

TOUGH LOVE AND TAU SAR PNEAH

BY PATHMA SUBRAMANIAM

Not many know that Ghee Hiang Manufacturing Co Sdn Bhd — the maker of Penang's oldest and most famous mung bean biscuit (known as *tau sar pneah* in the Hokkien dialect) — was involved in a family feud that nearly cost the owners the more-than-a-century-old business.

It all started in the late 1990s when tensions started brewing among the elders of one of the founding families. The Ch'ng, Ooi, Yeap and Yeoh families used to jointly run Ghee Hiang and turned the brand into one that was almost synonymous with the island state.

"We did not face many problems during economic downturns. Our biggest setback came in the form of trouble between the families," says executive chairman Datuk Ooi Sian Hian. He adds that it was one of toughest challenges the family business had to deal with as the feud nearly spelt its doom.

There was friction between the second and third generation. "It was between my grandfather and father. It mainly started with disagreements on strategy and one thing led to another. They were just at odds with each other," says Ghee Hiang director Ch'ng Huck Theng.

"Among other issues, the previous management had invested in some heavy machinery to make the biscuits and that sort of led the company into a downturn. This was in 1999. We eventually had to hold an extraordinary general meeting to decide on the company's fate. This resulted in the forced removal of some of our granduncles and uncles."

At the time, Ch'ng was a budding artist while Ooi was managing his own architectural firm. They were asked by the families to come back and manage the company. "So, the responsibility of running the business fell on us," says Ch'ng.

The abrupt change in management resulted in a civil suit brought by those who had been forcibly removed. "We were in court for nearly 10 years. We had to pursue litigation for about seven years because the parties who were removed were dissatisfied with the way the company was being run. After seven years, we were done. The judge decided that we had to buy them out — a mutual buyout," says Ooi.

The settlement involved the Ooi and Ch'ng families buying out the minority stakes of the Yeoh and Yeap families.

"The feud was taking a toll on the business. The buyout was the only way to settle the tiff. Not doing so would have only prolonged the issue. If we had not done what was needed, the business would not have prospered," says Ooi.

HUMBLE ORIGINS

But this was not the first unceremonious event that the business had to go through.

It is worth noting that unlike most family businesses, Ghee Hiang was not passed down from father to son. In fact, the business was started by a migrant known as Teng, who hailed from China's Fujian province.

Penang was a bustling port city and trade centre

in then Malaya, attracting immigrants from all over Asia, particularly China, which was facing enormous problems due to rampant corruption, famine and poverty as a result of a rapidly growing population.

Spotting an opportunity to cater for the needs of the community, Teng opened a bakery that would serve a taste of home — Fujian's traditional delicacies and pastries such as *tau sar pneah* — to those working in the tin mines and rubber plantations. The business flourished but in the early 1900s, his grandson refused to take over the company.

"As the saying goes, family wealth rarely moves beyond the third generation. Teng's third generation was not keen on running the business. He wanted to be a photographer, an artist," says Ch'ng.

So, after Teng's death, the business was put up for sale. "In 1926, my great-great-grandfather expressed an interest to get into the fabric trade. But a close acquaintance, Yeoh, informed him that Ghee Hiang was already an established business and it was on the market," he says.

"My great-great-grandfather and a good friend of his, Ooi's grandfather and Yeoh jointly bought the company. That was the beginning of the business relationship between the Ch'ng, Ooi, Yeap and Yeoh families.

"This changed things for the four families as Ghee Hiang was supposed to be a typical multi-generational business. We were not supposed to come in."

Today, Ghee Hiang is managed by fourth-generation Ch'ng and third-generation Ooi. They are the only members of their families involved in the business.

After the takeover, in addition to its pastry business, Ghee Hiang started producing its own brand of sesame oil, known as Ghee Hiang Baby Brand Sesame Oil. The company also diversified into other businesses such as manufacturing coffee powder and mooncakes and property development.

