



**Mr. Kan Trakulhoon**  
**President & CEO**  
**Siam Cement Group**  
<http://www.siamcement.com/en/index.php>

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**Siam Cement Group is one of the largest business entities in Thailand, holding five business pillars: SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials and SCG Distribution, under which more than 100 affiliated group companies globally, are led by Mr. Kan Trakulhoon, striving to achieve the group vision 2015 that is “SCG will be well recognized as an innovative workplace of choice, and a role model in corporate governance and sustainable development”. Mr. Kan Trakulhoon became the President of this vast group in 2006, with the target of sustainable development through TQM as one of the key management strategies. As of 2011, eight companies from Siam Cement Group have received the Deming Prize which is, in fact, the largest number of winners for any overseas group company. Mr. Kan Trakulhoon has held a number of prominent positions beyond the boundaries of Siam Cement Group, such as a member of the board of trustees at the Asia Business Council and a global adviser to Kubota Corporation in Japan.**

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The Siam Cement Group has fostered as many as 8 Deming winners up to 2011. What do you, as President & CEO of the group, see as the “changes” before the challenge, and after winning the award?

*The main objective of SCG to challenge the Deming Award is to move its companies in each business unit towards operational excellence and to be the 1st choice of customers. Since TQM was introduced to SCG, the major change we have seen is that everyone, from top management level to operation level, has started thinking and working TQMly i.e. practically applied TQM into daily work. In addition, since TQM has been emerged as*

*operational excellence perspective in the SCG’s current vision, using Kano’s House model as a guideline for implementation, there are many noticeable improvements such as:*

- More challenging strategies to achieve vision with better alignment and companywide deployment*
- More focus in customer-oriented approach*
- More concern in process-oriented, fact-based and fast-rolling PDCA cycle*
- More systematic and scientific approach in problem solving /continuous improvement*

*TQM has become the common language which embeds quality-concerned attitude to SCG people. Moreover, it is also the main platform*

*for further development in work practices to be plugged in. In terms of human development, TQM knowledge has been widely and continuously spread throughout SCG and many TQM-skilled people have been developed through the Deming award challenge.*

**What did you feel was most difficult during the course of this challenge?**

*In order to achieve the Deming Prize, a company has to remarkably improve its performance by utilizing TQM framework. The first challenge is to rally its people effort towards common company goals. The other challenge is how to strategically & practically transform the organization to achieve the outstanding bottom lines through customers delight. Additionally, top management must be able to visibly lead the big changes in various dimensions, for example, task prioritization, resource allocation, reward & recognition, and etc.*

**What is your future plan from the standpoint of quality and/or TQM?**

*One of the SCG's four core values is "Dedication to excellence". This core values includes product & service excellence, process excellence and continuous improvement to ensure the customers' delight. Most of SCG businesses are delivering commodity products and services, for which cost competitiveness and consistency in quality are important aspects. These objectives are achieved by utilizing TQM, thus assuring operational excellence. However,*

*only the cost competitiveness or operational excellence cannot guarantee sustainable business growth. Increasingly, SCG aims to achieve sustainable prosperity by boosting proportion of high value-added products and services to create more value to customers. As a consequence, operational excellence and R&D activities, including other product development tools that capture customer requirements to seek attractive quality attributes, are among the vital foundations in moving SCG towards an innovative organization.*

**Your Company will welcome its memorable 100th anniversary next year in 2013. What was the secret behind this sustainable growth? How do you think TQM contributes to maintain such sustainability?**

*I would say that there was no secret for the success as SCG people publicly follows its four core values; Adherence to fairness, Dedication to excellence, Belief in the value of the individual, and Concern for social responsibility. It could be seen that even though SCG four core values have been established for quite a long time, they still represent what stakeholders expect the business to be. Learning capability and organization adaptability has helped SCG to overcome crises in the past. Furthermore, SCG's "Open and Challenge" culture has currently played an important part in supporting sustainable growth. The way to sustain growth is starting from people.*

*SCG people have been consistently developed in terms of knowledge, skills, and attributes.*

*In order to engage quality people with SCG, individual career path for each employee is carefully defined, monitored, and followed up. Furthermore, SCG also has a vision that balances both business and sustainability objectives.*

*We have been following these paths of development since the beginning, and currently recognized by the world-class recognition as the Sector Leader in Building Materials & Fixtures from Dow Jones Sustainability Indexes (DJSI).*

*In conclusion, TQM acts as a fundamental foundation in building robust working concept and management system. As a result, all of the above mentioned elements, i.e. four core values, open & challenge culture, sustainability concerns and TQM, have been integrated as SCG identity that makes sure that SCG is well-equipped with all elements required to prosper in the ever-changing future market.*

**Human resource management is considered critical for constitutional improvement. What kind of opportunities in QC education and training do you provide to your employees?**

*In general, SCG strongly focuses on human resource development, according to one of the four core values, "Belief in the value of the individual". We have well-thought-out people development framework and roadmap for every level of our people. This roadmap covers development of both technical and management competencies which has intentionally included TQM concept and framework. Dedicated corporate function, Center of Excellence and Sustainability Development, together with*

*Sustainability and Organizational Development (SOD) office in each business unit, were set-up in order to promote and apply TQM knowledge throughout the organization. In order to be well-educated and to become good role models in TQM, our top management teams have many chances to study TQM in Japan organized mainly by JUSE.*

*Moreover, supporting units such as SCG Operational Excellence teams and TQM promoters have been trained as well in order to spread good TQM practices throughout to SCG's subsidiaries. The knowledge sharing is being done in several ways such as:*

- Basic training relating to the business direction by referring to well-defined training roadmap.*
- Seminars, best practices sharing, domestic and international symposiums.*
- Learning from experts, consultation, award challenging, and job rotation.*

