



The Business Of *Kuehs*: Lek Lim Nonya Cake Trading Pte Ltd

Lek Lim's traditional *nonya kuehs* have their beginnings in a home kitchen in the 1960s, for the very pragmatic reason of keeping the family fed and clothed. A humble business which relied on the longheld recipes and culinary skills of family members, the *kuehs* quickly created an impact among the neighbours and friends who delighted in the authentic flavours and became regular customers.

As the popularity of the *kuehs* grew, the patriarch set up Lek Lim Nonya Cake Confectionery in 1968. Lek Lim Nonya Cake Trading was established in 2012 as the manufacturing arm and in 2019, it was privatised to better manage the size of the business.



(From right) Preserving traditional kueh are Director Gavan Sing (with his two children), his parents and sister, in front of their retail shop

Some 60 years since the first homemade *kuehs* were lovingly created and sold from the kampong kitchen, Lek Lim's business model has evolved with the times; likewise, it has scaled up production to meet escalating demand. To satiate the tastebuds of its business-to-consumer (B2C) customers, the SME has a retail confectionery in Bedok North Street 4, where it has been operating since 1979. It has also expanded into the business-to-business (B2B) segment, where the *kuehs* have found favour among caterers, hawker stalls and food courts. To drive its long-term sustainability, the small and medium-sized enterprise (SME) set up a central kitchen in Bedok North Street 5 in 2017. Productivity soared and today, the 1,600-square-foot facility is the hub of Lek Lim's corporate and production operations, and its research and development (R&D) activities.

In 2011, as serendipity would have it, just as Lek Lim's second-generation leadership was planning for retirement, third-generation member Gavan Sing was at the crossroads of his career. Then an oil and gas industry executive, he had been offered an overseas posting. But, with the first child on the way, he and his wife decided he should take over the family business instead.

When he joined the company, things were still run very informally – the office comprised a desk and chair on the production floor, the handwritten invoices were duplicated using carbon paper, and “the most modern equipment was the fax machine”, recalls Mr Sing. “From a purely financial standpoint, there was just a vague idea of what the monthly income was.” His first course of action was to install an accounting software and establish “a proper work environment”. The leadership transition was not smooth sailing due to the different management styles, and it took the Lek Lim Director about four years before he could fully take over the reins. “Things were not very clear cut as there was no formal company structure. The livelihoods of my parents and relatives were also reliant on and intertwined with the business, so it took some time to disentangle the links,” he explains matter-of-factly.



Ang ku kueh is a small round or oval-shaped Chinese pastry with a sweet filling

The art and craft of taste

Building on the legacy of his grandfather's business, the 42-year-old Mr Sing is intent on providing quality *nonya kuehs* at affordable prices to the mass market. While the earlier handmade *kuehs* were popular among customers, the artisanal practice was not sustainable as demand inevitably outstripped supply. “Automation helps us to keep costs down. It allows us to ramp up production as we expand our volume and variety of *kuehs* to cater to changing needs,” says Mr Sing. Under his leadership, innovation became a Lek Lim hallmark and is reflected in every aspect of the business, from strategies to processes, and from technology use to resource deployment.

Establishing a central kitchen in 2017 “boosted production at least five-fold”, reveals the Director. “Technology enables

us to optimise our production planning based on data analysis. With the bigger space, we can tweak the business model, even out the supply, and build up our buffer of ingredients and products.” A buffer enhances efficiency and creates business resilience – “it can mitigate supply disruptions, price increases and an unexpected jump in customer orders”. Whereas it was quite common for B2B customers to call up at 5 am (a typical Lek Lim

workday at the central kitchen starts at 3 am) to add to that day's delivery orders and causing a big rush, nowadays, the buffer stock can cater to such last-minute spikes in demand. Also, with constant communication and interaction, customers have been "educated" to place their orders ahead of time via WhatsApp, says Mr Sing.



Chives kueh production at Lek Lim's manufacturing facility

"Pandemic" production

SMEs, given their limited resources, were the ones most hard hit by the COVID-19 pandemic. Some folded while others scrambled to transform their business models. When the circuit breaker kicked in (from 7 April 2020), Lek Lim's B2B business "dried up" overnight. "Caterers vanished. Hawker stalls and coffeeshops closed or had very few customers. We received many last-minute cancellations," recounts Mr Sing.

