can ask the right questions, find out the concerns and plan to do what's good for everyone. This kind of thinking builds lasting relationships and brings us to a higher platform – in a way, it's almost like planning for a good marriage."

For as long as QL Resources has been in business, it has striven to embody this all-win business mantra. "Employee turnover is very low, our investors and business partners are happy, and our suppliers and customers are loyal," Chia beams. "We produce good products in an era of food scarcity, and quality food will lead to better lives. At the same time, we create good jobs for employees. As an agro-food company, we also work to minimise our impact on the environment, by investing in green energy and waste reduction."

In 2006, Dr Chia initiated the Green Fishmeal Production Scheme, an estimated RM50million project that is a nexus of innovation and corporate responsibility. Fishmeal processing involves an energy intensive drying process that is high in fossil fuel consumption and low in efficiency. Under Dr Chia's stewardship, QL Resources made sweeping changes to improve the energy efficiency of the manufacturing process and reduce carbon emissions, principally through the development of boiler systems powered from locally sourced biomass resources. The improvements were

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voluntarily, without a regulatory mandate, on the grounds of environmental and economic sustainability. Air quality and environmental conditions have been in sulphur dioxide and nitrogen oxide. The project helped to develop sustainable local economies by establishing a market for biomass and creating jobs for the collection and supply of renewable biomass.

In the same vein, the Palm Oil Mill Effluent Biogas plant under QL Resources helps to reduce carbon footprint, minimise local environmental impact and generates renewable energy. The resultant green power of up to two megawatts per hour goes to operate the Palm Biomass pellet project, a replacement for coal and fuel, and as raw materials for industrial processes. Meanwhile, the digestate from the biogas plant is processed into organic fertiliser. The same approach is taken to chicken manure from the poultry farm in Pajam, Negeri Sembilan, which can generate up to 500 kilowatts of green power from a fully operational biogas plant.

Another constant cause that Chia rallies towards is the plight of fishermen, whom he identifies with closely. His own brothers, who struggled through the 1960s and 70s on meagre incomes, are a reminder of the parlous state of fisher-folk who have few means. "Our Fishermen's Financial Assistance Scheme is designed to solve two problems," he points out. "QL needs to secure a long-term supply of marine catch while fishermen need capital to build, upgrade and modernise their fishing fleets. We supply them with interest-free loans, while they give us the first right of refusal of their catch at market prices." This win-win microfinance proposition, in effect for over 20 years, has already helped over 1,000 fishermen and recorded a current book value of over RM30million.

A common way of relaxing for Chia is to spend evenings and weekends engaged in discussions in the aforementioned committee of Pin Hwa community high school in Klang. What was formerly a 600-student school of inadequate facilities and structures, which shared limited space with two primary



schools now boasts shining eight-storey facades of gleaming marble and glass, with state-of-art hardware and top-notch teaching staff. Before that, however, Chia successfully secured the migration of the primary schools – to the Setia Alam and Aman Perdana townships – which was crucial for the development of the high school. All told, he helped raise over RM50million for the project and, in the process, provided a model for other community-based schools across to nation to follow suit. "You need to show people that by thinking differently about education, they – and their children – can also live differently, and better." Seeing the school grow to its current size of 2,000 students

Chia at his office, in front of a painting that depicts the five o'clock down in Huangshan, China.

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and all its modern splendour gives Chia a feeling of joy and contentment. "I would say it is on par with an international school in terms of infrastructure, facilities and quality of teaching."

25 YEARS ON

As Chia gears himself up to spearhead Malaysia's charge into the international Ernst & Young Entrepreneur Of The Year awards glitzy Monte Carlo this June, he will bring with him the story of QL Resources' corporate values, the solid bedrock upon which his success is entirely attributable to. As QL Resources moves into its 26th year, Chia reflects on the promise of moving forward and growing. "It may not be as simple because the base is getting bigger, but regional operations will give us better room for growth," he says.

He's proud of building a highly resilient business model and refers to the recent droughts that led to soaring grain prices for chicken feed. "We mitigated it through a number of operational advantages," he says. "Firstly, by hedging on raw materials to provide an amount of relief; secondly, by mitigating through a vertically integrated value chain and being a complementary and diversified group, as a margin dip in one of our core sectors will be eased by the performance of the others. The productivity and efficiency of our workforce is another big plus."

Chia's own career challenge has been to evolve into a leader, in the sense that he has to inspire the change. "Before, I could function as a hands-on manager of people and processes but, with the number of employees at 5,000 today, it is no longer a case of thinking and doing. I now have to think, converse, inspire and let the others execute," he says.

Many might be amazed that, at 63, Chia has the vitality and constitution of a much younger person. He carries a jaunty gait and has an effervescent pep to his manner of talking. He meditates as a way of powering down from the day: "It has given me the ability to switch off at night at will, so I can



sleep well and feel fresh the next day." His other panacea for stress is a 45-minute morning walk, which he undertakes with almost daily regularity. "I find it a wonderful tonic for relaxation."

As ever, the analytical mind of Chia Song Kun is the one constant in places from the vast fisheries of Surabaya to the chicken layer and egg production facilities of Tay Ninh in Vietnam. Happiness, for him, is in solving problems and overcoming challenges. "Throughout my life, I have been on an upward trajectory in terms of responsibility," he says. "But every day is made up of problems and challenges. I like getting to know a challenge, looking at it from different angles and analysing the possible outcomes. I find a way to tackle it and the best person to talk to. I enjoy brainstorming possible outcomes and seeing it play out," he states, before musing on just why he finds the whole process so rewarding. "Happiness is about winning the small battles as, over time, these add up to become major successes." ■

Come June, Chia flies the Malaysian flag in Monte Carlo, Monaco, at the global edition of the Ernst & Young Entrepreneur Of The Year awards.

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