

ENTERPRISE 50

The best SMEs in Singapore

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Edited by

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Note: Six of the 2008 Enterprise 50 winners were unable to participate in this E50 Educational Project.

FOREWORD

2009 marks the 15th year of the Enterprise 50 Awards. But of greater significance is the fact that it comes as we recover from a period of unprecedented challenge for our economy and enterprises.

The economic crisis, and the way we are emerging from it, has shown how important it is for us to work together at times of difficulty.

In Budget 2009, the Government introduced the Resilience Package to avert major loss to the economy and jobs. It was a full-force fiscal intervention, delivered in one year. We supported Singapore companies with the Jobs Credit scheme that helped prevent a surge in unemployment; generous subsidies for them to upgrade workers skills through the SPUR programme; a Special Risk-sharing Initiative (SRI) to help viable companies gain access to credit; tax reductions to help cash-flow and incentive investments for the future; and by accelerating infrastructural projects that will add to Singapore's longer-term advantages as a global city.

Equally important, our enterprises responded well and showed their tenacity in this tough economic climate. A survey released in September 09 by the Singapore Chinese Chamber of Commerce and Industry (SCCCI) showed that a large segment of our SMEs had faced the challenges head-on by restructuring their companies and revising or even revamping their business models to stay relevant and prepare for recovery. Almost 30 per cent launched innovative products and services. 32 per cent ventured into overseas markets in search of new business

deals. As we move beyond the crisis in the coming year, I am confident we will see many winners amongst our SMEs.

We want to make Singapore the best place for enterprises local and foreign to set up and operate in, and to consider a home. I am glad that the World Bank had listed Singapore as the easiest place in the world to do business for the fourth consecutive year. We will continue to make Singapore the place where any company, no matter what size, can operate with minimal red tape so that they can focus on the life of their business. These fundamentals will remain intact.

But in navigating the recovery, we cannot aim to arrive at where we were before the crisis. The world economy has changed irrevocably. Hence, the Economic Strategies Committee is formulating strategies by which we can help our companies develop skills and capabilities, test-bed new ideas, secure finance, compete with confidence in this new global landscape and build up new echelons of leaders.

The E50 Educational Project by the NUS Business School, which connects current enterprise leaders with those of the future, is a good example. This mentorship programme gives students a chance to learn the ropes from E50 SMEs. At the same time, the SMEs have the benefit of getting fresh perspectives from the students. Such private and public win-win collaborations will allow more enterprising students to discover exciting opportunities in our SME sector and to apply their innovative ideas to improve our businesses. I commend the NUS Business School, The Business Times, as well as the Enterprise 50 Organisers and all the SMEs involved for coming together to raise the profile of the SME sector in Singapore and to make this initiative a success.

A vibrant enterprise ecosystem will be the cornerstone of Singapore's growth. We will provide fertile ground and lots of sunshine, and cover to mitigate the harshest storms, to enable companies to grow and reach for the skies.

Tharman Shanmugaratnam
Minister for Finance
Singapore

PREFACE

THE annual Enterprise 50 Awards recognise the 50 best and most enterprising Small and Medium Enterprises (SMEs) in Singapore. In the 2008 E50 Awards last November, the E50 organisers partnered with our NUS Business School to embark on an innovative E50 Educational Project, with strong support from The Business Times, KPMG and SPRING Singapore.

As Dean of the NUS Business School, I am convinced that our students must be closely linked with industry practitioners so that they can contribute to the real world upon graduation. We were therefore very excited about the possibilities of this project, for we knew that the students would have the tremendous opportunity and privilege to learn directly from the Founder/CEOs of these E50 winning companies.

The E50 Educational Project, which kicked off in January 2009, involved teams of students working closely with each of the 2008 E50 winning companies, to understand and write about their business models, value propositions, business operations as well as their entrepreneurial passion and leadership.

Prof Hum Sin Hoon, former dean of our NUS Business School and Supervisor of this E50 Educational Project, led some 16 student teams to work with these E50 winning companies. Each student team worked with three companies from different industries so as to widen the students' exposure and learning. The teams collated company-related information on-site, met with the CEOs, senior executives and other company staff, and wrote three reports on each company under Prof Hum's supervision.

The first report comes in the form of an article highlighting the company's successes, its business model and leadership. Published in The Business Times as a special E50 Series from July to Oct 2009, the articles helped to profile the E50 companies as well as Singapore's SME sector. The articles were subsequently compiled into this book that you now hold in your hands. It is made available to the E50 companies as well as to the general public.