"My father and Ch'ng's grandfather expanded into housing. During their time, they went to Alor Setar and Sungai Petani in Kedah. The Ghee Hiang Gardens you see here [in George Town, Penang] is one of their pioneer projects," says Ooi.

ESTABLISHING A COMMON GOAL

Today, Ch'ng is in charge of sales and marketing while Ooi oversees the operations and strategies. All the major business decisions are made by them.

Ch'ng says the Ooi family was their strongest pillar of support during tough times. "The adage is that blood is thicker than water. But in our case, water is thicker than blood," he adds.

"The family feud really affected the relationship between the Ch'ng family members. The outcome was such that friends became closer than family because we saw the running of the company as more important than our personal interests," says Ooi.

The episode taught them an important lesson: a common goal is necessary for a multi-family business to succeed and thrive. "The feud left a deep scar. The company was stagnant. It put a damper on the Ghee Hiang brand name as well," says Ch'ng.

"Despite the family tussle, we eventually moved on. It was a mutual agreement based on a valuation

by an independent party. So, both parties were compensated appropriately," he adds.

"We have gone through all the ups and downs that can affect a family business. Nothing could be worse than driving a wedge between two individuals," says Ooi.

The duo say all decisions related to the company's operations are made on the premise of what is good for the company and its shareholders. "We scraped through and had to take some executive measures. We formed the basis of understanding and a common goal, which is to drive the company forward and derive as much as we can for our shareholders," says Ch'ng.

"We started by consolidating our businesses and coming up with a vision and mission for the company. We focused on expansion because Ghee Hiang has been around for more than 160 years. With that kind of legacy, you should be able to have an edge over your competitors."

This included an exercise that would turn Ghee Hiang into a global brand. "When we were reimagining the company, we decided that we would keep our core business. From our observation, most companies tend to diversify until they dilute their brands," says Ooi.

"We need to constantly check to see if we are aligned with our vision, mission and end goal. Otherwise, it is easy to be distracted."

THE VALUE OF HERITAGE

The company has done away with the machines that make the different pastries. Although it has retained some form of automation, it has gone back to kneading pastries by hand and baking them free of preservatives.

This is done to preserve its heritage, says Ooi. So, when customers buy a Ghee Hiang product, they are not just buying a pastry or a bottle of sesame oil, but the products' heritage value.

That is why the company has refrained from venturing into more modern baked delicacies. Ghee Hiang's repertoire continues to consist of its famous *tau sar pneah*, *phong pneah*, *beh teh saw*, *hneoh pneah*, almond cookies and sesame crisps.

But to rekindle nostalgia and interest in traditional delicacies among the younger generation, the duo realised that they needed to repackage Ghee Hiang's offerings. The transformation has included establishing new outlets with adorable baby mascots (inspired by its logo), a rebranding exercise, new advertisements and the opening of the Teels Heritage Café. Teel is another name for sesame.

The café — which faces the ever-busy Burmah Road — is part old-world glamour, part modern maximalism (an esthetic of excess and redundancy in reaction against minimalism) and part timeless sophistication. Having been an architect, Ooi admits to being very meticulous about the design and furnishings in the single-storey building.

The ground floor is split into two portions. The front half serves as the customary outlet that carries all of Ghee Hiang's daintily packed goodies and sesame oils. The other half and the upper level is for both casual and formal dining, decked with cosy armchairs, jewel-toned wall finishing and memorabilia of Penang's



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tin mining past and colonial times.

That is not all Ooi has transformed. He has revived Ghee Hiang's legacy of selling piping hot pastries through afternoon tea sets in an attempt to take guests back to the time when people would queue outside the company's old shophouse on Beach Road.

The menu does not end with pastries. It also includes cleverly crafted savoury mains and accompaniments that play on bold local and western flavours.

To stay true to its identity as a home-grown Penang brand, the fresh produce is mainly sourced from around the island and mainland, says Ooi. "When you come to our café, you are not only buying pastries or sesame oil but also a heritage brand. We want to be an icon of Penang. So, when you come to Penang, you must experience what Ghee Hiang is all about."

