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The Edge Malaysia - Back From The Brink

Oct 28, 2007
(Joyce Au-Yong)

When Teong Teck Lean took over the fledgling logistics carrier company, GD Express Carrier Sdn Bhd (GDex), back in January 2000, the first thing he did was to issue GDex's founder, Yong Phie Loong, a cheque for RM5 million.

"He just handed me a cheque [and] didn't ask any questions. All he said was, 'Take the money and pay the staff their salaries,'" recalls Yong, who is now GDex's head of the courier division.

The RM5 million that Teong handed over paid more than just the salaries. GDex was heavily in debt at that time, and its business model was in desperate need of a makeover. "The problems GDex faced when he [Teong] came in were huge," says Yong. "And really, choosing him to salvage the business was one of the best decisions I've made so far."

When GDex started in 1997, Yong's vision was to build a logistics hub that would provide a service with international standards, and yet, offered affordable rates. "I had some experience in Nationwide and Federal Express [FedEx] before, so I could see the enormous potential for express delivery," he says. "It's a service that everyone needs - everyone, young and old, requires shipments to be delivered to their doorstep."

Contrary to what most people think, Yong says the name GDex was not based on FedEx. "The 'G' in GDex stands for gearing up for continuous improvement. 'D' stands for delivery on time, and 'ex' stands for the extra miles we take to meet customer satisfaction. I know it sounds similar [to FedEx], but it's not."

The ambitious Yong decided to enter the market with a bang, establishing 30 branches throughout the country. "The frustrations set in when we were unable to deliver later on," he says, adding that GDex began with a start-up capital of RM3 million, which was clearly not enough for such a large outfit. On hindsight,

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Teong says: "I certainly wouldn't have started GDEx without at least RM50 million or RM60 million in my pocket."

"The crunch came just six months later when the Asian financial crisis hit. GDEx was severely affected, and its financial reserves depleted before his very eyes," says Yong. "All our efforts were put into trying to save the company... I felt as if we had failed our customers, employees and shareholders."

"At that point in time, one may find it hard to go through a crisis like that, but you really shouldn't give up. Instead, the only way to salvage what's left of the business from the crisis is to focus on the core business. And that's when Teong was brought in. Initially, says Yong, Teong came on board as an unpaid consultant who was simply helping out an old friend."

"When Yong talked to me in late 1999, I thought about whether I should join the company or not," says Teong, who was formerly the assistant vice-president of institutional sales at OSK Holdings Bhd. "But then I thought - I'd like to add value to a company by contributing [my] thoughts and strategies, and to help build it up... if I didn't do it now, I'd never know what the outcome of it will be. I took it as a challenge."

Teong's first priority once he took over the helm as the managing director was to assess the company's staff. "I realised that Yong had a lot of committed staff - which was GDEx's best value at that time," says Teong, who is now the executive deputy chairman and CEO of GDEx. "GDEx was a company that was financially down, and they still had a group of hardworking employees... who were willing to do anything. Money was of less importance [to them], and I was impressed."

"I remember the first time I walked into the company, I was so taken," he recalls. "I spent the night at the hub and had only three hours of sleep! I had teh tarik with the night drivers and the operators, and I talked to them to see how they worked. Ten days of continuously communicating with employees and getting used to the new environment took their toll - Teong was hospitalised at the nearby Assunta Hospital for a week."

"It was an experience," he says, laughing now at what was then no laughing matter. "But I needed to know everything about the company, especially its staff."

According to Teong, the RM5 million cheque he wrote out to Yong was not only meant to pay the salaries of the 200-odd staff - it was also instrumental in instilling a sense of commitment. "It was close to the end of 1999, moving towards the new year, and a lot of the workers would be contemplating switching jobs," he explains. "Giving them their salaries would also give them hope for the future."

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The majority of GDEx's employees were in the operations side, especially the drivers and the couriers. What he saw in them, he says, was a commitment to further encourage them to stay on at GDEx, he promoted them. "Quite a number of them were moved up to the supervisory level, and even to managerial level on the operations side," he says, citing the example of a driver being promoted to manager of transport. "If these people are committed to the company, there is definitely hope."

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Although these management changes played a significant role when it came to building up the company, the road to success wasn't all smooth. In fact, when Teong decided to implement these changes, he was greeted with doubt and hesitation from his own staff. "To overcome that, I had team-building efforts to increase loyalty and instil a sense of belief," he says. One way of doing so, he adds, was to give them more responsibility, and get them involved in the research and development work and the quality control processes.

The employees who stayed on reaped the benefits of the revamp. Sales for the financial year ended June 30, 2006, came in at RM45.9 million, a growth of 17% from the year before. GDEx's staff strength also grew from 874 in 2005 to 989 last year. Asked if he had any regrets, Teong says: "I have no regrets - this is where I belong."







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