



From Traditional Funeral Rites to Modern Bereavement Care Service in Malaysia: A Blue Ocean Strategy Case Study

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Abstract

This paper examines how, by applying various blue ocean strategy's analytical tools and frameworks, NV Corporation has successfully transformed Chinese traditional funeral rites into a modern form of bereavement care service in Malaysia. Burial of the dead has traditionally been a community-based service that emphasizes the operation of funeral rites more than its commercial concerns. Traditionally the burial of the dead takes place in the local community cemetery that is managed on a non-profit basis by various Chinese dialect associations while related funeral items are purchased from specialized shops in town. The commercial aspects of the funeral are fragmented and localized but growing increasingly competitive. A recent trend in the handling of funerals is the management of the process as a service on a commercial basis. One such commercial enterprise is NV Corporation which adopts a "blue ocean strategy" to corner a share of the market. The strategy is to integrate hitherto disjointed funeral rites into an effective bereavement care service package to customers as well as targeting potential ones. It has progressively developed this strategy into a business model that has enabled it to emerge as a leading bereavement care service provider in Malaysia and to venture into neighbouring countries such as Indonesia, Singapore, Thailand and China.

Key words: blue ocean strategy, bereavement care service, business strategy

Introduction

Most conventional marketing plans employ a competitive strategy¹ that focuses on competitive advantage through differentiation and cost leadership operating in a "red ocean"

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market space (Kim and Mauborgne, 2004). However, competitive strategies are no longer effective in ensuring high profits and growth on account of oversupply and declining demand of specific goods or services giving rise to increased competition. To overcome this grim reality, Kim and Mauborgne (1997) introduce a new strategic approach known as “Blue Ocean Strategy” (BOS). The focal point of this strategy is “value innovation” which pursues both differentiation and low cost simultaneously. Its central concern is to create uncontested market space by breaking away from the intense competition that impedes profitable and sustainable growth. Kim and Mauborgne (2005) develop a set of analytical tools and frameworks to facilitate the BOS formulation and execution in a systematic manner. These tools and frameworks are known as Strategy Canvas, Four Actions Framework, Eliminate-Reduce-Raise-Create Grid, Six Paths Framework, Three Tiers of Non-customers, Buyer Utility Map, and others.

This paper is a case study on NV Corporation (NV Corp), a bereavement care service provider, by adopting the principles and analytical frameworks of BOS to demonstrate how it has successfully transformed the Chinese traditional funeral rites into a modern bereavement care business in Malaysia.

Traditional Burial and Modern Bereavement Care Service

The Chinese funeral is a solemn ritualistic affair that varies in complexity according to the religious and/or dialect affiliations of the bereaved family. The preference for traditional burial sustains a demand for burial sites, coffins, and the paraphernalia of items that offers possibilities for commercial exploitation. The establishment of cemeteries has hitherto been the responsibility of local Chinese communities in every city and town. These cemeteries are managed on a non-profit basis for the specific purpose of ensuring a final resting place for the dead. Hence, these cemeteries are known as *yi shan* (义山 or “righteous hills”) to provide an essential service to the Chinese. As the funeral of the dead is a ritualistic tradition of antiquity and a sign of filial piety, many Chinese are willing to spend considerable amounts of money on this practice. Lavish investments on a proper and decent burial site are also justified by the belief that the departed souls could influence the fortune of the living (Fan *et al.*, 2014).

The traditional Chinese funeral involves the services of casket dealers, the suppliers of ritualistic paper goods, monks or other ritual performers, and the community cemeteries. These separate services are provided by a fragmented and disorganized assembly of commercial and voluntary entities. The bereaved family is thus left to deal with a multitude of suppliers and service providers who further aggravated their emotional stress. The entire process often ensnarls the family into an uncoordinated network of service providers and suppliers that encroach on its emotions and resources.

It is a fact that most people undergo a painful experience in making various arrangements to bury their loved ones. The first task is to purchase a casket from a conventional casket shop but most people had no clue on how to deal with the many other chores that were required



by the funeral. Many had no choice but to go along with the recommendations of the casket dealer to engage, rather blindly, the services of other agents and suppliers. Burial in the tradition Chinese cemetery may bring disappointments over its pathetic sight, with graves being unorganized and overgrown with weeds.

It was in the context of the fragmentation of the traditional funeral service that prompted David Kong Hon Kong² to realize the possibilities of commercializing these services as an integrated package. His business model is conceptualized in the form of a modern and planned memorial park. He envisaged that the demand for memorial-style burial would increase following the economic and social progress of Malaysia. He has since then transformed the traditional funeral process into a modern bereavement service that integrates various services into a supply chain and run on a commercially efficient basis. This study is related to the personal experience of the person who changed the fundamental nature of funeral service in Malaysia. David Kong is the founder of NV Corp that owns and operates the first memorial park in Malaysia.