The second report, aimed at providing further value-add for the E50 companies, was written as a diagnostic consulting report providing an independent perspective on their business and operations, including the strengths and weaknesses, and the associated opportunities and threats facing the company. Presentations by the students were also made to the companies' management team.

The third report was written as a business case study, which would be a useful tool in the training and education of the next generation of business executives. These reports will need to be vetted and signed off by the respective companies before they could be released for use in the classroom.

Each student participating in this E50 Educational Project also kept a Personal Learning Journal aimed at tracking his/her personal learning experience and reflection, especially in drawing a connection from theory to practice.

I am happy to learn that our students were very much inspired by the E50 winning companies' entrepreneurial passion and business acumen. Indeed, the E50 CEOs have lent their very real support towards the nurturing of the next generation of business builders and leaders.

While this project has contributed significantly to the learning of our business school students, we are hopeful that this E50 book project will also help to profile the Enterprise 50 winners and the entire SME sector of Singapore further.

It has been an excellent collaboration between our School and the E50 organisers and winning companies. Together, we have had a wonderful experience in developing the spirit of entrepreneurship in our students and are happy to have lit a fire in our students' belly, to teach them that good entrepreneurship can make a difference in society and to the lives of people, and that it is not just about making money.

I want to take this opportunity to thank all the E50 winning companies and their CEOs for their time and efforts, and for giving our students the opportunity to learn from their business practices and entrepreneurial leadership. I hope that they, too, have gained from our students' reports as much as our students have gained from the experience. For that, I would also like to thank Prof Hum Sin Hoon, who is a devoted mentor and coach to the students and a great leader in our NUS Business School community. Last but not least, I would like to thank Mr Alvin Tay who inspired and facilitated the development of this E50 Educational Project.

Bernard Yeung
Dean & Stephen Riady Distinguished Professor
NUS Business School

THE E50 EDUCATIONAL PROJECT AND EXPERIENCE

THIS first-ever E50 Educational Project is a collaboration between the E50 organisers and winning companies, and the NUS Business School. The project was announced during the morning of the E50 Awards Ceremony on 21 November 2008 by Mr Alvin Tay, Editor of The Business Times (BT).

Win-Win Objectives

Under this E50 Educational Project, NUS Business School students are given the opportunity to learn directly from the E50 winning companies and their leaders and staff. In return, the students will apply their creativity and learning from the classroom to the realities of doing business by making value-add recommendations to the E50 companies.

As BT editor Alvin Tay said, “The E50 organisers wanted to give something back to society, hence this educational project with the NUS Business School.” Also, from the E50 bosses’ point of view, they do appreciate this opportunity to contribute to education. Rajiv Singh, director of copper trading company SIMS, said, “My intention is to help the students gain as much as they can.”¹

NUS Business School Dean Bernard Yeung said, “We are convinced that our professors and students must be closely linked with practitioners and the companies that they lead. We are therefore very excited about the possibilities of this project, for we know that our students will have the tremendous opportunity and privilege to learn

¹ Source: BT article “Business students to work with E50 winners”, 4 December 2008.

directly from CEO-leaders of the E50 winning companies, while their supervised writings can make a contribution to the overall SME sector of our Singapore economy.”²

E50 Educational Project Contents

The E50 Educational Project was formally activated in January 2009 when NUS started its new academic semester. A total of 50 students signed up with me as the supervising professor for the E50-based Consulting Practicum (CP) class. This CP class spreads over two academic semesters, and will formally end in November 2009. The students formed themselves into 16 teams, with each team comprising three to four students, to work with the E50 winning companies.

Each team collated company-related information on-site, met with the CEO, senior executives and other staff/workers of the company, according to a schedule worked out with each company. The teams then did the necessary analysis under my supervision and write three reports on each company as follows:

Report No 1: This is aimed at highlighting the company and its business model, operations and leadership. This has been published as a special E50 Series in the Business Times between July and October 2009, and is now compiled into this book publication that is made available to the E50 winning companies as well as the public;

Report No 2: This is written as a diagnostic consulting report providing an independent perspective on the business and its operations, including the strengths and weaknesses, and the associated opportunities and threats facing the company. This report is kept confidential and is made available only to the company concerned; it is aimed at providing value-add recommendations for the E50 companies; and the students make a formal presentation of this in-depth report to the top management team of the company concerned; and

² Source: Dean Bernard Yeung's Letter of Thanks to 2008 E50 Winners, 1 December 2008.

Report No 3: This is written as a business case study for possible use in teaching in the classroom. It is submitted for vetting by the company which has the discretion to decide whether it wishes to sign off a case release form. Without the sign-off by the company, the case will not be released for use in the classroom or for publication.

