

DELIVERING EXCEPTIONAL PRODUCT QUALITY:
LEADERSHIP, LEARNING AND OPERATIONAL EXCELLENCE AT BENITHEM SDN BHD

benithem[®]

ABOUT THE COMPANY

Competitive priorities focus on what operations can do to help a firm be more competitive and are in response to what the market wants. From the earlier days of Benithem Sdn Bhd establishment, the Founder/Managing Director, Mr. Ben Teo, was determined to put quality as the central priority for its products. "I found that Asia produced low quality, low value, copycat office furniture that would not survive in the global market. From that moment, I knew that excellent products and services were the way forward," told Teo.

Benithem Sdn Bhd is recognized as an *avant-garde* office chair solution designer and manufacturer. Established in 1999, Benithem's vision was to be globally recognized as the best office chair brand in terms of design and ergonomics for both corporate and home offices. Therefore, Benithem has set its mission to design and manufacture office seating solutions that not only meet international standards and are admired globally for their aesthetic value but are also able to offer comfort and improve productivity.

Consistent with its vision and mission, Benithem committed to finding the best fit between user, equipment and environment by designing and marketing ergonomic chairs to increase comfort and productivity of people around the world. By combining quality craftsmanship with modern technology, the company provides seamless seating solutions for all types of corporate and home offices. Benithem models cover a wide range of products from conference, executive, managerial and task seating solutions to designer chairs.

Today, Benithem operates on a 90,000 square feet plot in Pekan Nanas, a quiet Johor town on the edge of the Iskandar development zone. This facility has the capacity to produce 10,000 chairs a month, which means 120,000 high quality ergonomic chairs and sofas a year for all types of office use. Benithem has been supplying ergonomic office chair solutions throughout Malaysia and its sales and distribution network extends throughout Asia, Europe, America and the Middle East. Benithem exports its products to over 40 countries worldwide.

Adhering to the set of core values beyond excellence, effectiveness and efficiency, its notable product names enabled the company to navigate into unfamiliar territories and grow at a measured and determined pace.

This article shares two of Benithem's significant business excellence practices that have produced remarkable results. The first one is the excellent leadership that drives the company forward with a clearly defined vision, mission, values and culture. The second one is the best practice of leveraging various international standards aimed at improving operational processes and customer satisfaction.

NOT AN ORDINARY JOURNEY OF SUCCESS

Back in 1999, an enthusiastic ordinary gentleman from Pekan Nanas was resolute to follow his passion. He founded Benithem and the name was a combination of "Ben", his own name, "I", and "them", signalling that he had a very clear picture of the importance of a people centred culture to achieve what he wanted to produce for the world: furniture of unparalleled quality.



Above: Benithem™ founder, Mr. Ben Teo Beng Huat

At that time with just five employees, Benithem focused on making high quality office chairs for the European market. According to Teo, like many small businesses, money was tight, and he was grateful for the generous payment terms his suppliers offered him during the earlier days of the operations.

Added to the challenges of a small business was the classic challenge of the export barriers. Despite the potential lucrative market via exporting, a manufacturing firm often faces a number of barriers, identifiable at all stages of the internationalization process. For instance, there is a raft of regulations governing everything from the environment, social and economic impact.

As one of the pioneers in the Malaysia office furniture industry, Benithem has every reason to be proud of its achievements. From an initial capital of RM150,000, the company now generates an average of more than RM20 million in annual sales. From a small beginning, today Benithem is capable of producing a product that matches or exceeds the international standards, especially the stringent European ones. More than half of all its furniture locally manufactured is exported to overseas markets.



Above: Benithem™ pride itself as an avant-garde office seating solutions designer, including designer chairs, executive office chairs, corporate lounge, office chair and office furniture manufacturer in Malaysia.