Like many budding entrepreneurs, David Kong had limited financial resources when he ventured into the modern bereavement service business. Armed with his novel idea and excellent communication skills, he was able to raise the necessary capital by disposing of some of his assets. He acquired land by trading burial plots and services to landowners and contractors for their agricultural land and contract work. This trade-off allowed the company to minimize its financial burden and to publicize its services through word of mouth among the contractors and those in related industries.

However, attempts to turn agricultural land into burial sites met with serious obstacles as such conversions were unprecedented. There was a wall of official resistance that could not be broken down despite numerous visits to various government departments to convince the authorities of the bona fides of the proposed business and land-use conversion. The Land Office was concerned that the project might affront the sensitivities of residents living in the vicinity. With tenacity and hard work, David Kong eventually convinced the authorities and local residents that his plan was to develop a memorial park in the style of a scenic garden. His radical idea bore fruit in the form of the first memorial park in Malaysia in the district of Ulu Langat in Selangor. After five years of persistent efforts, his perseverance was rewarded by a licence to put his business plan into practice.

Registered in 1990, NV Corp is the first integrated bereavement care service provider in Malaysia. Its business model revolutionizes the traditional practice of the funeral process and transforms it into a well-executed programme with flowchart-like efficiency. The innovative concept in the commercialization of a hitherto ritualistic folk tradition has long-term implications not only in changing the management of the funeral process, but also with far-reaching consequences on the fate of conventional Chinese yi shan cemeteries. What the memorial park represents is an entirely new phenomenon that re-configures the age-old concept of burial and funeral as a non-profit making community service. The general acceptance of

this novel idea is indicated by the successful listing of NV Corp on the Malaysian stock exchange in 2000. The enterprise has expanded into a business group with 11 subsidiaries. Its first overseas memorial park was inaugurated in 2003 in the Indonesian capital of Jakarta. Other ventures overseas followed in quick succession in Singapore, Thailand and China.

NV Corp markets its bereavement care service by packaging associated funeral services and burial in a landscaped memorial park. The entire process is handled professionally and in keeping with modern management concept. This is in stark contrast to the customary funeral in which the bereaved family is often obliged to accept a form of “contract” proposed by the funeral agents for an agreed fee. The switch in management from the conventional to the commercial alters the conduct and associated images of the funeral process. In business terms, NV Corp competes directly with the traditional funeral service providers in the local area.

The initial period of operation of NV Corp met with scepticism and suspicion from the conventional bereavement care providers as well as from the public. Its customers were confined to the family members of the deceased who had purchased the funeral package. In general, this package includes the performance of specific and specialized services such as the allocation of a burial plot, embalment or cosmetology on the corpse, use of space for the wake service, the performance of religious rites, burial or cremation of the deceased, and memorial visits by family members and relatives.

The “As Is” Strategy Canvas of Traditional Chinese Funeral Service Industry

The purpose of the strategy canvas³ is to chart the company’s future strategy. According to Kim and Mauborgne (2002), a company must first articulate cautiously its current strategic profile or value curve in the marketplace when it draws its strategy canvas. The value curve is a graphic depiction of the relative performance of a company in key areas vis-à-vis competitors in the industry and the “as is” strategy canvas reflects the current state of play in graphic form (Kim and Mauborgne, 2000a and 2005b). The horizontal axis of the graph would show a range of key factors that an industry competes and invests in, while its vertical axis would illustrate the level of offer that buyers receive for each of these factors (Kim and Mauborgne, 2000a).

The current state of Malaysian traditional Chinese funeral service industry may be indicated by means of the “as is” strategy canvas (Figure 1). The graph illustrates the current range of funeral service across all the “key competing factors” for traditional Chinese cemetery and burial in memorial park. The key competing factors are areas of contest among industrial players in terms of products, service, delivery, as well as what customers receive from the existing offers in the market (Kim and Mauborgne, 2000a and 2005b).

Burial in traditional Chinese cemeteries is subjected to the influence of ritualistic and superstitious practices that are largely monopolized by religious “practitioners” or folklorists. They capitalize on their knowledge and experience in the “proper” performance of the funeral ceremony and avoiding what is considered culturally taboo. The value curve shows the key

competitive factors such as the natural environment (physical appearance of the cemetery), the length of purchase process from rival markets, and proximity to city centre, as in the case of the NV Corp Memorial Park, are relatively high.

On the other hand, the strategy canvas values are relatively low for non-taboo subjects, manicured environment and professional service team. By means of this approach, NV Corp is able to reduce its cost substantially and maintain its profits despite higher costs incurred by being close to the city centre. This is the classic low-cost strategy. In addition, NV Corp is able to banish the eerie image of the burial site by creating a garden-like landscape with proper maintenance, and to mark up prices for its products and services in exchange for a reduction in the length of the purchase process. Its value curve is relatively low too in terms of proximity to city centre and professional service team. The strategy canvas of the NV Corp Memorial Park reflects relatively high scores in non-taboo subjects compared with the traditional cemetery.

