

*A. Stotz*



**BUSINESS**  **DNA**  
WITH ANDREW STOTZ





Interview with  
**Yeap Swee Chuan**

Founder and CEO  
AAPICO Hitech



## LEADER DNA

After growing up in Malaysia, Mr. Yeap moved to Thailand where he established his auto-part manufacturing and auto-dealership businesses. He later expanded to China and India, before more recently expanding globally in Europe and the US.

### What Mr. Yeap shared:

#### The future of AAPICO Hitech

A recent joint venture with Sakthi Global Auto Holdings will allow AAPICO to enter the Japanese, US and European markets. And, investments in telematics and “the Internet of Things” should begin to pay off in the near future.

#### On remaining steady when your take on debt

“Don’t get stressed out because you owe money. So long as you have a mentality that you’re not going to run away from your bank, you will not commit suicide. You will keep on challenging yourself.”

#### Giving his employees 5% of his stock before going public

Mr. Yeap gave 5% of his company’s shares at par value to every employee, including the maids and drivers. This allowed many of his employees to purchase their first cars.

#### Dealing with investment bankers

Mr. Yeap finds it necessary to occasionally ignore analysts and investment bankers when it’s clear they’re only focused on the short term. In a long-term business, you can’t remain successful just by impressing the analysts with your next quarter.

#### On his favorite Sun Tzu advice: *Look at the terrain. When it rains, you don’t attack.*

“In business, it’s the same – how to attack your enemy; how to overcome obstacles. They’re exactly the same.”



# Yeap Swee Chuan

Title: Chairman and CEO,  
AAPICO Hitech Public Company Limited

#### Education:

Bachelor’s degree, Technology (Industrial Management), Massey University, New Zealand.

#### About the company:

AAPICO Hitech Public Company Limited was established in 1996 and engages in designing, producing and installing assembly jigs. It also manufactures OEM automotive parts such as plastics, forging, machining, and chassis frame components. Its main customers are leading automotive assemblers in Thailand.





**Welcome to Business DNA**, a chance to dig into the essential makeup of business leaders and their organizations. The focus is not on the short term but rather on understanding the driving forces of a business. Our guest today is Yeap Swee Chuan, who is Chairman and CEO of **AAPICO Hitech**.

**Take a moment to introduce yourself.**

I started my career in Malaysia, and then I came to Thailand.

I think that when we are young, we really don't know where we're going. We are sort of guided by our parents.

Likewise in business, you basically plod along and learn, and then you face difficulties and challenges. Actually, at that point in time, either you have mentors or you read books to carry you over. Personally, I like to read books about successful people. I listen to tapes and watch videos. I think that keeps me motivated and helps me along in what I'm doing each day.

My attitude was probably not shaped entirely by myself. It was shaped by the different people I have met and the books I have read.

**Sum up the most important thing we should take away from this in order to better understand you?**

For me, the most important thing is that you must focus on what you do and not keep on jumping around and changing. You must also stay in good health to be able to face up to life's challenges.

First, look at problems as opportunities. Don't look at problems as problems.

And second, never run away from your banker. Pay your debts. But if you can't pay your bank at that moment, pay your staff first. And then, in your mind, tell yourself, "I will pay my banker later." Then tell your banker, "I'll pay you, but I've got to get my business going."

And, don't get stressed out because you owe money. So long as you have the mentality that you're not going to run away from your bank, you will not commit suicide. You will keep on challenging yourself.



