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Corporate Culture - The Masses • Gilbert W.K. Lau



The hottest news reported by newspapers, TV and radio news media, has been the Culture Bureau in CY Leung's new government, and the candidates for the bureau's secretary position. There are many different opinions, some say the secretary for the Culture Bureau should be knowledgeable in art and culture, performance art, Chinese or western cultural art, etc. But what defines culture? What role does it play? And what is its relation to Oriental Logistics?

“Culture” has a very broad definition, and can have different meanings with respect to society, people, history, philosophy, art or politics. It all depends on where the focus is placed. But a more generic definition is often used in sociological concepts as taught in university. The textbook definition of “culture” must include one of these three elements: Value, Belief, and Behavior. Anything that entails one of these elements can be considered “culture”. From this, it can be seen that using art to represent all of culture, as newspapers often do, is not correct; cultural art is only one part of culture. Culture is different depending on geography, people and time. The USA itself has a very short history of only 200 or so years, their culture was largely adapted from the British and the Europeans. That's why their diet, lifestyle, art, education and political orientation are closer to those in Europe (the UK). For us in Hong Kong, because of our proximity to Southeast Asian countries, it is easier for us to accept each other. In 2001, the Hong Kong government branded Hong Kong as “Asia's World City”. In addition, we often hear about “mainstream culture” and “subculture”, for instance, martial arts films make up a mainstream culture for Hong Kong's film industry, whereas a martial arts-themed film with an added vampire element for comical effects would be considered subculture.

Many of the discussion on the Culture Bureau's functions only considers its relation to the arts, but as seen from the above explanation, the Hong Kong government's Culture Bureau is not only in charge of the arts. Undeniably, cultural art would be a more superficial aspect and one with which the general public would be more concerned. But with the new government's leftist direction, this bureau's will – besides cultural art – promote political patriotism through various activities. I do not understand politics, neither am I interested in talking about it here. But one point worth mentioning is that culture can enhance the mental outlook of the people in a nation or region. It can lead the locals to higher productivity, greater diligence and positivity. Culture also marks the characteristics of a company's operations, and can be the key to success. South Korea is one good example.

Unique Ethnic Culture Drove the Rise of South Korea

Taking for instance South Korea's recent joining in the ranks of Japan, the USA, France, Italy, Germany and the UK as the seventh* "developed country", it demonstrates how culture affects the development of a country. Up to about a hundred years ago, Korea was still a vassal state of the Chinese Manchu, Yuan Shikai was the last governor. They originally used traditional Chinese characters and observed traditional Chinese festivities such as the Lunar New Year and Dragon Boat Festival. At the time, their houses were restricted by a height limit, during the new years they could use only white envelopes, as they were prohibited from using any color brighter than red, which was reserved for the sovereign state; the same applied in their clothing. But after surviving the ruling of the Manchu and then Japan, it has come out ahead of Hong Kong, Taiwan and Singapore among the "Four Asian Tigers", with remarkable achievements in such areas as smart phones, shipbuilding and chemicals. Furthermore, their performance in soccer and other sports has also been outstanding and world-leading, certainly ahead of the other Asian Tigers. Then there is K-pop and the "Korean wave", we all enjoy watching the melancholic Korean drama series, or inspirational series like "Dae Jang Geum"; the beautiful faces of Korean stars have stirred up a storm across Asia. They successfully hosted the summer Olympics in 1998 in the midst of the Asian financial crisis, 10 years before China hosted the Olympics. This summer, they even hosted the 2012 Expo in Yeosu, effectively showcasing their strength as a nation to the world.

All this goes to show the strength, perseverance and determination of the South Korean to reform and innovate. They share a complicated relationship with us, it can even be said that our cultures are quite similar. But how have they been able to make such great achievements while China or Hong Kong seems

to face a longer and more rugged path? In a nutshell, it is a result of institutional advantages. China has the basic scientific research, but lacks the intellectual property rights to protect products of innovative research. From early on, China had depended on copying from related projects to mass produce such products as pharmaceuticals, chemicals and electronic goods to maintain an affordable standard of living. You may be surprised to learn that China does not have a single Western medicine or pesticide that is a product of its own development. Over time, it becomes a structural problem in the society that seems impossible to change.