E50 Students' Experience

Quite clearly, this project has contributed significantly towards the learning of our business school students. Many students have indicated that they have to put in a lot of efforts since each team works with three different companies. "We had a chance to meet three companies from different industries, so now I know how different industries operate. We also learnt soft skills and interpersonal skills," said Joyce Kay, a year three student who has completed the E50 CP and is now at the NUS Overseas College Programme in Shanghai.³

Generally, most business school students prefer to work for large MNCs upon graduation; few would think of working in SMEs. Jonathan Loh, the immediate past president of the Bizad (short for 'business administration') student club, said: "Textbooks don't expose us to SME profiles. This E50 project gives us a good opportunity to get exposed to the industry and even opens up the possibility of working there."³ Jonathan has always wanted to work for a bank, but his experience in this E50 project has helped to open up for him the possibility of working for an SME.

Skye Wu is one business school student who completed the E50 project in extra quick time to graduate in June this year. Pang Lim, founding MD of Koufu, was so impressed with Skye and his team in their E50 consulting report that he made an offer of the equivalent of a management trainee position to Skye immediately upon his graduation.

³ Source: BT article "Win-win for NUS students, E50 firms", 13 July 2009.

After some consideration, Skye accepted the offer and he has since been working for Koufu. This was clearly not in Skye's thinking when he first signed up for this E50 consulting practicum project.

In fact, Skye wrote in his Learning Journal, which all E50 students are required to submit for this E50-based CP class, about Mr Pang Lim: "This legendary man is surprisingly humble. I still remember the last time we saw him after the presentation. He just stood there, beaming, seeing us off, like our father...and he has touched me deeply. And I have witnessed what kind of boss to work for and what kind of boss to be." When Skye wrote this entry in his Learning Journal, he did not know that he would indeed be working with Mr Pang Lim as his boss today.

While our business students would be pursuing their specialisation studies in a specific area such as finance, marketing or operations, the E50 project work with the companies often required more. Tobias Chen, another year three E50 student said, "The project exposed students to issues that may not be in their areas of specialisation and encouraged them to read up on these topics."³ The E50 students therefore ended up engaging in real problem-based learning: doing research and learning outside their area of specialisation in order to be able to make substantive and practical recommendations to the E50 companies.

It should also be noted here that many of our students appreciate the teaching-mentoring role that many of the E50 CEOs have exercised in this project. As an example, the student team working with Charles Fan, CEO of Opus IT Services, described Charles as follows: "This wise man has inspired us very much both as a teacher and as a CEO. Every time we have a meeting, he will take the opportunity to write something on his whiteboard and teach us what he knows in business..."

³ Source: BT article "Win-win for NUS students, E50 firms", 13 July 2009.

E50 Companies' Experience

While the students learned from the E50 companies, the latter in turn benefited from some of the recommendations made by the young and creative minds of our Bizad students.

Patrick Yeo, founder and CEO of HSR Property Group, wrote in an email sent to me: "I had a great time working with your students. Their questions have helped me think through HSR's business model. The report and recommendations is a 'wake up call' to spur us to greater heights. Please convey my heartfelt gratefulness to them." Among other things, the team of students working with HSR conducted a market and brand awareness study that yielded interesting results and led to recommendations which challenged as well as provided the impetus to bring HSR's business model to the next level.

Similarly, among other things, the team of students working with Annie Sun and Jimmie Lee of Dynaforce International surveyed the potential market for one of Dynaforce's newest program called Dynafit for Active Aging. To help in the market positioning of the Dynafit program, the students recommended the creation of a social enterprise. Jimmie, chairman of Dynaforce, wrote an email dated 23 September addressed to me and the students: "Thank you for an insightful presentation. I am pleasantly surprised at how much your team has managed to grasp of our needs in the short time that you have been exposed to our business. The concept of a social enterprise business has great appeal to us and I will pursue it..."

Susan Chong, founder-MD of Greenpac which was ranked within the top 4 in the 2008 E50 Awards ranking, said: "The students gave me suggestions on optimisation and alerted me on the other markets I can tap on."³ In fact, when the students scheduled their consulting report presentation with Susan, she decided to bring her management team off-

³ Source: BT article "Win-win for NUS students, E50 firms", 13 July 2009.

site to our NUS Business School seminar room to listen to the students. While on campus at the Business School, Susan was so inspired by the learning environment that she decided to submit an application for admission to our NUS Asia-Pacific Executive MBA programme. That was in May 2009. By mid-July, Susan called me from within the Business School: "Prof, I want you to know that I am in the midst of my Data Analysis class with Prof Chu in the EMBA programme! I am struggling with the analysis, but I am enjoying the tremendous learning that I am gaining..."

