



The Korean Role-Model in the Corona Era **Winfried Weber in a conversation with Moon Kook-Hyun**

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Winfried Weber:

The economies of the Republic of Korea and Germany are both high competitive and export-orientated.

Do we enter after a kind of hyper-globalization up to a phase of de-globalization?
And if so, what challenge does this mean for the management of your company?

Moon, Kook-Hyun:

Partially, yes!

Hyper-globalization will decelerate significantly and re-shoring will be encouraged in the USA and Europe.

However, it is not likely that de-globalization will happen in a day.

Balanced-globalization might be the answer.

Company management are required to be more aggressive in diversifying its markets and its sourcing countries.

During the corona crisis, many observers predict that there is a back-lash in the process of globalization and there will be less division of labour. Which scenario do you see in your company?

The Company will expand its capacity in house to depend less on Chinese materials.

At the same time, the Company will depend less on conventional offline stores

Instead, the Company will invest more on Omni-Channel stores, Digital Platform, Smart Work, Smart Conferencing and Smart Manufacturing.

The future supply chain will be more concentrated, shorter, more agile and more resilient.

First of all, the current global shock phase is about bare survival. The textile brands and its industries are beaten with a lock-down of shops and malls. How can Hansoll survive in the B2B?

The apparel industry is one of the industries hit deadly by the pandemic. Global attentions are critical.



The month-long lockdowns of shops and malls in the USA is a real shock to the industry.

Shops and malls stopped paying their bills. All the shipments are halted. Inventories across the global supply chain have been doubled. Days in accounts receivable jumped from traditional 60 days to 120 days.

Internal innovation is critical. But the urgent supports from the global public funds such as IMF and the national governments are indispensable to rescue this global supply chain from its sudden technical insolvency.

Solutions are: A. Quick Fixes

- 1) The international accounts receivable should be factored in by global public funds.
- 2) The excessive inventory across the global supply chain should be financed by local public funds in order to minimize unnecessary lay-off.

B. Mid/Long-term Fixes

- 1) Accelerate Omni-Channel capability and capacity.
- 2) Accelerate Digital Transformation within the Company and across the Global Supply Chain.
- 3) Enter Online Branded businesses and global medical care and protective-wear markets.
- 4) Invest more on people and development of community.

The next question is: How do companies find a new balance in this environment? Even the seemingly simple question of organizing future supply chains is unclear. It is currently becoming clear that economies have exaggerated the business premise, the cost minimization of, for example, medical technology products or pharmaceutical raw materials.

These all come "from the same basket", even if it is sometimes only cents that you save. Storage? Waste! Warehousing had gone out of fashion.

What do you expect in your business in the global supply chain?

Diversification will be pursued.

Geographically, the dependence on Chinese materials will be reduced.

Similarly, the dependence on US Market will be reduced.

Channel-wise, Online and Omni-channel will grow at the expense of conventional Offline retails.

So, you expect that the supply chains will diversify and be much broader than before and a balanced mix of global and local strategy?

Yes.

What does this all mean for your practical leadership?

Concerning your people, How do you motivate and give orientation?



How do you develop teams and individuals?
Do you use short-time work for trainings?

Do you lead by example and have cost cutting in administration and management salaries?

Concerning your innovation strategy, Future-orientation has a focus on innovation. How can companies act in both directions, surviving by cost-cutting and investments in innovation?

All people are invited to business discussions including vision sharing, risks and opportunity analysis, strategy development, budgeting, progress updating, etc. Through this transparent and open information sharing process, the purpose, mission, goals, values, vision and strategies of the Company are fully shared to build teams with strong and healthy ownership by all.

To help develop capability of individuals, Life-Long Learning at workplaces has been encouraged and supported by the Company.

Short-time work for trainings are offered periodically and as necessary.

Currently, the Company focuses on Digital Transformation and Digital Platform.

Key subjects are :

- 1) 3-D Digital Design including Digital Fit, Digital Sample and Digital Showrooming.
- 2) Digital Conferencing, Smart Work System
- 3) Smart Manufacturing
- 4) Product Lifecycle Management

With coronavirus, work-from-home, flex-time, shift operation and MBO with Self-Control are widely practiced.

Cost optimization thru process innovation will be practiced continuously. But, Salaries and Wages haven't been cut so far.

Continued innovation and entrepreneurship by all employee are key to continued success.

From the German perspective, Korean economic players have the reputation that their management and workforce make fast decisions and Korean customers are extremely innovation driven.

Take the example corona crisis. Korea's solutions to flatten the curve on corona virus are better than all European solutions.

Decisions in government were effective and extremely fast. The civil society in Korea has been prepared and people changed behaviour.

How did organizations react?

Samsung delivers two masks per person a day to its workforce.

What were your solutions to flatten the curve?

The Company emphasized the importance of social distancing against coronavirus having prevailed in China in Feb.



The Company asked employees not to travel to China, not to meet visitors from China and not to go to confined meeting rooms and elevators without wearing masks. The Company provided masks to all employees in Korea as necessary.

The Company also asked the whole employees to split into two to three groups/shifts for shift operation in Korea.