Furthermore, Koreans have a stronger sense of team spirit; they would pawn personal belongings like gold and jewelry in an effort to rescue the nation, it is also evident in the way they chant slogans in perfect unison in any demonstration or protest. This, coupled with the government's strong support in financial policies, has provided systematic assistance to the nation's pillar industries and cultivated the growth of multinational corporations. Of course, they overall strategies and implementation in national development have been successful. In a matter of just 14 years, it went from being deep in the Asian financial crisis and on the verge of bankruptcy to a nation that has taken the world by storm with its technologies and electronic products today. From as early as 2004, the Korean brand "Samsung" has surpassed the Japanese brand "Sony" in annual sales and net profit to become the world's largest Asian-operated international electronics brand. All of this was made possible by technology and the "culture" of values, beliefs and behavior of the South Korean people. How much of this do we comprehend and how much of this can we learn?

The Growth and Future of Oriental Logistics

Let's look back to our company, Oriental Logistics, where we have strived for 15 years. We all remember that Oriental Logistics has the same date of birth as the HKSAR. Every year the entire Hong Kong population celebrates our anniversary with us. Celebrations aside, I would like to take this opportunity to talk about our corporate culture, and take this opportunity to review and reflect with my colleagues who have been fought alongside me.



Moreover, I hope to explore the patterns in these 15 years of development, try to understand its pulse and, with an open mind, try to find the root to success and failure, so as to better respond to the demands of our customers and the market. Business development can take place at a tremendous pace and opportunities can fade as quickly as they appear, that is why one mistake is often one too many. Perpetual

assessment is needed to continually identify operational challenges, so as to make resolute decisions in determining the necessary strategies and directions in resolution. By following inherent advantages, the tide can be turned even in the face of challenges. If this is a prerequisite for successful operators, I think Oriental Logistics has achieved some basic aspects of this (I hope to leave it to our colleagues to assess which aspects these are.) But 15 years have passed, the global economy has taken a hit and the market needs of China and Hong Kong have undergone drastic changes. And Oriental Logistics is no longer the forerunner it once was. We need to face ever more sophisticated rivals, to survive in a market that is more competitive than ever before. Looking at the company's development from a different angle, 15 years of history led us to today, what is in front of us is our future. We must carefully look back, reflect and ponder our personal performance as well as that of the company, and ask ourselves how much actual effort we have contributed to our work, so as to find a smoother path of development on which we can continuously move forward.

On the same day that Hong Kong was returned to China, Oriental Logistics officially went into operation, with a non-contractual, one-off project on the distribution of promotional items for the Tourism Board. Of course, we felt our way through it, preceding with caution every step of the way. Each day was filled with fear, the fear of having a small customer base; each customer was equally important, losing any one of them would have affected the survival of the company. It can be imagined the tremendous stress the operation was under. The most important thing is that 15 years ago, we had nothing. We had only the perseverance and undying drive of our colleagues. We gained a profound understanding of the saying "Time is money, efficiency is life, safety is the law, the customer is king" (quoting our Shekou General Manager, Yuan Geng). But things do not happen just because we want them to, we well understand that experience comes from the accumulation of practice and failure; that resources need to be prepared in an orderly fashion; that the appropriate management team is formed at an appropriate time; that operational processes, accounting and after-sales services must be established independently and professionally; that information systems require the union of technology and processes in order to function systematically; and quality and safety control need to be deliberately built into the core of the operation for seamless support.

At the time, our innate qualities were insufficient, so we could only reluctantly allow mistakes to happen, many of which are actually quite meaningful lessons. For instance, at Ciba's factory, our forklift injured our client's employee while in reverse drive; 22 cases of packaged Nescafe products had misprinted expiration dates and required an immediate recall; water damage involving one fashion goods required \$500,000 in compensation; accidental leakage of all BTM fire suppressant; etc. We have continued to

reflect on our mistakes to come up with a “Self-Improvement Mechanism”, this may be the reason behind Oriental Logistics’ relative success and why it has been able to grow from challenges big and small. Accidents are avoided whenever possible; the “Self-Improvement Mechanism” was gradually built up from the lessons from our mistakes. It has led Oriental Logistics to continuous improvement, enhancement, and allowed it to become an “upgraded version” of itself in the face of even bigger challenges, giving us the strength to drive even greater success.