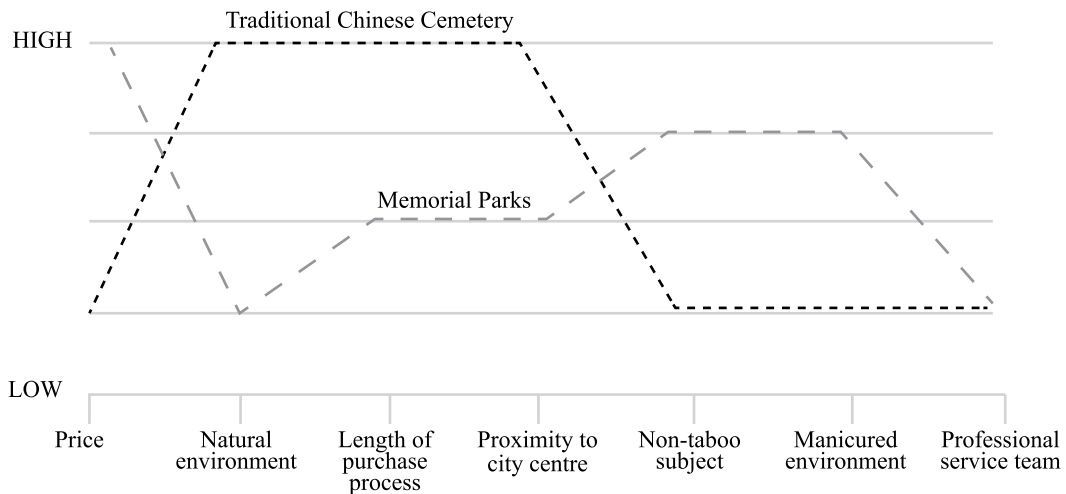


Figure 1. "As Is" Strategy Canvas of the Malaysian Funeral Service Industry

However, the sales strategy of NV Corp is still rather conventional and passive in its access to its customers. It differs from traditional Chinese cemetery in targeting the high income groups. Although the strategic profiles of the traditional cemetery and NV Corp are different, both are competing within its own strategic group. Neither is likely to achieve high profitable growth by targeting competitors within the same strategic group, nor will they out-perform each other by offering lower prices or more value-added elements. Realizing this constraint, NV Corp begins to reconstruct the buyer value elements in crafting a new value curve by looking across the strategic groups within the industry rather than benchmarking the competitors, and by focusing on the non-customers instead of solely relying on existing customers.

Extending the Sources of Demand

In order to maximize the size of its market, a company has to look to potential or non-customers and publicize the value of its services in order to create new sources of demand. Basically, there are three tiers of non-customers that can be transformed into customers (Kim and Mauborgne, 2005a). Table 1 is a summary of the three different tiers of non-customers in the Malaysian traditional funeral industry.

The first tier non-customers are the most immediately accessible target group. They are therefore potential “clients” who are likely to accept services that are deemed good value for money. Many families opt for burial in a traditional cemetery either because they cannot afford the cost of burial in a memorial park or they are not aware of this possibility. They therefore bear the arduous and stressful process of selecting and purchasing the burial lot as well as accepting the rituals of the funeral and burial. Given a choice, some families would avoid burial in the traditional Chinese cemetery with its eerie image and to opt for an alternative choice. It is this group of potential customers who are likely to consider burial in a memorial park.

Table 1. Three Tiers of Non-customers in Malaysian Traditional Funeral Industry

| Non-customers | Target Group |
|---------------|--|
| First tier | Families of the deceased who cannot afford burial in a memorial park. |
| Second tier | The high-come group. Families of the deceased who can afford burial in a memorial park. |
| Third tier | The living who wish to “invest” in their future burial site. Pet lovers who have lost their pets. |

The second tier non-customers are people who view the practices offered by the traditional funeral service providers as unacceptable or undesirable. These are persons of sufficient social standing and financial means to afford a funeral package that is seem to confer a sense of distinction and recognition for the departed. Other second tier non-customers consist of families living in high-rise buildings that do not provide space for the wake and memorial services. A typical memorial service may last for several days to allow relatives and friends to pay their last respects to the deceased. The modern funeral service provider such as NV Corp envisages the need for proper facilities to conduct these services and has readily made available special memorial halls in strategically located sites to meet the demand.

The third tier non-customers are the living who are targeted as potential customers. It is a taboo for the living to arrange for their own funeral as this is the task that falls on the shoulders of the surviving members of the family. NV Corp is attempt to change this thinking by stressing the economic benefits of early planning for an eventually that is unavoidable. This advanced planning takes form of the purchase of a package of services that would not only minimize the trauma of bereavement but also to pay for services that would inevitably appreciate in cost with time. Interestingly, among third-tier non-customers are the pet lovers who are able to afford a decent and dignified burial for their pets in a landscaped environment.

