Growing Markets with Processed Food

By Sadie-Jane Nunis

Processed meat is one of Singaporeans’ favourite food. By being diverse, Golden Bridge has managed to grow within and outside the domestic market.

SINGAPOREANS love processed meat. Consider your favourite local meals and it is bound to include processed meat in some form. From Chinese sausages to canned meat, it is a market that has numerous brands from China. The shelves are lined with famous brands that use an old-school pink and blue design on their cans, for example.

Golden Bridge is the leading processed meat supplier in Singapore and prides themselves in developing its brand both locally and overseas. It is the leading brand in both the Chinese sausages and canned meat markets.

Ong Bee Chip, managing director, started Golden Bridge as a small manufacturer that specialises in Chinese waxed sausages. The business was called Yuan Xing about 24 years ago. The sausages grew in popularity and soon, Ong was able to expand his business. He went into Taiwan-style sausages, followed by western-style products. They started buying up equipment from other companies in order to diversify quickly into other products.

In 1993, Golden Bridge Foods Manufacturing Pte Ltd was established. Ong wanted to look at ways to modernise manufacturing processes and produce a range of products for consumers. They moved to their present site in 1996, after they completed their initial two-storey manufacturing plant at Senoko South Road. The expansion from a flatted factory to a two-storey plant means a ten-fold larger in size, hence catering for future growth.

The firm has about 130 staff. There are 25 administration, sales and support staff as well as 10 in the management team. There are 95 people in the operations and production groups. They have been building the team up, especially over the past two years to ease into the next level of growth. They increased their headcount by about 20 per cent in order to deal with the growth.

Achieving International Standards

Golden Bridge has managed to stay ahead of the competition with the accolades and certificates they have garnered over the years. They are the first Singaporean meat processing plant to be certified the International Organisation of Standardisation, ISO 9001 and ISO 22000. It is able to manufacture and pack products under their own brands and under original equipment manufacturer, OEM, contracts with major brand owners.

According to the standards.org Web site, a site that supports international standards, the ISO 22000 looks at food safety. ISO 22000 is “a family of standards that relate to food safety management systems.
and are designed to help organisations of any size and at any stage in the food chain to ensure they meet the needs of customers and other stakeholders.”

As for the ISO 9001, these pertain to business and quality management. These standards relate to quality management systems and “are designed to help organisations ensure they meet the needs of customers and other stakeholders. Apart from the two certifications, Golden Bridge is Hazard Analysis Critical Control Point, HACCP certified. Achieving this certification means that systematic preventive approaches are taken to ensure food safety.

Ong says: “The food business is a brick-and-mortar business, where sales are usually slow but steady. In a way, the barrier of entry is high, as manufacturers must have good food safety practices. The stringent requirements needed for such an industry will deter competitors from entering market if they are not in for the long haul.”

**Halal Brands**

There are four brands under the Golden Bridge umbrella. Two involve *halal* food products and are sold at leading supermarket chains in Singapore as well as overseas via appointed distributors and partners. They have appointed distributors and partners in Brunei, Hong Kong, Japan, and Macau.

The long-standing brand is Golden Bridge, which is known for its Asian products. Some examples are Chinese waxed sausages, waxed pork, chicken floss, and Taiwan-style sausages.

The western and European-style ham and sausages, as well as cold cuts are distributed under the Kelly’s brand name.

The El-Dina and Kizmiq brands target the Muslim market. Muslim consumers have an alternative for western meat. Kizmiq is the *halal* brand for food service packing. It has simple but functional packaging and caters more for those looking at buying in bulk.

**Breaking into the Halal Market**

Ong says: “We decided to start a *halal* processed meat company primarily to seek new growth area and to export *halal* processed meat items overseas. We believe that this is strong niche segment that allows us to gain better margins and face less competition.”

The challenge faced by Ong was coming up with a product formula that is acceptable to Muslim consumers. To establish the taste of processed meat items that is *halal* is demanding. There are times when his usual ingredients supplier may not be able to offer *halal* certification as needed. When this happened, several key ingredients may be redeveloped. This will result in time lapse and increase in costs.

Ong adds: “When a product formula is completed, we have to put efforts to educate the Muslim community about the product and show them how
to use the items in their diet or menu preference. This may take some time to achieve results."

Health Concerns

With more Singaporeans becoming more health conscious, the firm came up with products that contained less salt and preservatives. There are some consumers with the perception that no preservatives should be included in the products. This is rather difficult to achieve. Ong says: “Some of the natural food ingredients and items contain a negligible amount of preservatives in its natural state which we cannot remove. Take birds’ nest for example. It is scientifically proven that birds’ nest contains some nitrite content.”

Health Concerns

Ong believes that as long as we do not consume some food in excessive quantities, we should not be fearful. The bigger concern for consumers are unethical practices by some manufacturers who have created big food scares such as those in China and Taiwan. These manufacturers harm consumers and cause disruptions in the supply chain.

Other Challenges

Ong’s success did not happen overnight. He says: “During the early years of operation, we faced various key issues of like limited space, limited product range, inability to invest in better equipment, and tough competition.”

Initially, they had about 5,000 square feet to work with. This meant that they had to reduce the volume of products. Chinese waxed sausages usually take a few days to complete and the products need to be dried over one week. With the lack of space, less could be produced.

He says that the limited product range meant that they could only target a small segment of the processed meat market. With limited funds, they were unable to invest in better equipment to use in their automated processes. This meant that they were unable to improve the quality of their current products further. Finally, with more competitors in the same market, margins were eroding due to unhealthy price competition.
Ong says: “We had to break through the vicious cycle of the challenges faced. We studied our business, believed that there was good niche market potential, and made some long-term strategic investment decisions.”