**You have a strong global presence with 35 offices in 21 countries, as well as in 6 different business sectors. How have you developed your human resources to cope well with such diversities in business and culture?**

*One of our People & Organization strategies is to "Develop Employee Mobility & Global Mindset" which is basically to:*

- Develop employee mobility for working across teams, businesses, locations, and nations*
- Attract and engage SCG overseas staff for successful overseas operation*

- *Develop organization structures & systems to support regional business*

*Role models, again, are needed to be developed. At least half of our top management team must have experience in working overseas. Job rotation is another way to make employees familiar with dynamic working culture. SCG always exchanges and rotates their employees to learn cross cultures and increases number of foreign expats that work in Thailand. Crosscultural activities have been frequently held amongst SCG staffs, domestically and Internationally such as co-education development through various levels of training programs such as ABC (Abridged Business Concept), BCD (Business Concept Development), and MDP (Management Development Program). Every year, we send 8 executives to attend AMP (Advanced Management Program) of Harvard Business School to broaden perspective and global mindset.*

**You have the SCG Vision 2015, to be well recognized as an innovative workplace of choice, and a role model in corporate governance and sustainable development. What are examples of activity you have undertaken to realize the vision?**

*We envision SCG to be a workplace with an open and energetic atmosphere. With our strong belief in the value of SCG's highly competent people, we will be working together innovatively, while living SCG's four core values and firmly adhering to ethical conduct.*

*The key strategies to achieve our 2015 vision are to increase the provision of HVA products & services to create more innovative value for our*

*customer and to expand the business to become a regional leader. The examples of supporting activities include:*

*-To increase HVA products & services proportion:*

- *Establish dedicated research & development organization, Corporate Technology Office (CTECH), to work collaboratively with as well as across business units.*

- *Significantly increase R&D budget in recent years to enrich in-house technological capabilities and develop higher number of specialists for more high value added products & services.*

- *Promote innovative culture by, for example, designated innovative workplaces, and continual internal Innovation Awards, etc.*

- *Support work-life balance and happy work environment through Quality of Working Life (QWL) strategy.*

*-To become a regional business leader:*

- *Expand capacity & market through Merger and Acquisition (M&A) strategy.*

- *Develop SCG people mobility practice. For instance, senior executives and managers are being sent abroad in order to gain first-hand experience on managing non-Thai companies in different culture and business environment. Moreover, we also form a pool of ready-to-mobilize people for future business operations in the region.*

- *Equally treat foreign staff as they are Thai SCG staff, for example in the areas of people development, welfare, and quality of working life, etc.*

- *Ensure that environmental and societal sustainability are among our top priorities where we operate.*

*As for becoming a role model in sustainable development, our accomplishments in sustainable development area in recent years include;*

- The development of environmental-friendly products and services under the SCG eco-value label with 47 accredited products, contributing 13 percent of the total sales turnover.*
- The adoption of environmental-friendly procurement policy, which SCG was the first organization in the country to adopt in 2004. This policy initially encompassed general office products and later expands to cover raw materials and supplies. Currently, 484 products are registered under this policy and have a combined purchasing value of 2,669 million baht.*
- More emphasis on Zero Waste to Landfill policy to reduce the amount of hazardous wastes to landfill.*
- The implementation of the Business Continuity Management (BCM) practices to be prepared for any unexpected event, such as the recent Thailand flood crisis, in order to ensure the continuity of all SCG businesses and operations.*
- The promotion of sustainable development concept to other entities. For example, expansion of the "Community Partnership Initiative" groups, and organizing of the annual Thailand Sustainable Development Symposium.*
- The organizing of an Expert Opinion Panel for the second consecutive year as a forum to receive comments and suggestions from leading experts on the implementation of sustainable development policies.*
- Sector leader ranking in Building Materials & Fixtures industry by Dow Jones Sustainability Indexes (DJSI). The assessment was carried*

*out by Sustainable Asset Management (SAM) and SCG has been awarded with Gold Class honor consecutively since 2008.*

**What is "Quality" in your organization?**

*"Quality" is the satisfaction of our all stakeholders: customers, share-holders, businesspartners, employees, community, government and social. Basically, quality can be in everything such as management, people, services, products, working life, etc. (Productivity, Quality, Cost, Delivery, Safety, Morale, and Environment: P-Q-C-D-S-M-E)*

**Lastly, what is your advice to organizations that aim to promote TQM from now, or wish to apply for the Deming Prize?**

*We could say that TQM is an endless learning journey which continuously improves the organization. It's all about human development, starting with education and end with education. First, everyone has to believe in the benefits of TQM. If we lack the faith in TQM, then the improvement could not be occurred. Top management team must be focused as priority since these people are effective drivers and strong role models. Clear strategic direction and communication from top management team can lead a significant change in the organization. In addition, it is a must to have everyone's understandings, agreements and commitments on what we are doing and what we can achieve with TQM. Rewards and recognitions should be wisely provided to motivate people. It's a good idea to gradually do TQM - don't rush, but make it consistent. Consultants, dedicated key persons, and proper*

*organization structure are also vital. Moreover, TQM can be applicable & synergistic with other management initiatives such as TPM however the implementation must be carefully managed and integrated.*

*Applying for Deming Prize comes with the cost however it's proven to be an effective means to excel business performance. Therefore a company should start from business's issues, strategies and objectives. Then, it can utilize the TQM effort during the award challenging journey to fill the business gaps and grasp more opportunities. The benefit is not the award itself but what you will get along the way to achieve the award.*

**Thank you for your time, as well as sensible and practical advices based on your experience, Mr. Trakulhoon!**

**(July, 2012)**