

Outward Bound

Call Kim Ssang Su a Man of the People

On a chilly night in the picturesque mountains south of Seoul, Kim, CEO of LG Electronics Inc., holds aloft a paper cup filled to the rim with soju, a clear, sweet potato-based Korean alcohol with a vicious bite. Surrounding him are a dozen of the 300 LG suppliers' managers whom Kim has spent the day lecturing and rallying. They have also been hiking up a snow-covered mountainside, necessary training, he says, for the grand plans he has for South Korea's second largest electronics firm. At the end of the day, he treats a group of LG Electronics employees to an outdoor barbecue of grilled pork and bowls of fiery red kimchi. Great people! Great company!" he barks. "Great people! Great company!" they chant back.

The tireless Kim, 59, cavorts in a mosh pit of drunken workers near a makeshift stage. Later he ascends the stage himself, microphone in hand, to croon out a popular oldie called Nui (Sister). "We love our CEO," says Kim Young Kee, an LG executive V.P. "He shows us a good time."

CEOs rarely stoop to carouse with the common man in an Asia dominated by secretive business clans and elite old-boy networks. But Kim is no ordinary Asian boss. He began his career 35 years ago as a nondescript engineer at an LG refrigerator factory, climbed the ranks and claimed the CEO post in October. Now he aims to duplicate the same feat with LG — lifting a consumer-electronics company little known outside Asia into the stratosphere of global brands with Sony, Panasonic and Samsung. "I want to go down in LG history," says Kim. "After death, a tiger leaves its skin. A man leaves his name."

LG seems well on its way. Revenues jumped 18% last year, to \$17 billion, and net profits rose 33%, to \$556 million. Last year LG was the world's largest seller of mobile phones operating on the CDMA standard, which allows more people to use a network at the same time. It makes dazzling flat-screen TVs and other leading-edge gadgets.

LG faces plenty of competition. Its biggest rival at home and abroad, Samsung Electronics, whose revenues of \$36.4 billion are two times as large as LG's, has already hit the U.S.-and scored big successes. Samsung is also ahead of LG in developing a truly global brand.

In this new digital world, LG has a distinct advantage in its ultra-wired South Korea home base. The demanding Korean market, where an amazing 84% of households using the Internet have high-speed access, propels LG to develop more advanced products and provides a testing ground for new technologies. LG has outpaced Nokia and Motorola in cramming the hottest new features into its mobile phones. Its latest model, the SC8000, combines a PDA, an MP3 player, a digital camera, and a camcorder.

It may seem odd that LG has turned over its top to a farm boy from a tiny village in eastern South Korea. Kim Ssang Su spent his childhood knee-deep in the family's rice paddies. He admits to being more comfortable visiting factory floors than in his spacious office overlooking Seoul's Han River.

It would be wrong, though, to underestimate Kim, who has become near legend in Seoul for the turnaround he engineered at LG's appliance business. When he took over in 1996, LG was making washing machines and refrigerators for low-cost Chinese companies. Kim sliced costs by moving production of low-end products to China. He proved there is room for innovation, introducing, for example, appliances like air conditioners that can be controlled from the Internet. The result: sales reached \$4.7 billion last year, more than twice the number when Kim took control.

Kim is infusing LG's other businesses with the same vigor. Called a "commander in the field" by executives, he storms about LG's factories and offices poring over details, issuing commands and spurring on the staff by giving them what he terms "stretch goals." Awake at 5:30 each morning for a brisk walk, he openly prefers "morning people" and holds 7 A.M. breakfast meetings with top executives. "I don't like the expression 'nice,'" Kim says, "I don't want LG to be perceived as nice. None of the great companies in the world are nice."