Fortunately for the SME, the harrowing time was shortlived. In the last two years, its line of frozen *kuehs* experienced an unexpected uptake among consumers which, in turn, widened its customer base. The business owner cites a "memorable incident" during the circuit breaker when, on the Mother's Day weekend, there was a sudden surge in *kueh* orders via the delivery platforms. "We were overwhelmed; there were 100 orders within two hours and half our staff at the production side had already left for the weekend." As he had made it a priority to strengthen the company's resilience with buffer stocks, the SME was able to complete the orders "from today's buffer, without dipping into tomorrow's stock".

The pandemic proved to be the impetus that Lek Lim needed to power its frozen line of *kuehs*. With more people working from home, consumer mindsets and preferences have changed – they are cooking more, using more food delivery services and significantly, are “more receptive of frozen foods”, highlights Mr Sing. He knew he had to act quickly to ride this wave of growth. As he explains it, the B2C segment helped to raise awareness of his frozen *kuehs*, and the B2B segment quickly “got wind of this consumer trend”. He had to ramp up production of his frozen products by 50% to meet the new demand.

Mr Sing is keeping a close eye on the fast-moving consumer trends as they impact his business, and also “casting the net wider” to propel business growth. “We are looking at opportunities during the online platforms’ double-digit sales, such as the 11.11 (Singles’ Day), 12.12, and Black Friday promotions; we are also working on having a bigger presence on social media.” He has employed a full-time staff to oversee and manage the online platforms and social media.

A taste of Southeast Asia: No passport required

Increasing the revenue and profit margin remains a priority for Lek Lim, as it does for every company, especially as business costs continue to spiral upwards across the board. Having put in place the fundamental pillars for business sustainability, including putting in a proper corporate structure, getting Halal-certified in 2011 and ISO 22000-certified in 2019, developing a team that is equipped and ready to bring the company forward, and streamlining processes for efficiency, Mr Sing is now ready to resume plans to bring Lek Lim’s frozen *kuehs* to the region.

“Pre-COVID-19, we were getting acquainted with the overseas markets; we were actually planning to join a popup event in Shanghai,” Mr Sing reveals. Border shutdowns delayed his regional aspirations for about two years. This June, he is participating in a trade fair in Korea and in September, he will be at a Singapore trade fair targeting companies from Southeast Asia. Delegates to the Lek Lim booth at both events will be invited to “enjoy the taste of Southeast Asia – at your doorstep”. His strategy is to work with B2B customers in overseas locations rather than establish a direct presence to sell to consumers. “It simplifies matters and minimises the business risks,” he rationalises. His immediate plans are “to move quickly to give our frozen line a first-mover advantage and capture a new, niche market outside Singapore, starting with Korea”.

While getting the dollars and cents of business sustainability in order, Mr Sing is simultaneously working on developing a pipeline of talent to bring the company to new heights, which includes succession planning. He is “open to hiring from outside” but decries the difficulty in attracting suitable candidates. “A company needs to be of a certain size to appeal to a certain calibre (of candidates). We are not there yet,” he acknowledges, “but we are working towards it.”

To young jobseekers, Mr Sing exhorts, “Give SMEs an equal chance.” While larger companies offer certain advantages, there are also limitations. For example, “you are one

cog in the whole system. To large companies where numbers matter a lot, if your value is deemed unworthy, you will get the chop,” he says. Conversely, smaller companies like Lek Lim offer good opportunities for its staff. The flatter organisational structure encourages innovation – ideas never get lost but are instead given serious consideration by the top management; plus, staff have the chance to defend their proposals. “You’ll get the chance to lead your initiative from concept to completion” and, for those who appreciate the empowerment and trust from their employer, this is a very compelling proposition.



Until the 1960s, Gavan's grandfather used to do the kueh deliveries in his van



(From right) Gavan's aunt, mother and employee making kueh lapis in their home kitchen in the 1960s