For an export market, any changes to the global economy will very likely have an impact on sales. However, Benithem has shown strong business excellence results in financial and market performance. Sales continued to grow from 2011 to 2012. Despite the economic crisis in Europe and political instability in some parts of the Middle East like Egypt, Benithem recorded sales above the target level and profit was maintained at a healthy level in 2013.

The company regained momentum in 2014 where for the first half of the financial year, it achieved more sales than in the preceding full year.

Indicators of excellent results in customers' criteria are very visible for Benithem. Customers are delighted with its products and services with most customer satisfaction parameters ranking "Good" and above. Customers are also delighted that 100% of Benithem's new products are patented, certified with GREENGUARD and BIFMA and are competitive in terms of price. With its own designs and patented products, Benithem's business to business (B2B) customers can sell confidently to their end customers.

Employees are happy to work for Benithem. The employee turnover rate of 4% indicates a reduced trend from 2011 and is lower than the industry benchmark. Absenteeism rate and employee accident rate were recorded at 0.02% and 0% respectively in 2013. In addition, 34% of the employees have worked for more than 5 years at Benithem, above the benchmark of 30% set by the company.

Excellent results are also demonstrated through the positive trend in employee participation, where 94% of employees joined the annual dinner and 96% joined the company trip in 2013. Equally important, the training fulfilments by staff are over 100% for the last 3 years.

Consistent with Benithem quality objectives, the key performance indicators (KPIs) set for all key processes show admirable results and an increasing trend. Customer related processes achieved more than an 80% satisfaction level, purchasing control achieved more than 90% on-time delivery by supplier, production achieved 100% on-time delivery to customers, quality control achieved 98.8% of finished goods with acceptable quality and warehousing achieved 96% stock accuracy in 2013.

Its dedication to quality and international standards speak for themselves through the accolades that Benithem has garnered in years past. Internationally recognized awards included Furniture Leadership Awards, Honesty Enterprise Award, SME Corp Score Rating (5 Stars), National Mark – Malaysian Brands, Enterprise 50 Awards, Brand Laureate and Industry Excellence Awards (MITI). Looking back over the years, Benithem derives a deep sense of satisfaction seeing how it has evolved from a small player to where it stands today.

“LET OUR QUALITY DO THE TALKING”

One of the best practices that took Benithem to where it is today is the excellent leadership. Benithem management drives the company forward with a clearly defined vision, mission, values and culture that are documented in the brand manual. They are also communicated to all stakeholders via tagline, office walls, training and sharing through the daily routine factory tour and dialogue with all levels of employees. These drivers are not merely guiding principles but are incorporated into organizational processes including team orientations, performance appraisals and quality practices.

“Our product is 100% made in Malaysia but our quality is of an international standard” is the comment made by Teo when asked about the company tagline. He reminisced that a Germany customer once told him “your quality is European but your price is Asian.” Since the manufacturing facility is located in Malaysia, where the manufacturing processes follow the stringent international standards, it gives Benithem “the best of both worlds.”

Consistent with the company vision and mission, Benithem puts customer requirements as the most important criteria for signalling superior quality. The quality indicators are the product functionality, design trend, ergonomics benefits, value creation, environmentally friendly, and internationally certified and recognized. Benithem office chairs are certified to the BIFMA standard through established third party certification bodies. BIFMA sponsors the development and maintenance of the standards in office furniture.

Meanwhile, all new Benithem products are 100% certified under GREENGUARD. Benithem is the only manufacturer with 100% of its products certified by GREENGUARD across the Southeast Asia Region. GREENGUARD certification ensures that a product has met some of the world’s most rigorous and comprehensive standards for low emissions of volatile organic compounds (VOCs) into indoor air.

All implemented processes are aligned with the company’s objectives, vision and mission. Evaluations on the effectiveness of activities are performed, the results are analysed and appropriate improvements are made. “These certifications not only ensure processes effectiveness but also serve as a competitive advantage for Benithem,” said Teo.