Quite clearly, the E50 project has its value. And as a Business School, we are looking forward to welcoming more of the SME bosses and leaders back to school.

Brian Sweeny, director of Cables International, also wrote an email to me back in July: "It was a pleasure meeting you and your students at our office recently for the concluding report...As indicated at the meeting, we have been very impressed by the energy, enthusiasm and quality of the students' work. Within a fairly short time frame, they have developed not only a good understanding of our business but also the markets we operate within. Since our meeting, we have spent time going over the students' report in detail and we are now actively initiating a number of their recommendations with regards to customer contacts and relationships..."

Brian would like to see the E50 Educational Project repeated. "Both the students and the company learnt by working together. The students were certainly a new generation of Singaporeans. They were very articulate, very international in their outlook..."³ Indeed, Alvin Tay of the E50 organisers has already agreed to continue with the E50 Educational Project with the NUS Business School for the 2009 E50 winning companies which will be announced in early November.

³ Source: BT article "Win-win for NUS students, E50 firms", 13 July 2009.

Appreciation and Looking Ahead

This first ever E50 Educational Project has indeed been a marvelous collaboration, and a new learning experience for both our Business School students and the E50 winning companies. As we continue in this, we can certainly work together to implement this E50 Educational Project better.

Let me take this opportunity to thank all the E50 CEOs/MDs/Chairmen and their staff for warmly taking in our students and helping them learn the realities of doing business. I can see how many of my students have been subtly transformed through your entrepreneurial passion and business acumen. For all your time and efforts, and for opening your companies to our students, we salute you for playing your part in helping to nurture the business leaders of tomorrow.

We are looking forward to the next E50 Educational Project where a new batch of our students will have the opportunity to work with the 2009 E50 winning companies, the best SMEs in Singapore!

Hum Sin Hoon
Project Supervising Professor
NUS Business School

THE 2008 ENTERPRISE 50 AWARD WINNERS

A strong SME sector is often the economic pulse of many great economies and a catalyst for growth.

The Enterprise 50 Award was created in 1995 to identify, support, recognise and reward enterprising privately-owned, local companies across all industry sectors. The Award affirms the business models and sustainable growth potential of its winners.

Jointly organised by The Business Times and KPMG in Singapore, it has over the years become the definitive list of the fifty most enterprising, privately-held local companies in Singapore.

OCBC Bank is the sponsor, and it is supported by SPRING Singapore, the Infocomm Development Authority of Singapore (IDA) and International Enterprise (IE) Singapore.

Some of its past recipients have shared with us that winning this award has helped them enhance their company's corporate image and develop new business relationships. They have also gained greater recognition from suppliers and customers, and enjoyed a boost in staff morale.

Last year's E50 award winners were a microcosm of the Singapore economy. Looking at the winners' podium, the top winners hailed from a diverse spectrum of industries ranging from marine and offshore engineering to finance, construction, trading and IT.

Despite this, they all share several common characteristics.

They have established strong financial track records which underline their business acumen and financial prudence.

Often leaders in their respective industries, they either have a strong product known and respected within their industry, or are reputed for their excellence in service. Essentially, their product or service speaks volumes for them.

Through visionary planning and strong corporate governance, they have been able to adapt to the times and introduce innovations that have enhanced their product or service over time.

The cream of the E50 crop is also endowed with a clear and strong organisational structure. Decision making is decentralised, and executives are empowered to make the necessary decisions. This has helped their organisations move towards establishing a finer balance between owner control and professional management.

Many E50 winners are also aware of the need to attract and retain the right talent even in a downturn. In return, they engender the loyalty of their professional staff. This allows knowledge to be preserved and enhanced both in good times and in bad. It places them in a position to take advantage of growth opportunities when good economic times return.

As we near what promises to be an economic upturn, many are poised to emerge stronger than ever. We watch with anticipation as they prepare to ride on the next growth wave.

As organisers, we will continue to redefine the legacy of this event. Last year's award winners not only received the badge of honour and recognition as E50 winners but also welcomed the passion and energies of students from the NUS Business School. Using the E50 winners as case studies, these students conducted detailed research and analysis on their strategies, business models and industry landscape, and subsequently offered recommendations. This Enterprise 50 Educational Project tie-up between the E50 partners and the NUS Business School has been a

success. The students' works received positive responses from the E50 winners and gave them valuable insights into the workings of a company operating in a real time business environment. We will continue to help our E50 winners as they play a critical role in growing and strengthening the Singapore economy.

