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Wee Tiong: Keeping it sweet

By Andrew Duffy - Nov 6, 2006

The Straits Times

WILD fluctuations in price can turn sugar trading decidedly sour. So, protecting itself and its customers from the vagaries of the market is one reason why Wee Tiong has thrived over the last 13 years.

The company started as a rice and sugar importer and wholesaler. Since then, it has expanded its local import business and grown its export business.



For the Tan brothers, Wee Beng and Wee Tiong, customer satisfaction is the top priority.

The company buys from countries including Thailand, China, India and Vietnam. Its customers are from countries such as Malaysia, Indonesia, Bangladesh, Korea and Taiwan, and are industrial users, government appointed buyers and big retailers.

The challenge is to protect Wee Tiong's own interests and those of their customers as "huge price fluctuations in the uptight futures market can happen every day", says Mr Tan.

Up-to-date market knowledge is crucial, and Wee Tiong gathers it from "daily conversations with buyers, sugar mills and export companies". Oil price news and what's happening in North Korea also affect the commodities market.

This level of knowledge enables Wee Tiong to take "efficient positions" when buying.

"We need to be constantly aware of the most updated prices to facilitate sales, as changes can happen within minutes. We have a dedicated team which takes care of all the hedging and speculative matters of the company."

That leads to customer satisfaction. The main principle of the founder, Mr S.K Tan, was that customer loyalty should be the priority, which translates into delivering on everything promised — including the price.

That means taking a hit if prices go down between paying suppliers and receiving payment from the customer; and not raising the price to Wee Tiong's advantage if it goes up. Again, market knowledge and hedging helps the company set the best price.

Now it is one of the leading physical commodities trading companies in South-east Asia, specialising in sugar and rice, as well as branching out into salt, groundnuts and cooking oil.

It even has its own brand of Thai fragrant jasmine rice, called Golden Royal Jewel, which company director Tan Wee Beng says "provides a steady income for the company".

Even so, sugar exports take up 70 per cent of Wee Tiong's business volume. The turnover last year was \$230 million.

In a typical sale, customers specify the commodity they need, as well as the shipment dates. Wee Tiong then buys from regular suppliers like Tate & Lyle and Cargil, and arranges shipping, insurance and storage if needed.

It can be hard to add value in this kind of back-to-back transaction, beyond the shipping and insurance, hence the focus on customer service.

“Typical problems like late arrival of vessels, cargo unreadiness, or late issuance of letters of credit from buyers as well as late payments are occupational hazards,” he explains.

“But our shipping and documentation people are well informed and dedicated and they form a crucial part of our company in overseeing the smooth transaction of shipments.”

Wee Tiong is also unusual in offering unsecured credit to some of its oldest customers.

For others, it offers collateral management, “in which we store cargo at the destination port under a recognised warehouse agent”, says Mr Tan.

“The cargo is properly managed and insured and payment is made once delivery is confirmed.”

The Enterprise 50 award will help keep customers coming back. There is a lot of competition, and Wee Tiong does not always meet buyers and agents face to face, so it is harder to cement a credible relationship.

“To break into new markets, we need recognition,” adds Mr Tan, saying the award helps. “Being in the top 50 lends significance to our name.”

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