“At the very essence, we have to ask why we need a good chair. An ergonomically designed chair is essential for our health as we spend most of the time in the office or in front of the computers,” he said. His devotion to quality is obvious when he eagerly demonstrated the multiple functions on one popular chair model at Benithem.

He confidently leaned and stretched the chair back without once toppling over. The chair flexed with his every movement. He rocked and twisted energetically as the chair base provided support for his entire body. Despite his wild rotations, the chair back did not lose grip and continued to support the loads on the lumbar spine. On some of the models, the armrest also has many levers and dials featured with many functions.

Every chair component is elegantly contoured and adjustable in terms of height, slope, and angle to ensure comfort, health and safety. According to Teo, for new employees, regardless of their position and department, they will be completely trained about the products until they fall in love with them. They must understand about chairs, what a quality chair is and why the company need to produce quality chairs.

At Benithem, team members and Head of Departments (HODs) align their KPIs and quality objectives to the company’s business plan. Achievement of business objectives and goals are benchmarked against industry/market averages as well as against competitors.

A CULTURE OF LEARNING

“European people are not similar to Asians. For example, the average height for Polish people is 1.7 meters. European and American specifications are different. After we visited America, we learned that their people are generally different in size so they have special requirements. From there, we designed a chair with an arm expansion,” said Teo.

Changes in trends, customer expectations and technological advancements drive Benithem to be receptive to changes to stay relevant and significant. Teo emphasizes that the sources of learning at Benithem are via the Malaysian Furniture Promotion Council (MFPC); Malaysia External Trade Development Corporation (MATRADE); Ministry of International Trade and Industry (MITI); World Trade Organisation (WTO); Online Office Furniture Exhibition; Benithem



Above: Benithem™ products are 100% certified under GREENGUARD and BIFMA

internal statistical analysis and results; customer and supplier feedback and suggestions; competitor websites, brochures, marketing materials and price lists; and the governing bodies such as GREENGUARD and BIFMA.

The inputs obtained from all sources of learning are deliberated and analysed at various levels during departmental meetings, monthly HOD meetings and twice yearly management reviews. Achievements and plans are reviewed either monthly or twice yearly. Meanwhile, a comprehensive risk management review is also conducted regularly.

A dedicated R&D team consistently conducts its own research to be at par with the international competitors. “R&D and Quality departments are very important and both report directly to me,” said Teo. He believes that to innovate, Benithem needs to leverage on what it learns; “We will continue to reengineer the way we act and design distinctive products that are relevant to the market,” said Teo.

Benithem is constantly being challenged by market dynamics and the company always challenges its people, products and processes to progress towards excellence. To sustain itself in the global competitive office chair and sofa market requires the management team to continuously adopt the culture of learning. Actively participating in the national award competition is also what Teo believes is another source of learning because the competition normally comes with a rigorous auditing process. The exercise and the advice from the auditors are valuable inputs for the company to continuously improve and strategize in a structured manner.

A DEDICATION BEYOND COMPLIANT

Benithem produces professional chairs that are designed to be ergonomic, aesthetic in design, friendly to the environment, a higher quality and at a competitive price. A product of those standards necessitates the company to

adopt best practices in all aspects of business operations to be sustainable. When asked about how Benithem has done it, Teo describes that the company has been closely guided by two quality practices, namely ISO 9001:2008 and ISO 14001:2004.

The key objective in adopting the two standards is not only to be qualified to export or to comply with certain countries' import and export regulations. Benithem is also committed to learn, implement and capitalize on the structured systems in place to build a solid foundation for growth.

Operations must align business goals with processes such as speed, flexibility, cost and quality. At Benithem, the vision, missions, culture and values are seamlessly incorporated into organizational processes. "When we started, we were just a small company producing chairs in a workshop, not a factory. At that time, I have started to think about having a good system. Within 3 years of operations, we had started to adopt ISO 9001," said Teo.

