



Top Quality, Top Efficiency: A Top Glove Story

Sitting with Tan Sri Dr. Lim Wee Chai in his office on the 22nd floor of Top Glove Tower in Kuala Lumpur, it was immediately apparent that I was with a man who is resolute in what he believes and unwavering in his determination to carry it out. I was privileged to cover the story of the Executive Chairman of Top Glove Corporation Bhd., an enterprise—with 3.4 billion Malaysian Ringgit in sales in FY2017 and a market capitalization of 11.8 billion Malaysian Ringgit as at 5 January 2018, having a presence in 195 countries—built on an unabashed policy that is proclaimed clearly everywhere in its properties: “Top Quality, Top Efficiency, Good Health, Safety First and Be Honest”.

Genesis:

Born in Titi, a village in the state of Negeri Sembilan which is on the west coast of Peninsular Malaysia, the young Lim Wee Chai grew up with his family that owned a small rubber plantation and was involved in the rubber trading business. After completing his secondary education, Tan Sri pursued his A-levels at the then TAR College. It was there that he met his wife, Puan Sri Tong Siew Bee. (Tan Sri is the second-most senior federal title and an honorific award in Malaysia. The wife of a Tan Sri is called Puan Sri.) Following his graduation in Physics from the University of Malaya in 1982 and a short two-year stint as a Sales Executive in an industrial group, Tan Sri, together with his wife, pursued an MBA at the Sul Ross State University in Alpine, Texas, USA.

In 1991, anticipating a greater demand in healthcare related products, Tan Sri and his wife ventured into the rubber glove business. Using all of their savings of RM180,000 to start Top Glove, they first began with one factory, one glove production line and 100 staff. At a time when many glove manufacturers were going out of business, Top Glove purchased its first factory.

Being a new player, with little industry experience, they soon realised that if they were to survive, there was a lot to learn very quickly. As Tan Sri's family had been in the rubber trading business and had therefore understood the nature of rubber, it made it easier to pick up the business. Further, he also drew from his prior experience in sales and his education in business administration. His wife's experience in the banking industry and the knowledge she acquired while pursuing her MBA added to the much needed support that the fledgling company needed.



Earlier photo of Tan Sri with production lines



Earlier photo of Tan Sri and colleagues at a tradeshow

Turning Point:

When they first started out, like every entrepreneur, surviving was top-most in the mind of the young couple. They often found themselves having to make decisions of compromise so that their business would not be hampered. Willing co-operation of corrupt agencies coupled with the cost of complying with regulations, often resulted in them choosing the easy route. Not long after however, Tan Sri realized that if he intended to build a sustainable enterprise, it would need to be based on principles of honesty, integrity and transparency. It was then that he decided to make Top Glove a company that would be built on ethics. At first, the going was tough. It took time and a lot of hard work to gain the confidence of customers, suppliers and banks. Added to these challenges, they faced teething problems of lack of technical know-how. On-going issues such as rising operational costs, the volatile foreign exchange rates and getting good staff, skilled and semi-skilled workers were only making the challenging times more difficult. However, they kept learning and improving, focusing on quality and efficiency, while finding creative ways to deal with arising issues.

Dealing with challenges:

As with all entrepreneurs, in the beginning, capital was not easy to come by. With a lot of hard work and initial struggle, Tan Sri and Puan Sri raised the initial capital to start Top Glove. In order to set up their manufacturing process they took over a factory that was shutting down and bought it at a low price. However, the ethical character of Tan Sri came to the fore even in such a situation. Recognizing that the one who sold him the factory was going through



*Top Glove's corporate office
at Selangor, Malaysia*

a huge loss, he offered the seller a share in Top Glove's business. That trust and confidence in Tan Sri eventually reaped huge benefits, far outweighing the initial losses at the time of the sale.