The company has four outlets in Penang, six in Melaka and one in Kuala Lumpur. It also has distributors all over the Klang Valley.

Overseas expansion is currently in the works. However, this is only for the export of its sesame oils. "We are already in Hong Kong, Thailand, Singapore, Indonesia and Australia. Next, we are going to Cambodia," says Ch'ng.

To safeguard the company's reputation, the sesame oils are prepared with only premium ingredients. "It is about the quality of the seeds, not their colour. So, if you buy low-quality seeds, you will find that the stearic acids or free fatty acids (FFA) are high," he says.

"All oils are prepared using FFA standards. The FFA should not be more than 2%. The World Health Organisation advises people not to consume oils with more than 3% FFA. Ghee Hiang produces sesame oils that are under 2% — well below that actually."

Oils with high FFA and stearic acids could lead to heart problems. "So, if you buy low-grade oils, you are actually risking the health of those in confinement or putting your family's health at risk. That is why even

during financial crises and the recent devaluation of the ringgit, we still insisted on using the highest grade seeds," says Ch'ng.

To help consumers understand the difference between Ghee Hiang's three sesame oils, each outlet displays the three seeds used to extract the rich amber-coloured goodness. "The Blue label, for cooking, is mainly used for its aroma. This oil is a blended variant that can withstand relatively high temperatures. It is a must-use in Chinese cuisine and even in a number of other Asian dishes," says Ch'ng.

"The gently roasted Red label sesame oil is mainly for women in confinement. When they give birth, they lose a lot of blood. According to Chinese traditional medicine, that will cause their bodies to become cold. An easy way to reverse this is to consume a lot of sesame oil, which is believed to make your body warm. During the first month of confinement, sesame oil is predominantly used to beef up your health and backbone and protect you from rheumatism."

The Black label — the finest of the three — is said to be rich in antioxidants and Omega-3, -6 and -9 fatty acids. "This is very important for people working long hours and those who lack exercise. A teaspoon a day keeps you rejuvenated and healthy," says Ch'ng.

He adds that the seeds, which are imported from Gujarat, India, are constantly checked for quality. "The Red label uses the highest quality of white seeds and we dare to say that Ghee Hiang uses the best seeds in the world. There are sesame oil producers that use seeds from South America, Sudan and Nigeria, but these seeds do not have the qualities we look for."

"Similarly, the Black label is made of high-quality brown seeds while the Blue label is a blend of white sesame seeds and palm oil to ensure that it has a high smoking point for cooking purposes."

As for its baked goods, Ooi says they are not suitable for export because of the way they are currently

made. "The shelf life of pastries and biscuits is short. We are talking about two weeks maximum because there are no preservatives or artificial additives."

Ch'ng adds, "We have plans to expand the reach of Ghee Hiang biscuits and pastries through franchising."

They are still tinkering with the concept of franchising, however. "Without a central kitchen, the operations and organisations would need to be meticulously planned. We are getting all the nitty-gritty drawn out right now," says Ooi.

MUTUAL UNDERSTANDING

While Ch'ng and Ooi have learnt to work harmoniously following the caustic falling out between the founding families, they are cautious about cementing the foundation of the business and ensuring long-lasting kinship.

"This is how we have worked together for the last 15 years. But once you have the basics — a solid foundation and a comprehensive guideline — it is easier to come to a mutual understanding of our different roles. The good thing is we have seen the worst that could happen to the company and what could happen if we do not cooperate," says Ooi.

After the scarring chapter, they agree that they will have to set up a charter of sorts to ensure the continuity of the business. "It is through a common deed that Ch'ng and I have built the foundation we have today. From here on, it may not be necessary for family members to take over or guide the company," says Ooi.

"Like the big multinational family businesses out there, you do not need to have your own family run the business. This is a very old and backward thinking. We believe in meritocracy, where a capable person leads. It can be a family member or even an outsider who is a professional CEO. This is how we are preserving our legacy — by implementing a strong framework."