The Buyer Experience Cycle and the “Pain Points” of Non-customers

To create opportunities for a high profitable growth, the objective of the blue ocean strategy of an enterprise is to capture the largest catchment of the potential market. This is to be achieved by understanding the common desires of different tiers of non-customers. In short, it is essential to understand the “pain points” or problems that non-customers experience when they opt for traditional funeral services. These pain points may be better understood by means of the “Buyer Experience Cycle” (BEC), an analytical tool introduced by Kim and Mauborgne (2002). In the case of funeral service, the BEC consists of various stages each of which may be assessed in terms of a number of “utility levels” that measure customer satisfaction of the services that they receive.

The BEC and utility levels of the funeral service industry in Malaysia and the pain points as perceived by different non-customer groups are depicted in Table 2.

Table 2. The Five Stages of the Buyer Experience Cycle of Potential Customers of Funeral Services in Traditional Cemeteries

| Utility Levels | Stages of the Buyer Experience Cycle | | | | |
|----------------------------|---|--|----------------------------|------------------------------------|---|
| | Purchase | Embalmmnt | Funeral Service | Burial/Cremation | Visits |
| Customer Productivity | Long purchasing process (1) | - | - | - | Messy layout (1,2,3,4) |
| Simplicity | Complicated purchasing process (1) | - | - | - | - |
| Convenience | - | - | Unpleasant location (3) | - | - |
| Risk | Family members cannot afford funeral services (4) | Inappropriate embalming procedures (4) | Inappropriate ceremony (4) | Inappropriate burial (4,5) | - |
| Image | - | - | - | No distinction, No recognition (2) | Eerie landscape (1,2,3,4) No distinction, No recognition (2) |
| Environmental Friendliness | - | - | - | Unappealing and disorderly (2,3,4) | Unfriendly environment (2,3,4) |

Numbers in brackets indicate the following groups:

- (1) Family members of the deceased who cannot afford burial in a memorial park;
- (2) The high-income group;
- (3) Family members of the deceased who require facilities to perform funeral rites;
- (4) Persons who have planned for their own use or arranged for their loved ones in advance;
- (5) Persons who have lost their pets.

The Integration of Non-customers and the Six Paths

The first principle in creating a “blue ocean” is to stay out of the existing market competition by reconstructing the market boundaries. Basically, there are six paths for companies to break out of the existing market boundaries. These paths, as shown in Figure 2, are to venture into alternative industries to tap into strategic and buying groups, by offering complementary products and services, and by making functional or emotional appeal to buyers on a long-term basis (Kim and Mauborgne, 2005a). NV Corp exploits these different paths to unlock the potential demand of different target groups of customers.

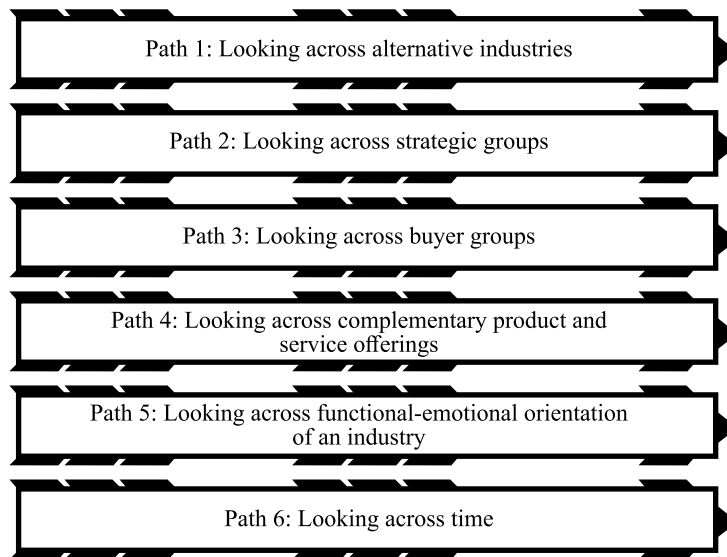


Figure 2. The Six Paths in Creating a “Blue Ocean”

Families Who Cannot Afford Burial in the Private Graves

Traditionally, Chinese funeral service in Malaysia is undertaken in the traditional cemetery that is generally located at the edge of towns where the Chinese have settled down. These cemeteries were established decades earlier by local Chinese communities and managed on a non-profit basis by special organizations set up by the Chinese. The weeds that colonized these cemeteries are cleared annually just before the arrival of Qingming or All Souls’ Day. These cemeteries share a common characteristic of eeriness that arouses a sense of topophobia mixed with awe and dislike. Looked upon as a *yin* or negative environment, these cemeteries have long suffered from an image problem that compels avoidance by humans (Fan *et al.*, 2014). In contrast, the modern memorial parks, developed and managed on a commercial basis, take on a garden-like landscape and sometimes complemented by cultural elements. Burial in these memorial parks is expensive and generally beyond the reach of the common people.

In this regard, enterprising business persons would seek to exploit Path 2 by looking across strategic groups. The idea is to develop the memorial park with a landscaped



environment, managed professionally and systematically, and yet affordable to a section of the community who form the first tier non-customers.