In the early 90's, the ministry of trade in Malaysia, foreseeing the high potential for the rubber based products & goods trade, granted over 250 licenses to various companies to open glove-manufacturing units in Malaysia. This scenario soon snowballed into overcapacity in the mid 90's. Due to highly competitive pressures, this situation demanded lesser costs of production and better control of product quality. As a result, many first timers exited the rubber manufacturing business, leaving about 40 companies in the fray. This was a trying time for all those who had ventured into this market. Top Glove too experienced tremendous hardships during these years. Notwithstanding the stormy and unpredictable conditions, the founder chose to stand tall and resolute in his mission to build a successful business enterprise in Top Glove. His consistent key focus areas both then and now are

“Product Quality, Competitive Market Pricing, bespoke Customer Service”.

The decision to make Top Glove a company that stood on the firm foundation of business ethics was another crucial step in the company's journey. Their conscious decision to abide by principles of honesty, integrity and transparency soon became a part of Top Glove's business ethics. Every business transaction they conducted was guided by these principles and as a result they managed to build a good reputation amongst their customers, suppliers and business partners.

While dealing with the challenge of gaining customer confidence and building a good reputation, the Tan Sri recalled, “When I first started, finding customers was hard. I had to drive around and work very hard to gain their trust as I was myself new to the business. I had to constantly monitor the quality of my products, rectify issues promptly, keep improving and most importantly, manage business with integrity.”

Lack of technical knowledge of the manufacturing process was another challenge that Top Glove needed to overcome. The industry had strict requirements and their customers had high expectations. Ensuring that they consistently met these standards was challenging with their lack of experience in the manufacturing process. They eventually overcame this by collaborating with the Malaysian Rubber Research Institute on R&D and learning from them.

“Today, R&D is the cornerstone of our business. We are proud to have established our own dedicated



Top Glove's listing on Bursa Malaysia in 2001

R&D Centre with 154 R&D staff including 40 Masters' degree and 17 PhD holders on the team," said Tan Sri Dr. Lim Wee Chai as I noted these steps with admiration.

As with all enterprises, Top Glove is always dealing with on-going challenges. Rising costs, especially in raw materials, utilities, labour and machinery is one of these challenges on the list. Intense competition and the constant need to recruit and retain quality staff are the other on-going challenges.

"We have been able to overcome the challenge of rising costs and competition through internal improvements such as automation, quality enhancement, cost control measures and R&D that enables us to stay competitive," said the Founder and Executive Chairman of this huge enterprise. Continuing further he said, "To attract and retain staff, we have in place programs and benefits to help us draw, nurture and retain good staff. These include training and development, health-related initiatives, sports activities, as well as a merit-based performance management and reward system."

At Crossroads:

"You would have faced situations when your stand for honesty and integrity would have come in direct conflict with immediate business. Could you give me one or two examples?" I asked the sexagenarian who had built a corporation from scratch.

Tan Sri responded with a smile how in 1998, a logistics vendor offered to pack 90 gloves per carton, as against full capacity of 100 gloves. The assumption was that no one would notice. The same vendor also offered to under invoice Top Glove so as to help the company build its profits. Top Glove refused the offer. Two years later, the same vendor returned to Top Glove accepting Top Glove's original terms. It proved that exercising patience combined with an ethically principled stand helped Top Glove improve its brand position in the market.

In another instance, Tan Sri recounted how another company had approached Top Glove to supply huge shipments, involving several containers. The problem was that they wanted the invoices adjusted. The Chairman's stand for integrity was tested yet it never wavered. Despite the product being top



Top Glove listed on the Singapore Stock Exchange in 2016



Top Glove commences operations in China (2002)

quality and extremely competitive, Top Glove lost the contract all because they refused to do anything unethical. “Was it tough,” I asked? “Yes!” was the reply, “But it always pays to stand for what you believe,” said the wise man who has weathered

many storms.

“Could you tell me of times where you failed and how you rose from this?” I asked. I knew of a case that the company had to deal with some years ago. It happened that of the many foreign workers that were employed by the HR department, one of their foreign worker’s work permit had expired. The matter had to be dealt with at Immigration and Top Glove recognized that it was at fault. Instead of trying to cover it up with excuses, they admitted their lack of diligence and paid the imposed fine.