The existence of the “Self-Improvement Mechanism” is a reflection of our original model comprising “Transaction Driven” – the goal being not closing down, “Budget Driven” – the goal being to maintain some profits and to pursue cost-effectiveness, “Quality Driven” – the goal being to upkeep quality control with computer technologies, and what we hope to achieve one day, “Integrated Logistics Driven” – the goal being to extend development through diversity while maintain logistics business at the core. “Transaction/Budget Driven” makes up the starting point, and the principle of “Quality Driven” emphasizes on enriching our customer base, having a mature business direction and building a stable team. There is an obvious different between the company’s overall performance and the earlier development stages, meaning Oriental Logistics has entered a more mature phase. This has involved constant reflection and continuous self-improvement, learning from mistakes and endlessly seeking better ways to meet the demands of the market. Any organization, whether non-profit or for-profit, would surely encounter cycles of rise and fall in their development; it is an inevitable law of nature. How many century-old companies can be seen on the market? We have already gone through phases one and two, and we are now in the midst of the “Quality Driven” phase and looking forward to the “Integrated Logistics Driven” phase.

Corporate Culture Will Lead Our Development

Running a logistics business is like driving in the sense that it requires constant participation, observation, correcting one’s direction to move towards the goal. Perhaps some of you have seen the recent film “The Iron Lady” based on Margaret Thatcher in her younger years and her rise in politics, which won best actress at the Oscars. In the film, the character said something that made me ponder over and over again: “Watch your thoughts, for they become words. Watch your words, for they become actions. Watch your actions for they become habits. Watch your habits, for they become your character. And watch your character, for it becomes your destiny. What we think, we become.” The key is that our character largely determines our destiny, and our thoughts have a very direct influence on our future. What this quote says is very closely linked to the three elements of culture mentioned above.

Culture is something that stems from the individual, based on the recognition of social organizations, learning from one another, and cross-influence. We demonstrate certain ideas, values and behavior in the process of personal socialization, in exchange for the recognition and acceptance of our peers, coworkers, friends and family. So under the same culture, major differences are rare, otherwise the individual may not be able to live in harmony in the long run. On the same token, working at Oriental Logistics is like living in a small community. If someone who works here cannot agree to the company's culture, they cannot and will not work here for a long time! Over time, your personal values, ideas and habits interact with those colleagues around you, and gradually influence each other.

On the other hand, the company would also exert positive influence on individual colleagues. If you look carefully, living examples of this are all around you. So supervisors and managers of all levels must should follow my lead and take on the inescapable responsibility of promoting the company's positive culture, so that the various teams have adequate positive energy to maintain competitiveness, solidarity and morale. Any negative culture that may exists in the individual or team should also be eliminated in the process, this requires our persistence.

Similarly, South Korea's success today is rooted in its national culture, which is very different from that of the Chinese. With their unique cultural characteristics, they have made what was almost a miracle recovery as a nation. Was it their dedication, unity and uncompromising stubbornness that led to the country's success? Or is the Chinese being too flexible, instead of adhering to fixed beliefs that has caused the mess? It's hard to say, I will leave it to you to think about this. I simply wish to bring out that our ideas; values and character have inextricable effects on our future.

My understanding is that the general direction of Oriental Logistics 'development is correct, but inside, the values, beliefs and bad habits of some of the colleagues may have cultivated various problems, leading to issues in business execution. For example:

- Many of the problems that have been identified are left unresolved, causing a delay in achieving our goals.
- Negligent in meeting the requirements – Causes many incidents and even accidents in our service, damaging our reputation.
- Unable to sustain some workflow processes – Effectiveness cannot be maintained, and work is prone to error.

- Not allocating adequate resources to readapted solutions – Creates business issues of various scales that require tremendous costs, monetary and otherwise, to fix.
(I hope to remind everyone, including myself, to avoid the problems mentioned here.)

