

# Kingdom of Cambodia

## Crunching Success

*Using the power of trademarks, an entrepreneur turned Ly Ly Food Industry Ltd. from a small home business into a nationally recognized brand in only a few short years. The company's IP portfolio has proven indispensable in establishing and protecting a strong corporate image that resonates with consumers. At the same time, the company produces healthy, affordable snacks and uses its well-known brands to provide employment opportunities for disadvantaged people.*

### Background

With limited capital, virtually no entrepreneurial experience and a rice-cracker processing machine bought from a foreign company for about US\$50,000, in 2002 Mrs. Keo Mom began a small food manufacturing business out of her home, producing jasmine rice crackers in small quantities to sell at markets in Phnom Penh, the capital and largest city of the Kingdom of Cambodia (Cambodia), and its outskirts.



Ms. Keo Mom, Ly Ly Food's Founder

After consultations with relevant agencies of the Cambodian government, Mrs. Mom decided to register the business as a handicraft manufacturing plant under the name Ly Ly Food Industry Co. Ltd. (Ly Ly Food). Ly Ly Food's core vision is not only to create attractive, healthy, quality snacks; indeed, the company was also in part established with the goal of providing employment for underprivileged Cambodians.



Ly Ly Food's colorful products stand out in a competitive market  
(Photo: Ly Ly Food)

In 2005, the Ministry of Industry, Mines and Energy of Cambodia (MIME; which split into the Ministry of Mines and Energy and the Ministry of Industry and Handicrafts (MIH) in 2014), the Asian Productivity Organization (APO; a business capacity building agency working in developing economies), and the United Nations Industrial Development Organization (UNIDO; a specialized agency of the United Nations (UN) with a mandate for facilitating industrial

development in emerging economies) recognized the small and medium-sized enterprise (SME) for its success, business model, social contributions, and efforts at

implementing cleaner production. This prompted Mrs. Mom to make the decision to expand the company further.

Subsequently, Ly Ly Food has become one of the most well-known local producers of Jasmine rice snacks in the country while supporting local producers and employing hundreds of previously unemployed people. At the same time, Mrs. Mom and the company she founded have become role models for how to establish a successful SME, especially in the Association of Southeast Asian Nations (ASEAN) region.

### *National and International Collaboration*

Having limited starting capital and lacking in-depth knowledge of entrepreneurship, in the beginning Mrs. Mom faced a number of challenges – including how to expand the company successfully. When she wanted to scale-up production, for instance, the new entrepreneur realized that she did not have the money to do so. To meet such challenges, Ly Ly Food has sought partners in government, industry and the local community.

For instance, rather than importing raw materials (such as jasmine rice and corn) necessary to make the SME's snacks, Ly Ly Food sources them from a local network of farmers in Cambodia, thus shortening supply chains and saving costs. At the same time, the company is able to enhance the capacity of farmers (many of whom are illiterate and on low incomes), allowing them to establish sustainable revenue streams.



A Ly Ly Food Processing Facility (Photo: Ly Ly Food)

Moreover, as the SME has its own processing and packaging facilities and a robust commercializing strategy in place, the company is able to add value to its core products, reap a return on investment due to successful and competitive positioning in the snack foods market, and put some of the returns back into the local economy – by hiring more staff, for example.

In addition to enhancing the capacity of producers while helping to stimulate the Cambodian economy, the SME has partnered with both government and international agencies. Such collaborations have helped Ly Ly Food fulfill its aim of implementing quality and efficiency in its production processes. Some of the SME's partners and collaborators have included the Ministry of Commerce and MIMC of Cambodia, UNIDO and the APO.

Partnering with experts from APO and UNIDO has proved especially beneficial for Ly Ly Food. For example, these partnerships enabled the SME to implement international best practices in its production processes, including within its human resources (HR) department.

Via its collaboration with APO (which provided training seminars), the SME adopted the business management philosophy known as *kaizen* – a word of Japanese origin which can be translated as “improvement” or “change for the best.” Used in a

number of industries, kaizen requires all employees in an organization, from the highest to the bottom ranked worker, to pool their resources in order to continuously share and implement best practices. The philosophy applies to all aspects of a business such as HR development, production, supply chain management, health and safety and cost efficiency.

The company's collaboration with UNIDO, moreover, ensured its implementation of Resource Efficient and Cleaner Production (RECP) methods, technologies and systems. Facilitated by the UN agency, RECP is designed to increase the use of natural resources, minimize waste, and reduce the risk to humans and the environment from harmful industrial waste. Commensurate with Mrs. Mom's collaboration with the Cambodian government, APO, and UNIDO, the SME has worked with capacity building agencies from the European Union and Japan – both potentially lucrative business opportunities for the company, but with strict health and safety requirements for producers wishing to enter these markets.

As a result of such collaboration, the SME has implemented international standards in its production process such as Hazard Analysis and Critical Control Points, a system for reducing risk (to food safety and with regard to biological, chemical and physical hazards) in workplaces. Ly Ly Food's founder, furthermore, has relied on advice from her peers – fellow entrepreneurs with valuable insights in business – in order to advance the SME'S continuing success.