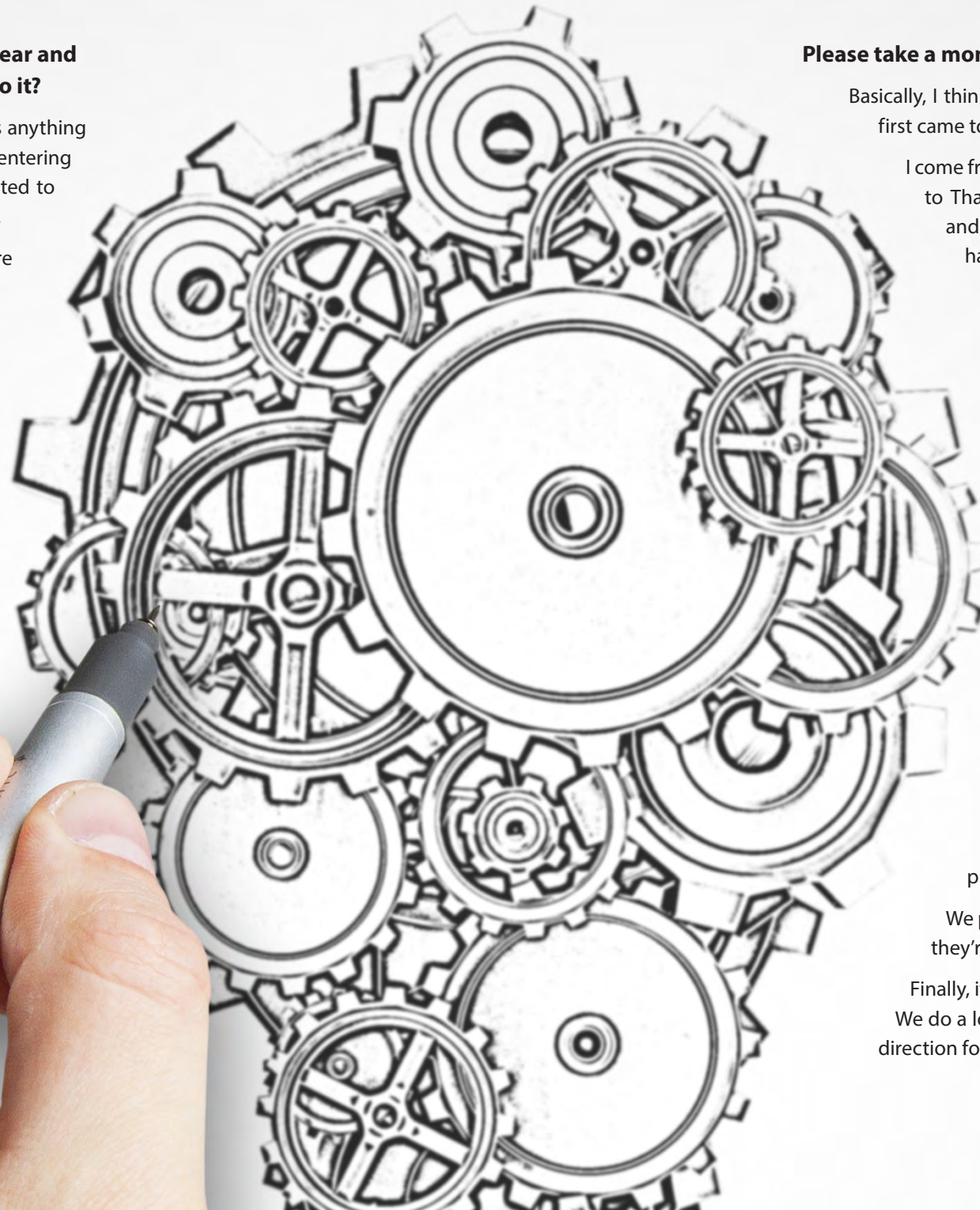
**Can you take a moment to explain your business in a clear and simple way so that we can understand your approach to it?**

My company is Able Auto Parts Industry Company (AAPICO): It's anything related to cars and auto parts. I do car dealerships. And, now I'm entering the realm of the "Internet of Things", but with all products related to cars – car navigation systems, telematics and things such as that.

My business is everything related to cars. And, the customers are all the same. So it's easy.

**Now it's time to dig into your "Business DNA". DNA is the molecule that encodes the genetic instructions used for the growth of any living organism – and of course, a business is very much a living and growing organism. Also, remember that the true beauty of DNA is its ability to replicate.**

**With Business DNA, we think about the way the values of a company come into being and how this is replicated through employees and, also, how customers feel about their interactions with the company.**



**Please take a moment to explain your Business DNA.**

Basically, I think that we have a very simple vision in our company. When I first came to Thailand, I saw that Thai people are very happy.

I come from a poor, Chinese family from Malaysia. So when I first came to Thailand and started my business, my vision was to be a lean and happy company. With just five people working for me, I was happy.

How do we become happy? How do we become lean?

We have a few core values or targets in my company. The first target is happy customers – how to keep your customers happy.

Customers have very simple criteria: You must have a safe company; good quality; a good delivery model; and good engineering for their product and good management. That KPI must be very clear. That will keep the customers happy.

To keep your employees happy, you must also have very clear, precise targets or culture. For us, it's very simple: Work as a team. Problems are opportunities. Love your family, the company and the country – loyalty and honesty and mutual respect. So we go by those values in our company.

And if your customers are happy and your employees are happy, the shareholders will be happy. I don't focus on profits. I focus on these two things, and profits will fall into place.