“In my many years of doing business, I would have made some decisions that did not reap the outcomes I expected,” said Tan Sri in response to mistakes made. “However, I have made a conscious effort not to dwell on failures as this serves no purpose. Instead, where an error in judgment or a mistake is made, I simply quickly learn from it, resolve not to make it again and keep moving forward. As Warren Buffet suggests, ‘the past is there for us to learn from, not to mourn for.’ Of course mistakes are costly, so I make every effort to learn from the mistakes of others as well, to save me from



Top Glove pinhole test

incurring the same cost.”

“It has been an exciting and rewarding journey from day one,” continued Tan Sri Dr. Lim reminiscently, “with many successes as well as challenges along the way.”

Footprints:

In 1991, Top Glove was established with one factory and one glove production line. In 1994 it established a marketing arm in the United States of America. Then for the first time in 2001, Top Glove Corporation Bhd. was listed on the Bursa Saham Kuala Lumpur. From then on, Top Glove’s journey went on a roll. Smart decisions, top quality and efficiency, founded on ethical values of honesty, integrity and transparency helped the company surmount every challenge.

In 2001, Top Glove commenced its operations in Thailand. Its performance in the Stock Exchange soon showed; for in 2002 it was promoted from the second board to the Main Market at the Bursa Saham Kuala Lumpur. In the same year, a second factory was established in Thailand; a marketing arm set up in Germany; and operations commenced in China. By 2004 Top Glove had emerged as the world’s largest rubber glove manufacturer. Two years later the company could boast of setting up its first latex concentrate plant in Thailand.

In 2007, Top Glove surpassed the RM 1 billion mark in sales revenue. In a span of three years, its foundations of Top Quality, Top Efficiency, Good Health, Safety First and Being Honest helped push its sales to RM 2 billion. By this time, the company was looking at lateral expansion and ventured into rubber plantations with the acquisition of land in Indonesia. With expansion came a greater need for



Ambulatory Service

better organization so in 2012 the company commenced its construction of Top Glove Tower, its corporate headquarters in Setia City, Shah Alam; completing the 23-storey eco-friendly building in three years. A year later it established its first dedicated R&D Centre. By 2015 Top Glove charted a historical high in profit and revenue since its listing on Bursa Malaysia and the very next year got listed on the Mainboard of the Singapore Exchange. At the end of its Financial Year 2017, Top Glove’s sales exceeded RM 3 billion.

Today, Top Glove is the world’s largest manufacturer of gloves with 35 factories, 581 production lines and a production capacity of 55.8 billion pieces of gloves per annum at the time of writing. They have 12,000 employees in their manufacturing facilities in Malaysia, Thailand, China and sales offices in the United States and Germany and serve more than 2,000 customers in 195 countries.

Going forward, Top Glove aspires to be the world’s largest manufacturer of nitrile gloves by 2020 and a Fortune Global 500 Company by 2040.



Top Glove production lines



Sustainable Business:

Staring at the phenomenal display of footprints that Top Glove left in the past 26 years, I could not help but ask the Chairman how he described a sustainable business. Listing for me the key factors that make a sustainable business, he remarked, “Building a company is like building a tower. You need a good foundation. In a company, the people are that foundation. In order to build a lasting business, we first need good people.”

“In addition, I also believe that good values are crucial for success and advancement, and these values should be instilled from the start. At Top Glove, honesty, integrity and transparency make up our company’s business ethics. This has been adopted across all aspects of our operations and is key to Top Glove and its employees’ healthy and continued growth.”

“Running with the times and continuing to move forward is also important for a business to stay sustainable. This is underscored by Top Glove’s quality policy which is, ‘Continuous improvement and innovation is our duty’. I always remind my staff: No research, No future. Today Top Glove is the world’s largest manufacturer of gloves. However, number one is not forever. So even when you have achieved success, you must continue to work harder, smarter and faster to remain number one for as long as possible.”

“It is also important to stay physically fit. At Top Glove, we have cultivated a health focused culture. We arrange health talks, have our own company gym which employees can join for free, have subsidized annual medical check-ups and so on. This is also in line with what I call the ‘5 Quality Wells’: clean well, eat well, work well, exercise well, sleep well. I myself want to live and work until

I am 110 years old, but for this to happen I have to stay physically and mentally fit.”

Staff Culture:

Top Glove believes that people are the foundation of its company. “Today we are a family of nearly 12,000 employees; and as a young dynamic company, we are still growing,” said the leader with a smile.

