

Samsung Total CEO Ko Hong-Sik Fusion of Samsung Spirit & French Tech



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Ko Hong-Sik

This August marked the one-year anniversary of Samsung Total, born from the joint venture between former Samsung General Chemicals Co. and Atofina, the chemical branch of French TotalFinaElf, a world-class energy and chemical group.

There have been many changes in Samsung Total in the past year. Meetings in English, advanced market analysis techniques and other initiatives have been introduced one after one.

President Ko Hong-Sik assumed the CEO post of former Samsung General Chemicals in March 2001 when the company received a de facto 'death sentence' after being selected as one of the big deal firms.

Right after his inauguration, CEO Ko moved all head office departments, including planning, business operation and purchasing, and the research institute (then located in Daedeok, Daejeon City) to the company's Daesan plant in Chungnam Province. Ko also declared the 'Survival 1000' management innovation campaign and began the 1,000 days of struggle for existence.

Did President Ko's 'soul-based strategy' work well? In one and half years after his assumption of the CEO post, SGC achieved 250 billion won in cost reductions and realized a 105 billion won surplus in 2002 from a 140 billion deficit in 2001. Last year, the joint-venture Samsung Total produced a 205 billion won surplus with an operating profit rate of 14%, the highest level among related businesses.

SGC, a long-time headache within Samsung group, called a 'congenital anomaly,' transformed itself magnificently. Established in 1988, SGC, which started production in 1991, had continued a 'deficit march' until 2001, the first year of CEO Ko's inauguration, except for the single year of 1995.

Last year, SGC transformed itself once again into a 50-50 joint venture firm, Samsung Total, by inducing US\$775 million in foreign capital from Atofina.

Until the J/V firm set sail officially on August 1 last year, every day had been like skating on thin ice. At the initial negotiation stage, negative factors continued to plague it such as the Iraq war and SARS in succession to the September 11, 2001 terrorist attacks on the U.S. The J/V contract, which had reached the final stage, was delayed several times.

CEO Ko flew to Paris and visited Atofina head office tens of times. He persuaded senior management saying, "There still are many risk factors in China. So, it would be better to examine investment in China after establishing Korea as a foothold for Asia."



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