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## YCH Chairman Robert Yap: Building the Logistics Superhighway One Step at a Time

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*Robert Yap, chairman and CEO of YCH Group, was the featured speaker earlier this year in the Wee Kim Wee Centre CEO Talk series at the Singapore Management University (SMU). Over a period of 20 years, Yap led his family-owned business from a small transportation company in Singapore to a leading logistics and supply chain solutions provider in Asia Pacific. In recognition of his visionary leadership and industry expertise, Yap won the Ernst & Young Entrepreneur of the Year Award 2007. He is currently on the Board of Advisors of the School of Information Systems at SMU. In 2003, Yap was inducted into the Hall of Fame at the 2nd ASIA Logistics Awards organised by FTB Lloyd's Asia. In the same year, he was awarded the IT Leaders Award by the Singapore Computer Society. Yap spoke to Knowledge@SMU about YCH's successful evolution and how the future looks for the company.*

**Knowledge@SMU:** You transformed YCH from a small trucking business into an award-winning company. How would you describe your key achievements?

**Yap:** We started with a business that had low profitability so [we had to] turn the company around. The business that eventually emerged was not what we had originally. We looked beyond it. According to a Chinese saying, in every profession there is always a way to excel. Transportation is at the lowest end of the value chain and I didn't want to be there. I wanted to be higher up but you cannot change overnight. It may seem very clear today but it wasn't at that time. We decided to go just one step ahead in the field. Transportation by itself is not holistic. We needed to get into warehousing, freight forwarding activities, and look at ways of innovating with IT to offer what we call 'logistics'. At that time a lot of people didn't even know how to pronounce this term. Then we coined the term 'your partner in *total* logistics'. Total logistics means integrated logistics, putting all activities -- warehousing, freight forwarding and transportation -- together under one roof. This slogan became our war-cry.

We realised that some of our customers did not even understand why they needed so many services. It was important to develop an understanding of the entire supply chain. How they managed their supply chain would dictate exactly what kind of resources they required. We realised that maybe we understood their supply chain better, or we could understand it together with them. Everyone must understand where goods come from and why they come that way. So we began to move one step up towards supply chain management. Because we were into supply chain, we were not doing just logistics. We changed the culture, changed people's mindsets. Thus we became a supply chain management player. When we engage customers, we do not just ask what they need. We look at what they are trying to achieve, and how they configure and connect their supply chain. Then we propose logistics services to enable them to achieve their objectives and use IT to integrate logistics. This has transformed us into a supply chain solution provider from a mere transportation company.

Then we decided to go a step higher. How can we offer all the learning, experience, solutions and processes that we have built in an integrated way? We trademarked and introduced 7PL™ which is 3PL (logistics) plus 4PL (consulting). A conventional 4PL model takes a client one to two years before they can begin to execute it. We do consulting and show the client that these are the gaps, this is how the best in the world do it, and how we can move them there. We put our money where our mouth is. This compresses the duration to about six to nine months including execution. Thus, we are an integrated supply chain solutions company, or 7PL™, and take pride in transforming from a small transport player to a logistics player, to a supply chain player, to a supply chain solutions provider today.

**Knowledge@SMU:** How does being a 7PL™ company give YCH an edge in this industry? What is the next step beyond 7PL™?

**Yap:** We are using 7PL™ to grow regionally. Our mission is to build the logistics superhighway. From the very beginning, we realised that logistics is made up of three critical flows. The first is the physical flow of goods, such as the movement of cargo from one point to another. The second is the information flow, such as the inventory numbers and related data tagged to the goods. Finally, there is the financial flow. We do not actually transact the financial flows, but we trigger them when we deal with our customers and their hundreds of suppliers. The true integration of the three flows will bring us beyond logistics, beyond supply chain management. This is realising our vision of a true logistics superhighway.

**Knowledge@SMU:** How does YCH add value to local partners?

**Yap:** We have a model of working with local partners. In India alone, we have 37 partners. We only outsource the last part of the delivery; in other words, last mile fulfilment. Our local partners know the local peculiarities, the streets and the culture as they are home grown. What we bring to them are the management expertise and

solutions we have developed over the years. They have to be as good as us because they are part of the value chain. Any weak link affects our performance so it is in our interest to make them very good. We can do so by imparting to them sophisticated process management techniques. Besides, we grew from a transport company so we are aware of the problems they face.

As my partner becomes better, I become stronger. We can grow together. I do not go for the franchising model because I think it is the old way of colonialism. I like to make it a partnership such that we share our benefits with our partners. That is why we are well regarded by local governments as well. They know our track record. You might say that they could grow stronger with our help and become our competitors. To counter that we work with many companies, not just a few local partners. As they are local and cannot offer logistics services spanning an entire region, this becomes the differentiating factor for YCH.


**Knowledge@SMU:** As a Singaporean firm what challenges do you face when expanding regionally? What advantages do you have?


**Yap:** We are very focussed on Asia. As a Singaporean company, we have had positive challenges. The brand image of Singapore is that we are clean and straightforward, so some might think we are easy to manipulate. We are in sync with the Singapore brand name. We only deal with real people. We don't go buying and selling companies just to make money. We have a vision that we grow together with our partners and leave a legacy that makes Singapore proud. In China, the Singapore brand name counts a lot. The local governments help us, and we help each other connect to relevant contacts. In India, and other countries too, they look to Singapore for airports, for industrial park planning. All Singaporean companies should have integrity. That is what will keep the brand name strong.

**Knowledge@SMU:** What future trends do you foresee in the logistics industry? How does YCH plan to capitalise on those?

**Yap:** I see Asia as a very strong emerging group. One of the key challenges here is talent. In the next five to ten years, the supply chain management talent pool cannot grow in tandem. Where are people going to come from? That is why I am the founding chairman of a community called Supply Chain Asia. We are a community of practising supply chain professionals in Asia. We meet once a year at a forum with the aim of encouraging more understanding of the supply chain management practice.

In Asia, we have developed unique practices and processes in this field. We should be driving the supply chain practice, and groom and grow our local talent in the region. With this in mind, we have started offering lots of scholarships and internships for fresh 'O' and 'A' level graduates and polytechnic students. How many people in school understand what supply chain management is? We try to make young people appreciate the excitement and dynamism of the supply chain practice. Thus, one of our ways in doing CSR (corporate social responsibility) is giving back to this industry by training and educating more talent to fuel growth in this booming industry.

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