The Nirvana Memorial Park that is managed by NV Corp is a modern, landscaped cemetery situated on 238ha of land at the outskirts of Semenyih town in Ulu Langat district, Selangor. In 2001, this memorial park won the National Landscape Competition held in conjunction with the National Day celebration. The general public, especially the Chinese, are gradually changing their perception on burial and many are eager to own a burial plot in the memorial park. The garden is tastefully manicured and is gradually becoming a tourist attraction. NV Corp likens the disposal of burial plots as shelter for the dead (*yin zhai*) in the memorial park to that of selling houses for the living. In the process, NV Corp has succeeded in presenting a cultural and picturesque setting that is totally different from the fear-provoking image of the traditional cemetery. Possessing one's own burial plot in the memorial park is no longer a taboo among those who are able to commit their money to what is seen as a wise investment.

Accordingly, the business model of NV Corp is one that offers an integrated package of bereavement care products and services including the conduct of funeral rites and the sale of burial plots, the storage of urns in a columbarium tower, the provision of ancestral tablets, and the construction and maintenance of tombs and monuments. Other related products such as the family treasure box (genealogy or family tree), family health care and a "golden care plan" that offers insurance protection, are also provided.

The service package also incorporates Path 4 (Looking across complementary product and service offerings) that helps to mitigate the pain points of a long and complicated funeral process by making available extra products and services. The company has set up modern funeral centres replete with facilities such as ultra-modern lobbies, deluxe funeral parlours, five-star exhibition halls and/or air-conditioned restaurants, and resting rooms for family members and friends of the deceased at the wake.

NV Corp's five-star showroom has a wide range of selected caskets ranging from simple ones made of veneered particleboard to those that come in highly polished, solid timber as well as the handcrafted caskets imported from Italy, or high-grade gold-plated ones, or cast bronze and solid hardwood crafted caskets from America. The corporation is the sole importer of America's famous casket manufacturer, Batesville Casket Co. Inc. Urns of various designs are also available for Buddhists, Taoists, and Christians (Protestants and Catholics). Besides the wide selection of locally manufactured and imported granite marble urns, available too are the rare and unique "King of the Jade" urn crafted from Myanmar jadeite.

The High-Income Group

The second tier non-customers are the wealthy, including successful businessmen, professionals, celebrities, or politicians, who enjoy high social standing in society, are most likely to patronize services that are different from those offered to the general public. To tap

into this group of potential customers, NV Corp adopts a rational approach to the functional-emotional orientation of the funeral service industry by offering a “Peace Garden” to families of the rich and famous. This Path 5 in the creation of the “blue ocean” market. For example, the popular Shanghainese singer Bai Guang was buried in the princely Peace Garden in a tomb equipped with multiple motion sensors capable of triggering the audio player to belt out her famous tunes. This particular tomb has become a tourist attraction in the memorial park. Additionally, through modern and professional management, NV Corp is able to mitigate the pain points of potential customers who do not take kindly to the eerie and gloomy setting of the traditional cemetery.

Meeting the Demand for the Performance of Memorial Rites

After the corpse is embalmed and memorial rites held, relatives and friends are invited to pay their last respects to the deceased. Family members of the deceased who stay in condominium or apartment, or do not have a proper place to perform the memorial rites, may use the funeral parlours provided by the local church for its members or to rent them from commercial providers. To many, these solutions are generally inconvenient or unappealing.

NV Corp leverages on Path 4 strategies (Looking across complementary product and service offerings) by introducing ancillary facilities in exclusive and modern funeral parlours for conducting Buddhist, Taoist or Christian memorial rites in a comfortable setting.

Future Demand for Burial Plots

The normal practice on the occasion of a death of a family member is to purchase a plot of land in the local community cemetery. It is rare indeed for the living to reserve their own burial sites.

Leveraging on Path 3 of its business strategy, NV Corp looks across buyer groups towards what it calls the third tier non-customers. It boldly challenges the traditional view that the purchase of burial lots is generally avoided by the living. The idea is that the company will expand if the constraint imposed by the current practice is allowed to persist. It is hence essential that the existing buyer base should be expanded by enticing the living to reserve a site for future use, either for the elderly or for themselves. In essence, by transforming the living into end-users, NV Corp is able to unlock an ocean of untapped demand. This initiative allows the end-users to plan and arrange a choice burial site ahead of their own passing, and according to a funeral package and a price settled in advance.

Besides, to capture this non-customer group, NV Corp devises Path 4 strategy (Looking across complementary product and service offerings) to become the first funeral service provider to offer an integrated bereavement care service that packages a wide range of products and facilities to satisfy the needs of its customers.



Demand by Pet Lovers

Hitherto, it is unimaginable that pet lovers (a category of third tier non-customers) may find a proper and dignified site to bury their favourite pets in a manner that satisfies their needs. NV Corp conceptualizes a Path 6 strategy (Looking across time) to take into account the growing trend of keeping pets and the pressing need to dispose of their erstwhile “companions”. To exploit this potential demand, NV Corp offers a “Pet Memorial Garden” that is specially designed for pets (currently only limited to cats and dogs).