“All business is competitive, especially international business, and we need to be fit and healthy mentally and physically in order to compete. To this end, we have established a health-centric culture. In fact we encourage our employees to look after themselves and their families through one of our business rules – ‘Do not lose your health’.

“At Top Glove, we ensure a corporate culture where honesty, integrity and transparency are standard practice.”

At this point, while listening to Tan Sri, I recalled my interaction with Eric Hoo Saw Ho, the then Deputy GM – Business Development and Special Assistant to Chairman, back in March 2015. At that time, he told me that one of the foremost criteria in Top Glove’s recruitment is the candidates stand on values. He quoted Warren Buffet’s three factors to look for in a candidate—high intelligence, high energy and high integrity. “If the third element is absent, we always hesitate to employ such a person,” said Mr. Eric. I could easily believe him for I saw that even the Visitor’s badge I had clipped on me read, “Corruption Is A Crime. Be Honest, No Cheating”.

Mr. Eric had also recounted to me a couple of instances when Tan Sri had to make known the company’s zero-tolerance for corruption. One such instance involved the Chairman’s personal aide who had fudged figures approved by the HR department while claiming his overtime from Admin. Though this man had served faithfully for





several years, a message of zero-tolerance had to be sent to everyone in the company. Another was when one of the HR Managers, in collusion with a particular recruitment agency, used to take kickbacks for every employee recruited. This went on for about a year and a half. When it was discovered, the Manager was not only relieved of his service but was asked to pay the amounts received by depositing the same into the company’s Foundation fund that went to charities. Needless to add, the agency was black-listed too.

In that conversation I had with Mr. Eric, I gathered that employees at Top Glove are always encouraged to talk to their superiors of covert approaches made by agents or suppliers. One such case in point that showed how effectively the ethical culture of the company had permeated to the several thousand employees was when the company was scouting for land in Cambodia. The Real Estate agent had tried to entice the employee to provide a good recommendation to the company so that the land would be considered favourably. The agent was aware that in companies as large as Top Glove, the organization leans heavily on the recommendation of the team. However, the employee did not hesitate to bring this to the attention of his superiors. “Imagine what would have happened if the team that was responsible for this project had been

corrupt. It would have been a disaster,” Eric Hoo had told me, showing how important it was for the company culture to get to every level if it were to succeed.

I noticed that opportunities for staff bonding were also evident through such fitness events. The monthly sports activities where employees across all factories get to participate and win prizes, was one such occasion. Time at the gym, which is located on the 10th floor and providing a majestic view of the city; group classes such as Zumba, spinning and yoga were other such initiatives. Birthday celebrations with the Chairman were yet another way the team bonded.

I also observed that their policy of ‘staying healthy’ was not just a slogan. The company invests in giving out complimentary dental kits to all staff on a yearly basis. I too was provided one after my meeting with Tan Sri had concluded. A team of five nutritionists work closely with top management to design programs that foster good food habits. Free fruit to all staff in their Malaysian and Thai offices once a month is also provided to promote healthy eating.

I was also impressed with the ambulatory care centre that the company had on the Ground floor of its Corporate office. Their recent joint venture with Global Doctors with a focus on preventive healthcare and state-of-the-art facilities was plain for all to see—facilities not just for Top Glove’s employees but also the wider community.

“In terms of opportunities,” said Tan Sri, “I consider all employees children of Top Glove. This means everyone has an equal chance of advancing their careers at this company, as long as they are competent, hardworking and committed. My succession plan is simple: the best man runs the



Top Glove Culture

show.”

Are there conflicts that the management faces with employees?

“With such positive initiatives and a good health focused culture in place, which employees are well aligned to, a conflict of interest between employee and the company rarely arises. However, we also believe in open and honest communication between management and staff; and have avenues where such matters can be addressed and resolved.”

Personal Glimpses:

“Could you provide us an insight of your personal life?” I asked Tan Sri Dr. Lim.