Danny Teoh
Managing Partner
KPMG

Alvin Tay
Editor
The Business Times

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**THE 2008
ENTERPRISE 50
WINNERS**

ACUMEN ENGINEERING

Banking on Its Business Acumen

Chan Jiawei Adeline, Ngai Si Min, Poh Ming Yan Favian

DARREN Chang walks the talk. He says that you must start from ground up to understand a product or industry. His own career started as a lab chemist for a rubber company. On the strength of this “training”, he went on to found Acumen Engineering Pte Ltd, a trading and distribution company, which deals with plastic resins. “I have always wanted my own company,” he says by way of explanation.

When it was launched in April 2000, Acumen Engineering had a team of two. Today, it boasts of operations in Singapore, China, Malaysia, Vietnam, India and Indonesia. The company also has seven sales offices and six warehousing locations while employing more than 30 people in the region.

“It takes some time before a business takes off,” says Mr Chang. But the speed of his own company’s growth seems to belie that modest statement. Acumen expanded into Malaysia, Indonesia and China within three years of its founding. It found a place on the Singapore SME 500 Listing in 2004, when the company was just four years old. Revenue has grown more than 30-fold since the company’s initial years and touched US\$82 million in 2007. What makes it tick?



Resilient. Mr Chang is convinced that Acumen's foundation and sheer tenacity will see the company through the current economic crisis.

Value Proposition

Acumen prides itself on its product knowledge and engages clients directly, communicating with them, providing advice and material recommendations. It tries to provide unbiased, cost-competitive solutions. It has a broad range of products, and a string of warehousing sites across the region, which makes life easier and more efficient for its clients.

Suppliers bank on Acumen's reputation to push their products to customers. They also depend on it for real-time market intelligence and ride its vast pool of regional contacts for business referrals. The company tries to link customers and suppliers when it comes to cutting-edge new products.

The company deals with both engineering and commodity plastics, but focuses more on the former. This is a more stable sector as commodity plastics are susceptible to volatile price changes.

Acumen's clients range from the medical sector to the consumer electronics, telecommunications and computer peripherals and data storage industries. Acumen also works with suppliers, providing Just-In-Time services to molders. This access to both sides of the supply chain allows it to provide a valuable linkage between end customers and suppliers for potential new product developments and Research and Development activities.

Acumen prides itself on its product knowledge and engages clients directly, communicating with them, providing advice and material recommendations.

Growth

Acumen tries to ride the currents on Singapore's changing economic landscape. Given the push towards biotechnology, the company is exploring potential businesses in the medical industry. This would entail niche plastic products created for specific medical purposes.

Another segment the company is looking into is biodegradable or green plastics. Such plastics have been touted as the 'next big thing' and Acumen is trying to diversify its portfolio even further to stay ahead of its competitors.

Overseas ventures have been a key to Acumen's growth. In 2001, it set up Acumen Kinetics Sdn Bhd in Kuala Lumpur. 2002 saw Acumen expanding to Indonesia with its Jakarta Rep Office. It was in 2003 that the company first entered China with a Shanghai representative office. Indeed, China is now the world's factory, and with wages in Singapore for certain products getting relatively expensive, Acumen hopes to ride the China wave.

While price gets the company a foot in through the door, managing customer relationships is also critical. Over the next 3-5 years, Acumen plans to develop businesses in the Southern China and India markets. One reason for its China presence was to better service its clients who are already making headway in the Chinese market.

Acumen's entry into China has been steady and gradual. Following feasibility studies in 2002, the company established a representative office in China in 2003. It was only two years later, in 2005, that Acumen chose to develop its Chinese operations with a sales office in Shanghai. Acumen uses its China foothold to reach out to Singapore-based molders with operations in China.

It is hoping that its early entry into other countries will also pay off. "We hope to put a footprint on what we believe to be markets that will give us good future opportunities," says Mr Chang.

Current Crisis

While growing steadily over the years, the company has remained lean and is competitive despite being small.

Still, the economic crisis has not left the industry unscathed. Cash flow management has become extremely important. For example, the crisis has made obtaining finance more difficult than before. Fortunately, it is trying to ride the government's Loan Insurance Scheme, which helps SMEs secure working capital and trade financing by providing private insurance against default risks. At the same time, the company has also cut costs. "What we can do now is to maintain what we have. Survival comes before everything else. Definitely, some plans will have to be put on hold," says Mr Chang.