The Six Pathways to Create the Blue Ocean

To set the company on a robust course of growth, NV Corp keeps clear of the conventional strategy of competing on cost differentiation to target potential customers to promote its integrated funeral services. Its memorial park is sited on former agricultural land some 50-60km away from Kuala Lumpur in the *mukim* (sub-district) of Ulu Semenyih. This location is more cost effective than one nearer the city.

By offering an attractive alternative approach to the handling of funerals, NV Corp successfully redefines the functional focus of the funeral service industry as a form of bereavement care service. Guided by the Eliminate-Reduce-Raise-Create (ERRC) Grid (Table 3), the company introduces five new elements in the funeral industry, namely, scenic and organized memorial park, one-stop service, pleasant venue for memorial rites, pre-arranged package, and the pet memorial garden. These constitute value innovations by which NV Corp has successfully restructured its market boundaries through the six pathways to create the blue ocean of its business. These value innovations are to be realized by a team of professionals skillfully trained in the art of providing high quality service to its customers.

Table 3. The Eliminate-Reduce-Raise-Create Grid of NV Corp

| Eliminate | Raise |
|---|--|
| <ul style="list-style-type: none">• Natural environment | <ul style="list-style-type: none">• Non-taboo subject• Manicure environment• Professional service team |
| Reduce | Create |
| <ul style="list-style-type: none">• Length of purchase process• Proximity to city centre | <ul style="list-style-type: none">• Scenic and organized memorial park• One-stop service• Pleasant venue for memorial rites• Pre-plan and pre-arrange• Pet memorial garden |

NV Corp realizes that fear and religious taboos are the main problems faced by the bereaved families. The loss of a family member is a painful and stressful experience which is further aggravated by the hassle to deal with the chore of purchasing the casket, burial plot, religious items, and hiring the services of monks or other religious personnel. Recognizing the

plight of the bereaved, NV Corp simplifies the entire process with a one-stop centre that integrates the required services and products into a complete package, with allowance to relieve the pressure of paying up the entire sum by means of alternative arrangements. The company teams up with insurance companies to enable payment of insurance packages by installment. The insurance company would honour all unpaid installments in the event that the customer passes away during the insured period. This innovation effectively removes a genuine practical problem faced by many customers. NV Corp is also the first company to introduce the idea of proper burial for pets in a landscaped pet memorial garden.

The Characteristics of Blue Ocean Strategy

Any successful BOS must have three key characteristics, namely, divergence, focus, and compelling tagline (Kim and Mauborgne, 2002). “Divergence” means the value curve has a different shape from those of existing players. A non-divergent value curve indicates that the company is still swimming in a “red ocean” of cut-throat competition. “Focus” demands that the strategic profile is concentrated on a few key value factors. A strategic profile or value curve that is not focused implies a heavy cost structure. A value curve without a compelling “tagline” will fail to communicate its core business objectives and hence will suffer from difficulties and costly operations to convince and persuade the target clientele.

The value curve of NV Corp is distinctly different in shape from those of traditional cemetery operators (Figure 3). Its “value curve” for such considerations as the natural environment and the length of the purchase process is “low” compared with burial in the traditional cemetery. NV Corp also has reduced the proximity to city centre as all its memorial parks are located as the suburban area rather than outskirts areas.