We pay dividends. Shareholders are easy. You give dividends, and they're happy.

Finally, if we have more money, we do corporate social responsibility. We do a lot of donations, scholarships or whatever. The vision sets the direction for the company.



**Now can you tell me the biggest misconception people have about your business?**

I think that, sometimes, analysts don't understand. Analysts or investment bankers have very short-term thinking. I'm a long-term thinker. We buy our assets for the long term. Short-term thinking is not successful in the business world.

This holds true in the difficult times and the good times. But we have a longer vision in mind. So I think that's where the main difference is.

And, of course, for them to understand our business in total is not easy. They focus on so many companies. How will they get the feeling of the company unless they come and visit us? And, how much time do they have to come and visit us?

I think most of my plants are world-class plants, because we supply world-class products. Our defect rate is zero parts per million (PPM). Every part must be perfect. You cannot produce many bad parts or you'll get burned in Australia or Europe. So, every plant must feature high quality standards.

[Defective Rate PPM is a measurement used by many customers to measure quality performance. Definition: One PPM means one (defect or event) in a million or 1/1,000,000. In the past, a good supplier would have a defect rate of less than 1%, (10,000 PPM). To calculate: For example, if you had 25 pieces defective in a shipment of 1,000 pieces.  $25/1,000 = 0.025$  or 2.5% defective.  $0.025 \times 1,000,000 = 25,000$  PPM. Clearly according to Mr. Yeap, AAPICO's is spotless.]

**Can you share with us what motivates you and gives you inspiration during difficult times, and tell us about a time that you had to dig deep and rely on this inspiration?**

I think, for us, looking for business is always the challenge. I think the first big deal I had was when Sime Darby invested 250 million baht in us in 2001. I felt relieved, because I finally had the funds to get to the next level. [Sime Darby Berhad is a Malaysia-based multinational conglomerate involved in five sectors: plantations, property, industrial, motors and logistics.]

Sime Darby owned 25% of AAPICO and grew interested in buying the entire company, but I resisted.

I knew that in a certain number of years, I would take the company public. In 2002, I listed the company. That was another highlight, because going public allowed me to retain control. Sime Darby eventually sold their shares and gained a billion baht in the process.

I felt proud. They were very happy. Until today, all their money for investments in Thailand have come from the money they made from me.

It's important not to worry about investors making a lot of money off your business. They help, and then they make a lot of money. It's a win-win situation.

Then, once you are successful, the issues about money are not important anymore, because you can raise funds and things like that.

Another highlight is what I'm currently doing to be able to go global. Recently, I just did an investment – US\$100 million dollars – that allowed me to go to India, Europe, America and China. That's another thing that will allow my company to be sustainable, because then we have a global market.

Thailand's domestic car market is not growing. It's been stable for the past four years. If you don't change, eventually the company will go bust.

The company I invested in, Sakthi Global Auto Holdings Limited (SGAH), is a global company. Although we're only 25%, that gives us the reach we need.

And later, SGAH will buy 25% in our company. So we have 25% in them, and they have 25% in us. Whatever we do, we try to avoid a conflict. So this will take away conflict.

They will sell our products, and we will sell their products, which are different. So they can take our products to the global arena, and we can bring their products to Thailand. They can then enter the Japanese market, which we don't have (a presence in).



**Can you tell us the story of the biggest mistake or challenge that you faced throughout your career? How did you face it and what did you learn from it?**

I've been pretty smooth, in a sense, in what I do. But, there were always challenges with money. I suffered. I was always short of money. I lost money.

I think my biggest challenge was when I built my first plant in 1997. I had to get a bank loan. The bank would give me a loan only if I presented a very strong personal guarantee. I did not have the ability to personally guarantee the loan, and without it I would have had to halt the plant development.

Fortunately, I knew somebody from Malaysia, who was financially very sound. He became the personal guarantee. That was the turning point.

**Now, how about a story of the proudest moment in your career?**

Getting the company listed was my proudest moment, because I promised myself that if my company was listed, I'd give equity to my employees. Having equity in a private company is meaningless. But when I listed, I gave 5% of the company's shares to all employees at par value.

I gave it (to everyone), from the maids and the drivers to the head of operations. When the shares were listed, many of them could buy their own cars. Even my investment banker told me, "You know, you should not give them (the shares) at par."

But, it was my personal promise that I would give them shares. I still feel very proud. I can tell the whole world that I'm probably one of the few people in Thailand who did that.