With this, work-from-home could be practiced very successfully during the last 6 weeks without any business interruptions.

To support the work-from-home, Digital Conferencing tools and kits were provided. For commuters, flex-time has been encouraged, so that employees can avoid rush-hours especially in mass transportation system.

Among others, offices have been kept safe and healthy thru entrance and visitor control, while asking whole employees to keep their home equally safe and healthy thru minimizing social meetings and events.

In addition, frequent hand washing was practiced at offices and at home.

When we observe Europe's solutions to the pandemic we have to confess that there has been too long an European arrogance to East-Asian solutions.

We should learn from your model concerning

- effective government and administration
- solidarity in civil society and among organizations
- networks and neighbourhoods

Can you explain the Korean model and give some examples?

Korea learnt a lot from the past mistakes including SARS(2003), Influenza-A(2009) and MERS(2015)

As a result, Korea could establish an independent center for disease control and prevention, named KCDC in 2004 and have augmented it continuously during the last 16 years.

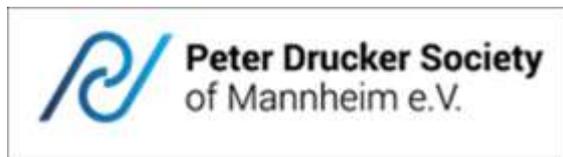
The National Health Insurance Service (NHIS) system has also upgraded the medical and public health care systems in Korea to one of the best system in the world, in terms of facility, medical staff, user-friendliness, scope, etc

Early development and aggressive use of the testing kits were also effective in isolating the infected early enough.

The other big contributor to drawing attention of the general public to the coronavirus was a smartphone app publicizing the paths of patients to the people living and traveling around the paths.

Solidarity-wise, most organizations are run by patriarchal leadership combined with participative democracy.

As a result, exchange of works and helping each other in crisis and disaster are normal. A good example was the Gold-Collecting Campaign done nationwide in 1997 and 1998 to rescue Korean economy from the Asian Financial Crisis.



Wearing face mask has been practiced widely to protect family, colleagues and neighbors from virus spreading in the winter season, and to protect themselves from the yellow dust coming from China in early spring. These culture and habits allowed us to have significant inventories of masks at home, retails, factories, and at government before coronavirus.

You are involved in non-profit-organizations and the social responsibility of management, for example Peter Drucker Society of Korea, KH Moon Center for a Functioning Society, Keep Korea Green, Pulmuone's Foundations, ...

Why does it make sense to look over the edge and re-defining the purpose of a business and in a management position?

We all are interdependent as proven by the coronavirus diseases.

One patient can infect the whole family, whole church, whole company and eventually their relatives, friends and neighbours.

One traveller can infect the whole city, whole country and the whole world.

Therefore, helping each other for win-win is critical to success of communities, locally or globally.

Meanwhile, there are huge gaps in capabilities and capacities among sectors and among geographies.

The weakest sector is the social sector, while the private sector is abundant in talents, knowledge, experiences, fund and networks.

If the needs and problems in the civil society meet the well-trained people and talents from large corporations, the social and global problems will be turned into opportunities for a functioning society.

The stronger and the healthier the social sector is, the more effective and the more functional the society is.

Geographically, there are many developing countries, which want knowledge, experiences, leadership and well-functioning community and government,

Sharing our experiences, knowledge, vision and value with them will encourage them to do better for themselves, for their countries, and eventually for this small planet. It could be planting a tree, or developing next generations.

Alone you can go faster!

Together, we can go farther!!

Dear Kook-Hyun Moon, thanks a lot for sharing your thought with us!



The authors:

Winfried Weber and Moon, Kook-Hyun are both founders of a Peter Drucker Society in their countries.

Moon, Kook-Hyun:

Trustee of The Asia Foundation

President & CEO, Hansoll Textile Ltd.

Chairman & CEO, New Paradigm Institute

Former President & CEO, Yuhan-Kimberly

Moon Kook-Hyun joined The Asia Foundation Board of Trustees in 2017. He is the president & CEO of Hansoll Textile Ltd, and the Chairman & CEO of the New Paradigm Institute. He is the former president and chief executive officer of Yuhan-Kimberly, Limited, a 70:30 joint venture company between Kimberly-Clark Corporation and Yuhan Corporation in Korea. Mr. Moon has been an environmental leader for 30+ years. He initiated “Keep Korea Green”, the first company-sponsored environmental campaign in Korea in 1984, which created mountain paths, “Forest for Schools,” “Forest for Life,” “Forest for Peace,” “Northeast Asia Forest Forum,” and numerous educational activities for students, newly-weds, and opinion leaders in the country. His efforts on environmental protection and education have been recognized by the United Nations Environmental Program with its prestigious award, named “Global 500 Roll of Honor,” in 1997. He also received the Asian Environmental Award from Korea/Japan Daily Consortium in 1998. Mr. Moon also served as president of the Creative Korea Party from 2007 to 2009. He received a bachelor’s degree in English and Business Administration from HanKook University of Foreign Studies and a master’s degree in Business Administration from Seoul National University.