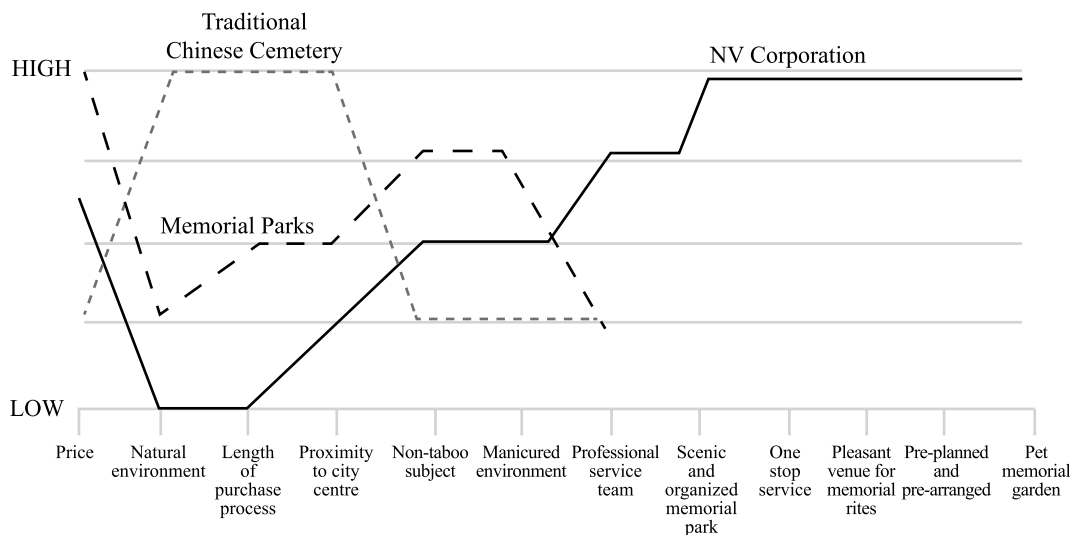


Figure 3. NV Corporation Strategy Canvas



On the other hand, the values attached such factors such as professional service, sensitivity to the influence of religious taboos and manicured environment have been raised. NV Corp has been able to extend its value curve in making available extra services that are non-existent in the traditional cemetery and memorial parks. These include the landscaped and well-organized memorial park, a one-stop centre to handle services provided, a pleasant venue for the performance of memorial rites, the availability of pre-planned and pre-arranged packages, and a pet memorial garden. This value curve is able to focus on a few key value factors, in particular on the scenic memorial park and the one-stop service centre. Hence NV Corp is able to offer an innovative package and to keep a low cost structure.

The “tagline” by which NV Corp rationalizes its operation is that of serving its customers in such a way as to ensure them a “total peace of mind”. Nothing in the life of the living is more important than the assurance that the departed has been accorded a dignified burial and the feeling that they have performed their filial duties to their beloved relative. This culturally touching tagline has become so effective that it soon brands NV Corp as a company of choice for many who look favourably upon its approach and services.

Strategic Pricing and Cost Innovations

NV Corp is able to create its business blue ocean through strategic pricing and cost innovations. Its attempts to market fragmented funeral services and products as an integrated package are seen to offer superior values to traditional services and products. It is thus able to command higher charges than those of traditional Chinese cemeteries. Locating its memorial park away from the capital city on low-priced agricultural land has also contributed significantly to reduce the company’s cost structure.

Other avenues to achieving cost effectiveness are by streamlining operations and the introduction of cost innovations from the packaging to distribution of its products and services. Operation costs have been reduced through efforts to replace traditional funeral artifacts and materials with unconventional and less expensive ones. Examples include the use of artificial instead of fresh flowers to decorate the hearse, the replacement of expensive condolence gifts with auspicious products as souvenirs for the well-wishers of the bereaved family, dispensing with part-time workers on night duty and engaging internal staff who wish to earn overtime pay.

From Utility, Price and Cost to Adoption

The success of every commercialized blue ocean idea is the crystallization of the execution of an unbeatable business model and the difficult passage through a process of overcoming skepticism among the company’s stakeholders such as the employees and business partners as well as the general public (Kim and Mauborgne, 2005a). This process entails identifying the various hurdles to be overcome in the adoption of the new business model, and address these hurdles successfully before attempting commercialization.

NV Corp conducts regular seminars and discussions among its staff and sales agents to keep them abreast of company business direction, progress status and their roles and responsibilities as well as their rewards. Through monthly training courses and workshops, the staff and sales agents are equipped them with the latest skills to cope with new job demands as spelt out in the company's latest business strategies.

To win the acceptance of the public for funeral services on a commercialized basis, NV Corp strives hard through publicity campaigns to educate the community and to change their mindset to eliminate the idea that funeral matters are a taboo subject. Towards this end, NV Corp has invested in a Nirvana Memorial Centre in Kuala Lumpur to bring its services to the customers and a museum to display facets of the cultural dimension of funeral rites.

Overcoming Key Organizational Hurdles

The execution of the BOS faces numerous challenges and hurdles at the initial stage. Overcoming these in the shortest time and at low cost calls for what is known as “tipping point leadership” (Kim and Mauborgne, 2003).⁴ One of the initial challenges is the limitation of resources to implement intended plans. Company leaders have two options to confront financial constraints: to trim down the scope of the original plan or to look for more resources. Trimming demoralizes the workforce and seeking more funds takes time. Tipping point leaders generally focus on multiplying the value of the resources in hand. One of NV Corp's initial strategies to overcome limited capital was to a barter burial plots for contract work in constructing the memorial park.

In June 2007, NV Corp had a sizeable “land bank” of 263 ha of land in eight locations scattered in various Chinese-populated cities in Malaysia as well as in Jakarta, Indonesia. Part of the land belonged to joint-venture (JV) partners of NV Corp. Sealing JV agreements with landowners has allowed the company to minimize holding costs and to secure its expansion plan for a decade or more.

The first challenge of NV Corp was to enable all its employees to understand fully the needs and rationale of the company strategy and to win over their support. All employees and sales agents have to undergo mandatory lessons and field training organized by the company's in-house training department. All sales agents obtain their credentials by going through the required internal examinations.

Staff training includes visits to the traditional Chinese cemeteries to assess and to experience the services that are made available to the Chinese community. They are to engage in informal discussions with persons in the traditional funeral service industry and to learn on the spot. Sales agents are trained to treat modern bereavement service as a profession, and their role is to help families of the deceased with understanding and compassion.