Looking Into the Future

With the immediate emphasis is on survival, future plans aim at making the company viable in the long-run. For example, Acumen's foray into the biotechnology-related plastics sector is a new business that will diversify its portfolio, and pre-empt the decline of Singapore's manufacturing industry. At the same time, it builds on technologies that Acumen has built up over the years.

Mr Chang is convinced that the company's foundation and its sheer tenacity will prevail. "It is difficult, but we will definitely pull through," he says.



AIK MOH PAINTS & CHEMICALS

From Heartlands to the World Stage

Chong Yan-Ling Abigail, Lim Keyuan Colin Jeremy,

Tan Yan Ying Amanda

STARTING with only five employees and a single paint and solvent distribution shop in the eighties, Aik Moh Paints & Chemicals has firmly cemented its reputation as a chemical distributor and related services provider. Today, Aik Moh has two factories in Singapore and one factory in Batam, and has a strong market presence in many Asia Pacific countries.

Recognition has followed. Aik Moh won the Enterprise 50 Award in 2008 and has been listed in the SME 500 Top 100 by Sales for the past three years. The company believes that its forward looking teams and its ability to stay nimble and adapt to new developments have kept it relevant in the market place.

Sharpening the Competitive Edge

Executive director Mr Roy Tan Keng Hong explains that Aik Moh adopts a simple yet unique distribution model. The company acquires chemicals in bulk directly from manufacturers, rather than from the spot trading market or chemical traders. These chemicals are subsequently repacked and mixed according to customers' requests, and promptly delivered to them via the company's in-house transportation fleet.

According to Mr Tan, the Singapore manufacturing sector currently faces huge competition from emerging economies, and this has caused a decline in the local demand for chemicals. As always, Aik Moh has



Staying competitive: Aik Moh chairman Tan Kah Moh. Despite the current challenging times, Aik Moh is continually expanding, capturing unique windows of opportunities to remain innovative and ahead of the competition.

adapted. It is now no longer just another distributor. Instead, the company has gone on to offer other value-added chemical related services on top of its normal trading business. These include the blending of chemicals, warehousing and drumming. Mr Tan acknowledges that with the decline in demand for industrial chemicals, the blending business will become an important source of revenue.

Mr Tan further explains that Aik Moh's target for such value-added services is multinational corporations (MNCs) who are looking to outsource their chemical operations function. With these services, Aik Moh can fit into different value chains as required by its customers. "We can offer our products simply as a passive distributor, or provide the full service of producing, packing and storing the end product and delivering the finished goods to the MNC's end consumers directly," Mr Tan says.

Product myopia has long been the bane of a many failed companies and Aik Moh strives to guard against this by constantly reviewing its strategic plans and ensuring that its product lines are constantly updated.

Product myopia has long been the bane of a many failed companies and Aik Moh strives to guard against this by constantly reviewing its strategic plans and ensuring that its product lines are constantly updated to meet the evolving needs of the marketplace. For example, to meet the demands of the growing pharmaceutical and biomedical sectors in Singapore, the company has diversified its product offering to include laboratory-grade chemicals. Similarly, to meet the demands of the solar energy industry in Singapore, the company has introduced chemical products relevant to this area. According to Mr Tan, Aik Moh closely monitors this upcoming industry, and works with its suppliers to ensure that the company gets a head start.

Aik Moh also ensures that no compromises are made when it comes to maintaining and improving upon operations standards. Of special focus are the company's environmental and safety standards. The company took on the Responsible Care initiative, a voluntary move by the chemicals industry that helps companies continuously improve their operations in terms of health, safety and environmental standards.

Gearing for Growth

In spite of the current global downturn, Aik Moh does not believe in quick fixes during bad times and has therefore retained its staff. The company believes that its highly experienced and competent management, sales and production teams will help Aik Moh meet customers' expectations and ride out the recession.

In addition, the firm believes that it is imperative to build up capabilities for the upturn. Mr Tan says, "Aik Moh closely monitors market trends and is on the constant lookout to increase its portfolio to serve new initiatives, and to define the company's next phase of growth."

A prime example of Aik Moh's search for growth opportunities and expansion beyond its core businesses would be the company's recent venture into the clean energy industry via its wholly owned subsidiary, Advon Singapore Pte Ltd. To meet the rising demand for green initiatives, the company focuses on environmental products and services with the use of clean energy and new technologies.

Together with the National University of Singapore and two other Japanese universities, the company is currently in the midst of developing and commercialising the patented Adsorption Desalination system. Unlike conventional reverse osmosis systems, this adsorption desalination system can be powered by solar energy or recycled waste heat from industrial plants. With the support of SPRING Singapore, the company is currently in the process of installing a prototype at a giant

pharmaceutical facility in Singapore. In March 2009, as recognition of its environmental efforts, Advon Singapore clinched the third prize in the Asia Forum for Clean Energy Financing. This was organised by the Climate Technology Initiative, which is part of the International Energy Agency, an intergovernmental organisation based in Paris.