“I achieve a work-life balance through discipline, a well-planned schedule and investing my time wisely,” said the lean, trim man that sat across me. “To ensure that I do not neglect any area in my life, I schedule my time every day for things that are important to me: work, exercise, family and friends. I exercise five days a week—spending two days playing golf, another two playing badminton and one day doing yoga. I also eat healthily. In addition, I set aside time to spend with my family, business associates, colleagues and friends over meals on a daily basis. I view success as having attained a balance in life and being able to run a business well, without having to sacrifice quality time with family, colleagues, friends or my health. I have managed to do all this in line with my personal motto: Work is my hobby, Exercise is my duty and health is my

wealth.

At a brief photo-shoot at the end of my meeting Tan Sri continued to exude his quintessential character. His trademark thumbs-up sign, with and without gloves, oozed confidence and leadership. On our way back, I asked K. Haridas, Chairman, Business Ethics Institute of Malaysia (BEIM)—an institute that is working closely with Caux Initiatives for Business (CIB) and one that Top Glove is a part of—what he felt of the meeting that he had joined me in. My host in Malaysia echoed what anyone who knows the East Asian Peninsular well would have said: Tan Sri Dr. Lim Wee Chai has been able to prove through Top Glove’s story that it is possible to conduct a sustainable, competitive business while still remaining ethical. ■

Written by Charles Fernandes, India

The above story has been put together from three various interactions. The first was in March 2015 when the writer met with Eric Hoo Saw Ho, the then Deputy GM – Business Development and Special Assistant to Chairman. The second was when the writer’s colleague, Lt. Col. Allan Burby (Retd.) interacted with Managing Director, K. M. Lee in 2016 and the third was the writer’s most recent interaction with Tan Sri Dr. Lim Wee Chai in December 2017. The writer expresses much gratitude to the Corporate Communications team at Top Glove for the valuable inputs provided; and for the unstinted support of K. Haridas,