**Can you boil everything you've learned over the years down to one short statement that sums it up?**

We come from a humble family. The discipline of the family exists. Discipline, for me, is natural. But, this natural discipline has become a rarity. It comes from the family, I think. Eating meals on time, coming to the office and (getting to) appointments on time – all these little things like that. Respecting what you say, honesty, integrity – all these little things become part of you, part of your DNA.



*"I promised myself that if my company was listed, I'd give equity to my employees."*

**What is one personal trait or daily habit that's helped you to achieve success?**

Whatever I commit to, I try to complete. It can be anything. Whether it's a big person or a small person, it does not matter. If we say we're going to do something, let's do it. It can be as simple as a dinner or we meet to do something.

**What is the one book that has influenced you the most?**

As I've said, I like to read books about leadership. One book that I think is very interesting for me is Sun Tzu's The Art of War. It's a great book. Every phrase that he wrote is very deep with meaning: You can conquer your enemy without fighting him or killing him. You put up enough balance, surround him, show him that you're bigger than he is, and he surrenders. You don't have to fight.

So many wonderful phrases there! I think it's amazing.

"Look at the terrain. When it rains, don't attack."

In business, it's the same – how to attack your enemy; how to overcome obstacles. They're exactly the same. And he came hundreds of years before us. He thinks greater than we do.

*"Look at the terrain.  
When it rains,  
don't attack."*

**Does your company have a 3-5-year growth plan? If yes, can you explain it?**

In our company, we have a five-year plan and a three-year plan. Every month, we review our monthly accounts and our profit and loss with our managers. We have to have a three-year plan to demonstrate improvements. Sometimes, we cannot achieve our plan, because we have so many issues that we cannot manage. At one time, it was a financial issue. We could not do anything.

For example, our first plan was to be a Thai company, to be in China and India; and then, if we achieve that, to be a global company.

And, I think that thinking is always the case. Getting more business in Thailand. Get more business overseas. Expand globally.

Now, I would say that we have managed to be global. Thailand is going to plateau, so we are about to, I think, move to the next level.

The happiness I have today is to become a global player.

I think we are probably one of the first companies in Thailand to be at this level, and I'm not even worried to sell some of the non-core assets to get more money to go global. I've got many other assets that are non-core and doing well but could be sold to generate cash. My debt-to-equity ratio is still low with all my investments at 0.8x. If I sell all this, maybe it will be down to 0.5x, and I'll raise another two billion baht.





**What is your main constraint to growth?**

My main constraint is people. For instance, when I send my Thai employees to my plant in China, they want to come home after just six months.

If this is the case, how can I send my people to India? How can I send my people to America or Europe?

That's one of the reasons we joined with foreign companies. We may have to use foreign talent from Spain or from anywhere in the world. I have more than 20 Japanese employees in my company. I have Germans here, but they're still not enough. I need the top brains.

We have to be in foreign countries, because these top brains exist there. In Thailand, you cannot find enough high-quality engineers to do R&D.

So, if I had an office in Detroit, I could employ American engineers, and that would accelerate what we are doing.

**What's something about your business that has you really excited right now – something that will have a real impact on the future of your company?**

I enjoy going to the office every day. The area that I'm very excited about is the Internet of Things. For more than 10 years, I've invested in a company in Singapore. We had more than 100 software engineers who can create a smart city for telematics. I'm also excited about that area.

When I see how companies grow, I notice that this area is low in investment but high in

valuation. That's the future. Everybody says it's the future.

**What was your worst investment ever?**

My worst investment ever was a public company in Thailand. Since it was a public listed company, I trusted the management that they would treat shareholders well. So in this case, I did not personally perform due diligence, I delegated that to my staff. I did not check personally myself. I let my people do it, because I trusted that being a public company would give me some protection.

When I buy a company, I do it myself, normally.

But I thought that if investing in a publicly listed company, you don't have to be as careful, especially since Thailand is known for good corporate governance.

Unfortunately – I'm sorry – this company held me back for five years. That's why I have not done anything for five years and I've just been licking my wounds.

You have to look carefully. You must satisfy yourself. You cannot assume that that flower is a beautiful flower and let somebody else tell you, "It smells good".

All the acquisitions I did by myself were very good.

With this public company, I just asked my business development guy, "Proceed. Get it done." But it held us back for five years. I lost more than two billion baht.

*"You cannot assume that that flower is a beautiful flower and let somebody else tell you, 'It smells good'."*



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