

KEN ON CONCRETE COMPANY LIMITED

REPORT SUMMARY

Ken On Concrete Company Limited, a subsidiary of the publicly listed Shui On Construction and Materials Limited, began operations in 1978 and has now established itself as a major producer and supplier of ready-mixed concrete in Hong Kong.

The Quality Concept in Ken On

The concept of quality and excellence embraced by Ken On was laid out as early as 1984 in the Shui On Groups Corporate Mission Statement, which explains the Groups long term objectives regarding profit, customers, its people, management philosophy and corporate culture. It recognizes that an organization's success is built on the combined effort of its people working towards common objectives.

Deriving from the Group's Corporate Mission, Ken On's quality objective is to excel in satisfying customers' needs through motivated employees and continuous improvement.

Focus on Customers

Ken On believes that "quality" is defined by customers, so it continually evaluates its performance in meeting customers' needs and identifies areas for improvement through daily contacts with customers and regular systematic customer surveys.

Recognizing that product quality and delivery service are the most important immediate needs, Ken On had taken the lead several years ago to computerize its concrete batching operations both at the plants and at its central coordination in the office, in order that customers' daily orders are filled accurately and efficiently. All of Ken On's commercial plants are ISO-9001 certified.

In addition, Ken On deploys considerable resources in research and development to determine the most appropriate method and materials for meeting customers' needs. An industry leader in technical capability, Ken On has won customers' confidence in producing concrete that meets very stringent specifications, supplying projects such as the Kap Shui Mun Bridge and Ma Wan Viaducts, the MTRC's Kowloon and Tung Chung stations, and the Hung Hom Bypass.

In 1997 Ken On presented key customers with its Performance Pledge, which states the targeted level of performance in key aspects of Ken On's service and products that the operation had committed to delivering. The initiative has been very well received.

Total Involvement

Ken On, believing that motivated employees are important for continuously making improvements, innovating, and producing quality service and products to meet customers' needs, places great emphasis on gaining the commitment and participation of its staff.

Ken On conducts Employee Opinion Surveys to measure employee satisfaction levels and collect their input towards making the Company "A Better Place to Work. The Company's well established performance management system, strong emphasis on safety and health as well as staff training and development, and recognition programmes such as Plant of the Year and Service and Quality Excellence Awards, are all directed at strengthening employee well-being and commitment to a Quality culture.

The emphasis on staff commitment and teamwork is underlined by the rich texture of formal and informal communication channels in the Company. Besides regular management and operations meetings, Ken On's business planning exercise and the annual Management Conferences provide the forums for the management team to discuss issues openly and together set organizational strategies and targets for the Company.

Continuous Improvement

Ken On is dedicated to continuously improving its operation processes and upgrading its employees' capabilities in order to excel in satisfying customers' needs while maintaining an efficient and competitive operation.

Besides providing company sponsorships for external studies, Ken On organizes a large number of in-house training and development programmes to enhance employees technical knowledge, supervisory and management skills as well as leadership and team-building capabilities.

For improvements in major business and operational processes, the lead is taken by the Company's TQM Committee, which has in the past two years successfully provided the impetus for two significant achievements. First, the development of a "real time" information system interfacing the previously scattered systems provides on-line data on sales, raw material usage and costs, and per customer delivery and billing status besides the usual financial reporting, allowing for faster, better service and control. Last year, the development of the Ken On Performance Pledge brought together the Company's operations staff, key customers and key suppliers to work on ensuring quality according to a broadened definition of the scope of the production and delivery process.

Business Results

The Company's proactive approach in accordance with its mission of quality and excellence has achieved tangible business results including improved staff retention, participation and satisfaction; greater support from suppliers; higher customer satisfaction and higher profitability.

Management is determined to continue on the Quality journey in order to achieve its long-term corporate objectives.