Forging Ahead

Starting in the heartlands with its very first distribution shop in Jalan Besar, it is evident that Aik Moh has progressed tremendously in the past 20 years. Despite the current challenging times, the company is still expanding and looking for opportunities to remain ahead of the competition. It is determined to move from the heartlands straight to a world stage.



ATLAS VENDING

Meeting the Refreshment Heroes at Work

Chu Nga Jessica, Ong Meng Ching, Stella Tay

CRAVING for some refreshment? Ever wondered who are the heroes behind those vending machines that sell your favorite beverages and snacks? We were clueless, too, until we were introduced to our very own local vending specialist, Atlas Vending Pte Ltd.

Emergence of Atlas Vending

In the late 1970s, Mr Tan Ju Soon, group managing director of Atlas, together with a handful of local entrepreneurs recognised that there would be a greater need for automated vending machines due to the increase in labour costs and a more affluent society. He and his partners decided to enter the business and established Atlas Vending Pte Ltd in 1980.

In the initial years, the vending industry was primarily engaged in renting out canned and packet drink machines that were mainly confined to public locations and schools. Location owners would hire their own people to perform the tasks of beverages replenishment and cash collection. Atlas was the first in the industry to introduce the idea of providing full service vending, from providing a great variety of refreshments through its vending machines, to replenishing these machines, collecting sales proceeds and resolving any technical machine issues. This helped location owners save on unnecessary labour cost and time as all they had to do was to provide space for the vending machines.



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One-stop solution: Tan Kim Hoi, GM (left) and Tan Ju Soon, group MD. Atlas is now one of the leading vending specialists which offers a wide range of hot and cold beverages, snacks and confectionery.

“As the Singapore economy industrialised, factory workers were looking for round-the-clock refreshments that were economical and yet met high hygiene standards. Our combined hot and cold cup drink machines were ideal and our business took off,” Mr Tan said.

Initially, however, Atlas had difficulties in securing low prices for its refreshment products as it was seen as either too small or a competitor to the Cola bottlers that also provide vending machines. However, after several years, Cola bottlers realised that Atlas was helping them to make their products more easily available to the public.

Atlas Moving Ahead Step by Step

Atlas now provides a one-stop vending solution and offers a comprehensive range of hot and cold beverages, soft drinks, food snacks and confectionery. Some of these products include Kit Kat, Twistees, Coca Cola, 100Plus and Yeo's. Currently, Atlas' one-stop solution also deals with the rental and sales of vending machines. It repairs and overhauls equipment, including coin mechanisms, advises on setting up of vending operations and even produces its own post-mix syrups.

By now, Atlas has established a geographical footprint not just in Singapore, but also in Malaysia and Hong Kong. It now has a total staff strength of more than 200 people, operating over 4,000 vending machines in the region. The company's annual turnover exceeds US\$15 million. Atlas is also a member of the International Vending Alliance (IVA), a global network of refreshment solution providers that are leaders in each of their respective countries.

We asked Mr Tan what differentiates Atlas Vending from its competitors. Mr Tan replied readily, “While our competitors focus on promoting their brands and products, we focus on both our products and our machines. We ensure that our machines run well at all times and that they give what our customers want.” Atlas believes in and focuses a

lot of efforts on meeting its customers' refreshment needs and improving its technical knowledge, skills and expertise. This involves regular and careful assessment of customers' product replenishment frequencies to match changes in consumption patterns. Mr Tan said, "For instance, Singapore is a unique market; here we have strong western influences. In order to meet the constant changing needs and wants of our customers, we are exploring different types of snacks and beverages. Right now, we are exploring the specialty coffee market as big names such as StarBucks and Coffee Club are getting more popular."

Walking around Atlas, we cannot help but notice the cleanliness of the working environment. This cleanliness pervades both the offices and the machines repair and overhaul area.

Atlas also constantly rebuilds and upgrades its machines to ensure that they work well. It also aims to respond within three hours of a complaint on any of its machines during office hours.

Walking around Atlas, we cannot help but notice the cleanliness of the working environment. This cleanliness pervades both the offices and the machines repair and overhaul area. We were told subsequently that Atlas strongly emphasises a clean and green working environment for its employees.