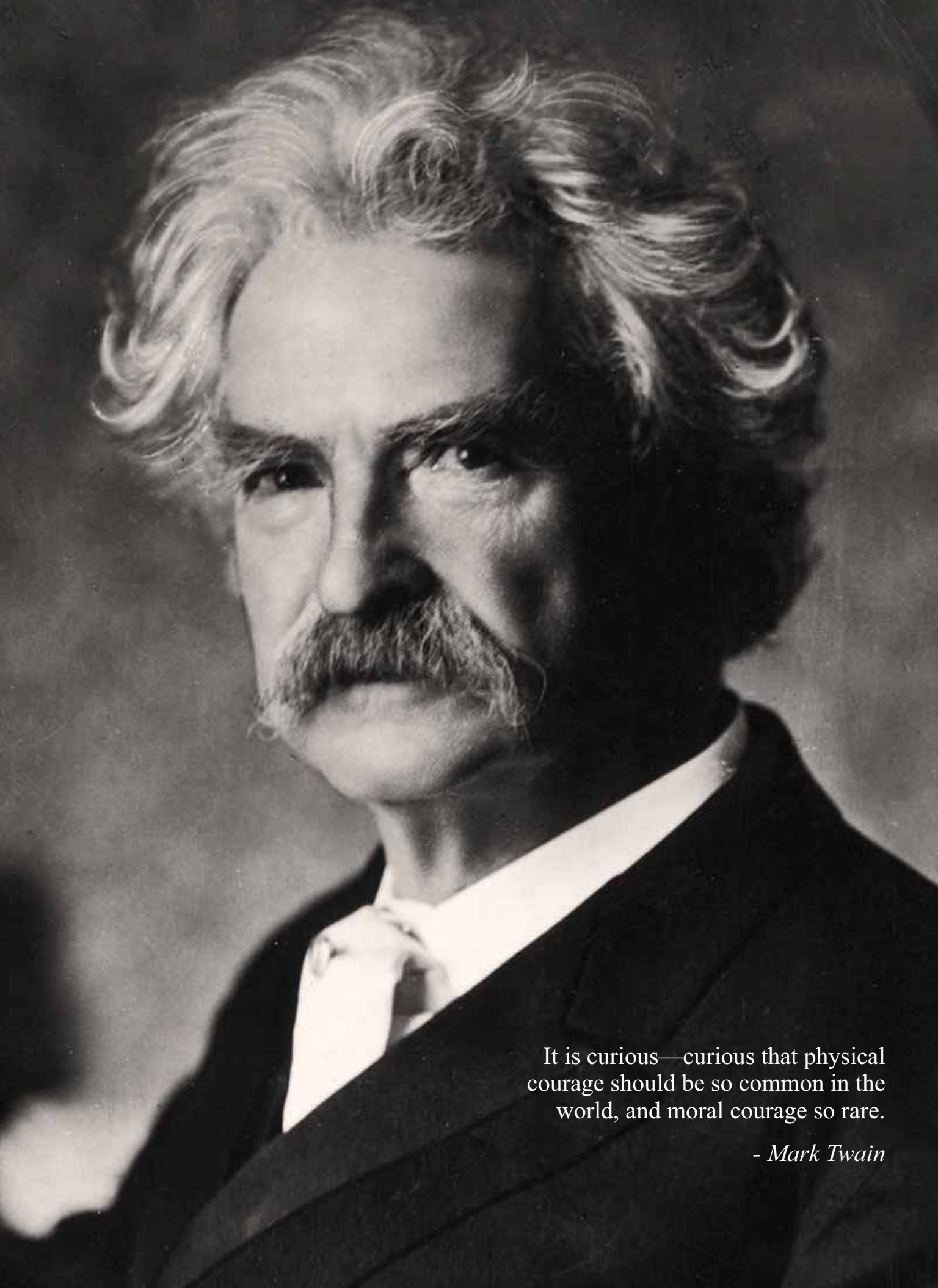


Designtex

Designtex, a subsidiary of Grand Rapids-based office furniture manufacturer Steelcase Inc., made a decision to produce a different kind of upholstery fabric. The Swiss textile firm Röhmer, which had been supplying Designtex with a traditional upholstery material, was spending considerable money shipping their textile scraps to Spain for landfill as well as using expensive equipment to release their effluent back into a nearby Swiss river, polluting its water. Production of the new fabric required only 38 benign chemicals rather than hundreds of toxic compounds that had been used to make the original fabric.

The new fabric is more durable and aesthetically superior, and its waste scraps are now used for mulch in Swiss gardens. The first time the Swiss equivalent of our EPA took samples of the new water emissions, officials thought their instruments were broken. The water coming out of the plant was as clean as the entering water supply. Röhmer no longer needs the expensive water pollution filtering system and has lower production costs. Profits have significantly increased, and the mill now only provides industrial products that are positive for Switzerland and the world at large.





It is curious—curious that physical
courage should be so common in the
world, and moral courage so rare.

- *Mark Twain*

The Emergence of a New Organizational Model

Modern organizations have brought about sensational progress for humanity in less than two centuries—the blink of an eye in the overall timeline of our species. None of the recent advances in human history would have been possible without organizations as vehicles for human collaboration.

And yet, many people sense that the current way we run organizations has been stretched to its limits. We are increasingly disillusioned by organizational life. For people who toil away at the bottom of the pyramids, surveys consistently report that work is more often than not dread and drudgery, not passion or purpose. That the *Dilbert* cartoons could become cultural icons says much about the extent to which organizations can make work miserable and pointless. And it's not only at the bottom of the pyramid. There is a dirty secret I have discovered in the fifteen years I have spent consulting and coaching organizational leaders: life at the top of the pyramids isn't much more fulfilling. Behind the façade and the bravado, the lives of powerful corporate leaders are ones of quiet suffering too. Their frantic activity is often a poor cover up for a deep inner sense of emptiness. The power games, the politics, and the infighting end up taking their toll on everybody. At both the top and the bottom, organizations are more often than not playfields for fulfilling pursuits of our egos, inhospitable to the deeper yearnings of our souls.

This book isn't a rant about large corporations gone mad with greed. People who work in government agencies or nonprofits are rarely more exuberant about their workplaces. Even professions of calling

aren't immune to organizational disillusionment. Teachers, doctors and nurses are leaving their field of vocation in droves. Our schools, unfortunately, are for the most part soulless machines where students and teachers simply go through the motions. We have turned hospitals into cold, bureaucratic institutions that dispossess doctors and nurses of their capacity to care from the heart.