If I had to name a unique Hong Kong culture, what comes to mind is the 23rd candlelight vigil held at Victoria Park, when Hong Kong people peacefully and calmly took to the streets, abandoning selfish



needs for a greater good, to have kept up the tradition for 23 years. So what is the corporate culture at Oriental Logistics? What values and beliefs have we sought or built together over these 15 years?

Some examples I can think of include the emphasis on staff training, knowledge-based quantitative management, established orders in workflow, the focus on service quality, teamwork, seamless communication across all levels, discipline in the individual and as teams, internal advancement and development, taking pride in being a front runner among Hong Kong's locally bred professional logistics service provider, and an organizational structure that is highly organic (meaning the structure allows seamless interaction across all levels), etc. I hope everyone can work to correct their old problems, and forge ahead to continuously improve the company's excellent culture. This would surely bring the company to the next level.

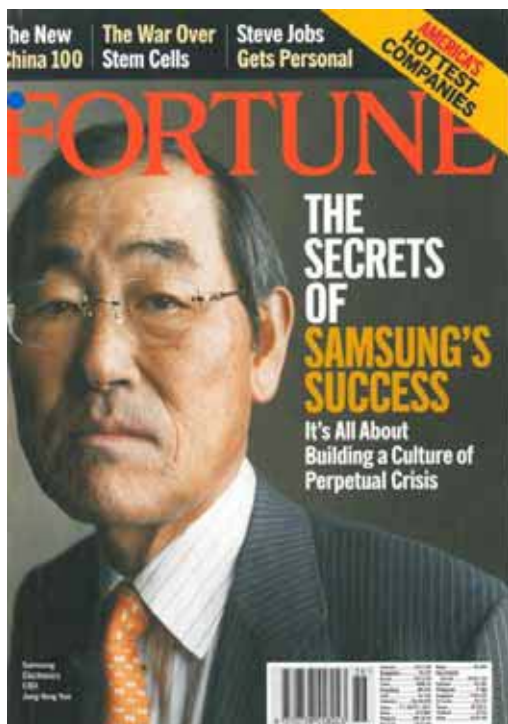
Embrace the past and forge ahead, brave through challenges to reach new heights

Everyone is put in a different position to perform different tasks; you have all grown from your experience. Oriental Logistics provides an open and fair platform for everyone to freely pursue their ambitions. In Hong Kong's logistics sector, we are a leading supplier that is organized and systematic, with excellent corporate culture; we provide a valuable platform our staff to learn and hone their skills.

I have seen many colleagues succeed over the years; they all share some of the same qualities. They are practical and realistic; they are confident in the company and in their work and they never give up; they do not have over-inflated egos; they are not arrogant; they are tough, but would also accept other's suggestions to improve themselves; they work hard and are able to work within groups or departments to complete tasks. I never deliberately promote any particular department heads, I would only observe

quietly to assess your performance, provide learning opportunities and share my experiences with you, to analyze problems at their core, and provide encouragement and guidance on the sideline. Like US President Barack Obama says, “You Write Your Own Destiny.” Those with the ability can complete their tasks even in adverse situations and under pressure. They can seize every opportunity to perform and endeavor to climb the corporate ladder. I can tell you without a doubt that your efforts here will not go to waste; they will be recognized one day.

To conclude, I quote former CEO of Samsung, Jong-Yong Yun, from an interview with *Fortune* magazine in 2005; his words are worth pondering as we think about the future of Oriental Logistics.



- * “The biggest barrier to management innovation is the ego – a self that never changes.”
- * “You don’t predict the future and then wait. You create the future.”
- * “Quality is the conscience of every company, and is the reason for the company’s existence.”
- * “The core of an electronics company is technology. You cannot survive without the ability to develop products independently.”

Finally, it does not really matter what I say, the efforts you have put in over the years working alongside me for the development of Oriental Logistics, your persistence and hard work have said much more. At every staff meeting I would especially thank every colleague, because every one of the company’s services is basically a product of our colleagues’ collective effort. I hope after reading this article, you would better understand the relations between the individual and the company, and between personal ideas and corporate culture. Taking Samsung’s success as our blueprint, I hope everyone can work together with me to bring Oriental Logistics to new heights.

* The content of this article is available on the company Website, Hong Kong Logistics Association Magazine 2000 Jan-Feb (English version)