**Overcoming the Odds**

Ong knew the importance of having a sizeable plant so he decided to build a two-storey plant. It has about 40,000 square feet built-up area on an area of more than 60,000 square feet. This allows Golden Bridge to work on larger production batch sizes and enjoy better economies of scale in terms of manufacturing costs. The new plant allows them to expand into new product ranges easily.

Next, he needed to invest in equipment and looked at ways to industrialise the way waxed sausages are manufactured. He says: “With the new plant, we are able to buy more equipment. This means we are able to use new drying technologies to shorten the drying time.”

Ong looked seriously into the product research and development efforts. Strong emphasis was given to developing new flavours. One new flavour developed was the XO-flavoured waxed sausages. These sausages have since become a premium grade waxed sausage.

The modern retail markets require new methods for branding and packaging. By changing their current product packaging into retail packs, they are able to tap on the growing modern retail trade in Singapore. With more supermarkets opening for 24 hours, this means the possibility of an increase in sales as Singaporeans are able to shop for longer hours.

Ong says: “Moving into the supermarket is a tough choice. The listing fee is high and we have to hire our own sales merchandisers to manage our products accordingly in the supermarket. Thinking back, opening the modern trade sector has allowed us to achieve new sales. We are offered the opportunities to continuously explore our packaging and monitor what the general consumers’ likes and dislikes.”

**Dealing with Competition**

Ong agrees that the competition has kept Golden Bridge on their toes. However, he does not see this in a negative light. He feels that competition helps them continue to be innovative and ensure that they keep to their good values so that their reputation is intact and they remain relevant in the market. They intend to introduce new products every six months and continue to move away from what competitors are offering.

They have the largest range of Chinese waxed sausages in the market. For the western range of products, they are looking at offering more convenient products. They hope to move into a business-to-consumer model. This will allow them to have direct consumer feedback and thrive in the growing food and beverage retail sector.

**Business Advisors Programme**

Ong felt that they needed to find a way to keep track of the various businesses. He decided to
tap on the Standards, Productivity, and Innovation for Growth, Spring, business advisors programme, BAP. With the help of the business advisor, BA, he hoped to explore a system that will help to track his businesses.

BAP was initiated by Spring as there were many small- and medium-enterprises, SMEs, looking for ways to expand, but they lacked the subject matter expertise. From 2011, Spring has collaborated with the Singapore Institute of Management, SIM, for the project runs. The programme matches SMEs with BAs, who have the skills and experience required for particular projects. Each project lasts up to six months and is supported on a co-funding grant.

Norman Chin is the BA attached for this project. He has over 28 years of experience in information technology. Golden Bridge has extended the BAP project to a one-year cycle to achieve their goals. They use an enterprise resource planning, ERP, system to track business cost. This helps them ensure that they are managing their costs well. One need was to upgrade their ERP system. In 2012, they are installing the Data Migration Framework for Microsoft Dynamics AX2012 to prepare themselves for the next level of growth.

Ong says: “We are pleased to have SIM and Spring assistance, to allow us to use the BAP on this ERP project. The BAP allows an SME like ours to have a specialist for a six-month period. We can get valuable inputs for the direction that we should consider in terms of our IT infrastructure set-up and project management skills to monitor the development of the ERP systems.”

**Continuous Improvements**

Ong says that it is important for him to continuously improve and change processes though technology. They are continuously looking at the manufacturing flow and ways to optimise results. They are working on radio frequency identification technology to manage inventory. This will enable them to track their inventory easily and provide timely data for decision-making.

The next area that they are looking to is in staff training and talent grooming. Effort will be put in to ensure that staff have the right skills set and suitable talents to manage the growing business. When staff are properly trained, they can better perform and fewer issues are likely to surface. The likelihood of better job fit will happen when someone is appropriately trained. This allows Ong to focus on long-term strategic planning for the company.

**Leading by Example**

As a leader, Ong is good at setting up processes. His strength is in setting up hardware, equipment, process flows and managing automation. Ong says: “I ensure that the human side of the business is not neglected. I want to know the problems that my people are facing. I want to understand them so that I can better help them.”

Ong adds: “By knowing their problems, we can solve them collectively. For example, if marketing is facing a lot of pressure and difficulties, I will ask them why this is so. Is it because our market price is too high or are there numerous external pressures? To be a good leader, one needs to do more than just build a factory. By listening to the staff, we can formulate and strategise both mid- and long-term directions for the company to be successful.”

With his guidance as a leader, the company secured two awards to date. The first is the SME1 Asia Awards 2011’s distinguished award of the year 2011, where they made the top five. Secondly, they secured the 2011 Enterprise 50 award.

**Plans for Growth**

Golden Bridge is always on the lookout for new ways to expand their export and retail business in Singapore. They are ready to explore new business areas and ideas, especially after they complete their integrated ERP business systems and best practices across their functional groups.

They are looking at their export business fronting the growth requirements for their core businesses in the near future. Ong is studying the retail business to see how else they can diversify and find new areas for growth. The retail business is a mid-term target that they have planned. For Golden Bridge, mergers and acquisitions, M&A, will be a quick addition that will give them better economics of scale. M&A will give them a means to enjoy good synergies with target companies and other suitable partners too.

At the rate Golden Bridge is going, they look like they are going to sustain their business for a long time. Under the leadership of Ong and the support of his growing team, innovation will continue within the company. More importantly, Singaporeans will have more choices of one of their favourite food so that is something for the food-loving country to celebrate.