The upshot of such collaborations for the company has been implementation of certified international standards that have led to streamlined production processes, reduction in waste, efficient decision-making and problem-solving strategies and enhanced competitiveness. In addition, the SME has been able to win the trust of both customers and investment partners – Ly Ly Food, for instance, was able to secure capacity developing loans on account of its improved corporate profile – and enter new markets around the world, including the ASEAN region.

## IP in Action

Developing her capacity as an entrepreneur has led to Mrs. Mom's continuing success. An important aspect of that process has been the entrepreneur's increasing appreciation of the role the intellectual property (IP) system has played in her company's development. IP assets, for instance, have been indispensable in protecting the good reputation of Ly Ly Food's brands in a national, and increasingly international and competitive, snack foods market.

To develop her knowledge of the IP system, Mrs. Mom has participated in various seminars and workshops on industrial property and other subjects related to the development of SMEs – including marketing, branding and commercialization strategies. With that knowledge, the entrepreneur set out a number of IP-related strategies which continue to aid the company's development.



Ly Ly Food's trademark is associated with vibrant quality (Photo: Ly Ly Food)

Ly Ly Food, for example, has created a wide portfolio of products (Jasmine rice-crackers in 15 flavors such as chocolate, strawberry, durian, shrimp, hamburger, squid, fish, onion, lychee, crab, and potato), improved the taste, texture, and safety of such goods, and designed attractive packaging for them (with vivid images and lively colors). These measures have had the effect of making Ly Ly Food's products easy to distinguish in the market and thereby enhancing the SME's profile with customers.

The company, furthermore, has developed IP protection by registering trademarks and industrial designs with the IP office in Cambodia; boosted consumer confidence by implementing international quality standards for its production processes; and promoted awareness of its corporate identity, products and brands through participation in exhibitions and industry events.

### *The power of trademarks*



The Ly Ly name is a registered trademark in Cambodia (Photo: Ly Ly Food)

In addition to raising the SME's corporate profile and protecting the company name, from 2003 Mrs. Mom has protected images relating to the company's brands as trademarks – including a stylized image of a cow and a rabbit. Ly Ly Food subsequently registered a number of trademarks which have been actively promoted.

With a corporate reputation that is increasingly associated with quality, Ly Ly Food has been able to win strong support from the government and industry. The SME, for instance, received a license from the Cambodian government to produce jasmine rice crackers, including products enriched with vitamins and minerals that are intended to increase the health of young consumers.

Furthermore, in anticipation of Cambodia's accession in 2015 into the ASEAN Economic Community (which will lead to greater competition but also opportunities for the company), Ly Ly Food added two more brands to its products portfolio. The move is a clear indication that the SME is confident in its ability to compete against others in the region while expanding its share of the export market.

### **Going Forward**

Less than 10 years after being established by a new and precocious entrepreneur, Ly Ly Food became a model of success in Cambodia. Going forward, the SME has been producing impressive business results while its founder has received accolades from her peers. Ly Ly Food, for instance, received the Young Entrepreneurs award (2011) during the 4th Asian-China Conference, held in Hanoi, the Socialist Republic of Viet Nam. In the same year, the SME was recognized with an Outstanding Member award by GS1 – an international non-profit organization headquartered in Brussels, the Kingdom of Belgium, which is desiccated to the design and implementation of global standards and solutions to improve the efficiency and visibility of supply and demand chains globally across sectors.

Indeed, Ly Ly Food's many capacity building initiatives have been recognized in a similar way. The SME, for example, received the Green Industry Award (2013) from

MIME, which recognized the company's efforts in implementing sustainable production practices. In the same year, Ly Ly Food systematically achieved total organization, cleanliness and standardization in the workplace, resulting in safer, more efficient, and more productive operations. This has increased employee morale, promoting a sense of pride in their work and ownership of their responsibilities. Moreover, the SME was granted the 5S Quality Award No. 1 by the National Productivity Center of Cambodia and MIH.

### *Keeping Eyes on the Prize*

Winning praise both within Cambodia and on the international stage, Mrs. Mom has in turn shared her experiences in developing Ly Ly Food and made it a priority to mentor other businessmen and women in the ASEAN region and in other parts of the world. In 2011, the success of Ly Ly Food prompted Mrs. Mom to register her company with the Ministry of Commerce of Cambodia and move to a new 6,430 square meter (m<sup>2</sup>) facility, providing a much greater employment capacity of more than 300 people. As of 2014, Ly Ly Food has expanded to international markets such as the United States of America and the Republic of the Union of Myanmar. This international success has prompted further growth, and by the end of 2014 Ly Ly will complete a second move to a new location encompassing a 20,000m<sup>2</sup> facility, which will provide further employment for hundreds of additional people.



The grand opening of Ly Ly Food's new facility in 2011  
(Photo: Ly Ly Food)

All the while, the entrepreneur has maintained a simple yet powerful goal: developing quality products in order to create conditions whereby producers can generate viable incomes for themselves. In 2013, Ly Ly Food's annual sales reached US\$5 million. The company, moreover, provided employment opportunities for more than 300 employees and supported a network of local farmers.