The staff and sales agents are in the front line of contact with customers as well as non-customers. Company leaders set clear and achievable goals for their workforce and to

reward them for their contributions to profits. NV Corp motivates its staff with a “Merit Point System” (MPS) to reward staff for good performance and active participation in company activities and functions. The MPS is a “Management by Objective” programme in which final performance is appraised based on awards on quantitative and qualitative measures. It outlines clear criteria and work plans to which employees will be committed and should do for the year. A MPS serves specific objectives and to fulfill the following functions:

- (i) as a specific, measurable, achievable, realistic, time-bound (SMART) and a transparent and equitable staff performance appraisal system;
- (ii) as an incentive to assist in management and to raise the standard of performance;
- (iii) to identify individual staff strengths and weaknesses for future development and continual improvement;
- (iv) to act as a check and balance system and to improve time and goals management; and
- (v) to foster better understanding of company and departmental directions and meet expectations among the staff.

Alignment of Strategy and Execution

The success of a BOS hinges on the development and alignment of three propositions (Kim and Mauborgne, 2009). These are the “value proposition” to attract buyers, the “profit proposition” that enables the company to make money out of the value proposition, and the “people proposition” that motivates all who work with and or for the company to execute the strategy.

Once a commercially viable BOS is formulated, the complement of company staff from the top management to the front line workers must align their individual goals with the strategy and to support it fully to produce results. The company must be able to create a culture of trust and commitment that motivates all staff members to execute the strategy. This culture of trust and commitment as well as voluntary co-operation is created based on a fair process⁵ (Kim and Mauborgne, 2003). It is this fair process that distinguishes the successful from the failed BOS.

NV Corp offers an Employee Stock Option Scheme (ESOS) to eligible employees to have a stake in the business. Employees confirmed in full-time employment all entitled to enjoy the ESOS. The rationale of the proposed ESOS is to:

1. motivate and retain employees whose services are vital for the operations and continued growth of the company, and as a means to reduce the loss of key personnel,
2. provide incentives to employees to participate more actively in company operations and to contribute to its growth,
3. increase the level of commitment, dedication and loyalty amongst employees, and
4. enable employees to participate directly in the equity of the company.

By offering ESOS, NV Corp nurtures mutual trust and commitment between management and employees, and to work together to execute the BOS to boost performance and profits.

Conclusion

NV Corp has emerged as the largest bereavement care provider in Malaysia and Southeast Asia since 2009. It operates three funeral complexes and seven memorial parks located in Malaysia and Indonesia, and plans to launch two more memorial parks in Shah Alam and Klang in the most prosperous and densely-settled region of Malaysia. It has drawn out plans to introduce memorial parks in Vietnam, Cambodia, Singapore and Taiwan in the next two years.

The core business philosophy of the NV Corp model is to serve the families of the deceased with compassion and soothing counsel at their time of loss, and to perpetuate precious memories with grace and dignity. As an innovator of the one-stop centre to manage funeral services as an integrated product, NV Corp is able to create a blue ocean of business opportunities which had never before appeared in the cultural screen of the Chinese. It is thus able to break the value-cost trade-off and to on re-define boundaries to reach beyond existing demand. It has built up an iconic image as an efficient provider of distinctive services at an affordable cost. The NV Corp business model is an excellent example of how a blue ocean model comes to fruition in the hitherto non-profit making funeral service industry, not just in Malaysia but also many territories where the Chinese have settled down.

Notes

- 1 For a discussion on competitive strategy and competitive advantage, see Porter (1980, 1985).
- 2 Tan Sri Dato' David Kong Hon Kong is the Founder and Group Managing Director of NV Corp. His business acumen, foresight and determination has made NV Corp the leader in the bereavement care industry in Malaysia. He obtained the Doctorate of Philosophy in Business Administration from the University of Honolulu in 1999. He was conferred with the "Darjah Indera Mahkota Pahang" awarded by His Royal Highness Sultan Ahmad Shah of Pahang, Malaysia in 1999. This prestigious award carries the official title "Dato". He was also conferred with the "Panglima Setia Mahkota", which carries the title "Tan Sri", awarded by His Majesty Seri Paduka Baginda Yang di-Pertuan Agong of Malaysia in 2015.
- 3 The strategy canvas is a main diagnostic tool and an action framework developed by W. Chan Kim and Renée Mauborgne (2014) for building a compelling blue ocean strategy. It graphically captures, in one simple picture, the current strategic landscape and the future prospects for a company. The horizontal axis lists out the key competing factors for the industry. Whereas the vertical axis indicates the offering level to which the players or strategic group invest in the key competing factors.
- 4 Tipping point leadership is the theory that any leader can bring about lasting change, quickly and at low cost, by focusing their efforts on those areas of an organization that have the greatest impact on performance. As more and more employees experience the benefits of these efforts, support for change can spread like an epidemic and "tip" the organization toward greater effectiveness.
- 5 Fair process leads to intellectual and emotional recognition leads to trust and commitment leads to voluntary co-operation in strategy execution. When people clearly understand what is expected of them, political jockeying and favouritism are minimized, and people can focus on executing the strategy rapidly. There are three mutually reinforcing elements that define fair process: engagement, explanation, and clarity of expectation.



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