According to him, starting with the implementation of ISO 9001, the company has learned a lot about how to develop a system and how to have proper documentation. Today, all key work processes are clearly defined in its ISO 9001 quality manual. Control of and improvements to these work processes are done through various committees.

Sharing the company best practices and turning the certification process into a commitment beyond mere compliance, Teo said "to make sure everyone is involved". Benithem promotes total involvement in process improvement by making team members as auditors.

All of the company permanent team members are certified as internal auditors while HODs are certified as external auditors. The practice gives employees the necessary knowledge and skills to identify, review and recommend improvements in every aspect of the company. "At Benithem, all employees understand the importance of ISO. It is not merely to show off to people as we want the systematization," added Teo.

Benithem implements cross-departmental audits with an established process to empower individual team members. Through this best practice, Benithem recognizes several benefits.

The first one is getting the support. “Earlier, we had a fixed Environmental & Quality Management Representative (EQMR) for ISO. We found out the EQMR was having difficulty getting full support from employees. Only the EQMR understood ISO but most employees did not understand and perceived the EQMR as being difficult and fussy. Now that everyone will be a EQMR on a rotation basis, they are more supportive as they understand the role and the requirements,” stated Miss Helen, the General Manager.

The second one is improving the work processes and promoting innovation. “We purposely put the Marketing department to audit the Production department and the Human Resource department to audit the Shipping department,” said Helen. “Before the audit, all committees must undergo training. Marketing will need to understand production procedures and Production department including Quality Control must understand Marketing processes and procedures,” added Teo.

During the review meetings, which are conducted before and after the audits, each team member will highlight what they have learned and what can be improved. Each team member will be aware of other departments’ processes. This will provide them with the knowledge and skills to identify, review and recommend improvements to the processes within their own departments. Sometimes, the non-conformance audit results spark ideas on employee training needs for particular work processes.

The third one is developing a culture of achieving organizational goals, not just the departmental goals. According to Helen, before the cross-departmental audit, some department tended to stand on their own department. “Marketing may think that their department is very important and did not realize the effort put forth by the Production department. After understanding each other’s processes, problems and bottlenecks, they are more appreciative of each other’s role,” she said. Employees at Benithem admire the effort put forth by each department and are aware of its possible effects on the other departments. Every department contributes to the overall success of the company.

A number of process improvements at Benithem have saved the company in terms of time and cost. For instance, the centralization of product materials and the use of conveyor lines increased efficiency and resulted in a 50-60% improvement in production capacity.

Through the recommendations and market visits to trade fairs, Benithem made a small investment in a 3D modelling printer machine. As a result, the prototyping process, which in the past was sent to another country and took 30 days, can now be done locally in 1 day. Benithem managed to save 29 days in the process, thereby improving the delivery lead time to its customer.

Meanwhile, 100% of Benithem's newly developed products are filed in patent offices around the world. The company invests heavily on patenting to ensure there are no counterfeit products that threaten the market for the dealers. Certified with ISO 9001:2008 means the entire operation and documentation follow international quality control standards for efficient control and records.

The prestigious ISO 14001:2004 standard signifies that Benithem processes adhere to the sustainability of the planet that we live in. For example, one third of Benithem's factory grounds is reserved for trees. This not only keeps the employees happy and productive but also helps generate customer confidence.

FACING AN EXCITING FUTURE

When asked about the way forward for Benithem, in simple words Teo emphasizes "the branding". He aspires to educate more people on the value of quality chairs. "I want people who step in at the Benithem factory to be able to see what the procedure to produce a quality chair is. We want people to know and understand how Benithem does it. We want to have a gallery that will showcase our processes and machinery. When people think about quality chairs, they will associate that with Benithem," he added.

Furthermore, Benithem will continue to position itself with the top ten international players. To create a global branding, Benithem will continue to actively participate in the world's major furniture industry exhibitions such as Germany's Orgatec, China's International Furniture Fair (CIFF), the NeoCon Fair in Chicago and the Malaysia International Trade Fair.