The way we try to deal with organizations' current problems often seems to make things worse, not better. Most organizations have gone through many rounds of change programs, mergers, centralizations and decentralizations, new IT systems, new mission statements, new scorecards, or new incentive systems. It feels like we have stretched the current way we run organizations to its limits, and these traditional recipes often seem part of the problem, not the solution.

We yearn for more, for radically better ways to be in organizations. But is that genuinely possible, or mere wishful thinking? If it turns out that it *is* possible to create organizations that draw out more of our human potential, then what do such organizations look like? How do we bring them to life? These are questions at the heart of this book.

To me, these are not merely academic but very practical questions. An increasing number of us yearn to create soulful organizations, if only we knew how. Many of us don't need convincing that new types of companies, schools, and hospitals are called for. What we need is faith that it can be done and answers to some very concrete questions. The hierarchical pyramid feels outdated, but what other

The greatest danger in times of turbulence is not the turbulence - it is to act with yesterday's logic.

- Peter Drucker

structure could replace it? How about decision-making? Everybody should make meaningful decisions, not just a few higher-ups, but isn't that just a recipe for chaos? How about promotions and salary increases? Can we find ways to handle such matters without bringing politics to the table? How can we have meetings that are productive and uplifting, where we speak from our hearts and not from our egos? How can we make purpose central to everything we do, and avoid the cynicism that lofty-sounding mission statements often inspire? What we need is not merely some grand vision of a new type of organization. We need concrete answers to dozens of practical questions like these.

Taking this practical perspective does not preclude us from also considering much larger societal and environmental implications. Our way of conducting business has outgrown our planet. Our organizations contribute on a massive scale to depleting natural resources, destroying ecosystems, changing the climate, exhausting water reserves and precious topsoils. We are playing a game of brinkmanship with the future, betting that more technology will heal the scars modernity has inflicted on the planet. Economically, a model of ever more growth with finite resources is bound to hit the wall; the recent financial crises are possibly only tremors of larger earthquakes to come. It is probably no exaggeration, but sad reality, that the very survival of many species, ecosystems, and perhaps the human race itself hinges on our ability to move to higher forms of consciousness and from there collaborate in new ways to heal our relationship with the world and the damage we've caused.

Evolutionary-Teal

The next stage in human evolution corresponds to Maslow's "self-actualizing" level; it has been variously labelled authentic, integral or Teal. In Evolutionary-Teal, we shift from *external* to *internal* yardsticks in our decision-making. We are

now concerned with the question of *inner rightness*: *does this decision seem right? Am I being true to myself? Is this in line with who I sense I'm called to become? Am I being of service to the world?* With fewer ego-fears, we are able to make decisions that might seem risky, where we haven't weighed all possible outcomes, but that resonate with deep inner convictions. We develop a sensitivity for situations that don't quite feel right, situations that demand that we speak up and take action, even in the face of opposition or with seemingly low odds of success, out of a sense of integrity and authenticity.

Recognition, success, wealth, and belonging are viewed as pleasurable experiences, but also as tempting traps for the ego. In contrast with previous stages, the order is reversed: we do not pursue recognition, success, wealth and belonging to live a good life. We pursue a life well-lived, and the consequence might just be recognition, success, wealth, and love.

In previous stages, the pursuit of love, recognition, and success shapes our lives slowly but surely to the point that we end up, in the words of poet May Sarton, "wearing other people's faces." In Teal, our journey toward inner rightness prompts some soul searching of who we are and what our purpose in life might be. The ultimate goal in life is not to be successful or loved, but to become the truest expression of ourselves, to live into authentic selfhood, to honor our birthright gifts and callings, and be of service to humanity and our world. In Teal, life is seen as a journey of personal and collective unfolding toward our true nature. ■

The above is an extract from the book, "Reinventing Organizations – A guide to creating organizations inspired by the next stage of human consciousness" written by Frederic Laloux. The special Indian edition is published by Knowledge Partners.

The intuitive mind is a sacred gift and the rational mind is a faithful servant. We have created a society that honors the servant and has forgotten the gift.

- Albert Einstein