"We are in the food and beverage business; cleanliness and hygiene are of utmost importance. Here we practice the Japanese 5S management approach, keeping our work environment clean and organised. And we are going green. We have always emphasised to our employees the message of a Healthy Workplace, Healthy Body, and Healthy Mind," explained Mr Tan.

Over the years, Mr Tan and his management team have introduced modern systems, institutionalised continuous improvement, and set standards and targets. In order to retain the core management team, Mr Tan keeps them constantly challenged by giving them the autonomy to set new targets each year. Mr Tan is also constantly in touch with his people and outstanding employees are nominated for the Model Employee Award every year. In return, his people remain very committed to the company.

Looking Ahead

Faced with the current global economic slowdown, Mr Tan is determined to formulate flexible strategies for Atlas by building on its competitive advantage while keeping costs in check. Atlas is also considering further geographical expansion to other Asian countries. “We have made inroads into new markets with different types of vending machines. Our espresso and specialty coffee machines have been well received in offices both in the city as well as in the industrial areas. The company has been profitable for 13 straight years, even during the SARS outbreak. We believe as the society modernises, and as long as there is a need for convenience, we will play an important role in making people’s lives easier and better,” Mr Tan said confidently.



AVER ASIA (SINGAPORE)

Customer Service Goes a Long Way

Chen Zhaonan Tobias, Kay Chew Min Joyce, Lim Wei Xiang Ervin

'EXCELLENT Service!' exclaimed Edmund Cheok, business support manager of Aver Asia (S) Pte Ltd, when asked for the secret of success in Aver Asia's winning of the 2008 Enterprise 50 Award. Brimming with confidence in their 24/7 service hotline and free technical support, Mr Cheok commented that their approach has helped them establish a strong foothold in the highly competitive industry of heavy machinery rental services.

Aver Asia was founded by Ang Poh Kiang and his older brother Ang Poh Thong. Both of them had years of working experience at companies specialising in heavy machinery.

Sensing the severe shortage of local companies providing machinery rental services despite the rapid growth in demand, the Ang brothers, with their life savings, started the rental business in the 1990s – with fewer than a hundred aerial platforms.

As with most start-ups, the younger Mr Ang was deeply involved with the company's development from the initial stage. He personally trained the staff in the technical aspects of the business, drawing from his prior experience in the heavy machinery sector, and would work alongside his employees in the repair and maintenance of the machines.

Even during the Chinese New Year period when most private companies would close for business, Mr Ang would be on standby with his service team to answer technical support calls.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Founding brothers of Aver Asia, Ang Poh Thong (left) and Ang Poh Kiang both have years of working experience at companies specialising in heavy machinery.

“He is a really hardworking boss – always among the first few to arrive in the morning and the last to leave,” said Mr Cheok. “He motivates us to work harder with his actions, not words.”

The business grew steadily over the years and in 2005, Mr Ang foresaw the growth potential in the oil and gas industry and prepared his company for it by purchasing machinery catered specifically to the industry. As a result, Aver Asia was able to ride atop the industry’s boom and secure an edge over its competitors.

In 2007, Aver Asia enjoyed revenues of \$18 million and managed to gain a sizable market share, which placed it among the top few heavy machinery rental houses in Singapore. It now owns an impressive fleet of over a thousand machines for a wide range of uses.

Service Redefined

Traditionally, rental houses would offer a technical helpdesk and on-site repair services during office hours and chargeable service calls after office hours. Aver Asia went a step further by providing a 24-hour technical hotline and a round-the-clock emergency response team for on-site repair and servicing, free of charge.

“These measures are costly but necessary. We believe that customers should not have to wait until the next working day to have their queries answered. Prompt response to service calls is important too – every second counts for our clients’ businesses,” noted Mr Cheok.

While providing prompt repair services to customers is important, ensuring a high quality of machines supplied is equally important, as every break-down will result in a loss of machine hours which extends the duration of the project and increases costs for the clients.

So, apart from ensuring that a service team is on standby around the clock, Aver Asia has taken measures to ensure that the machines are in good working condition. Much emphasis has been placed on

maintenance of the machines and the age of the machines, which includes scissors-lifts, aerial platforms, and sand-blasting machines.

A quick look around the workshop area at Aver Asia's Tuas site showed the technical staff diligently repairing some of the machines that had just been returned. Mr Cheok explained that maintenance typically takes up a large amount of the technical staff's time. This is to ensure that the machines the next customer receives will always be of the good quality Aver Asia promises them. Apart from maintenance, Aver Asia also ensures that 70 per cent of the machines in their inventory are new (an average of three years old). These measures minimise the chances of machine break-down and help to reinforce Aver Asia's impressive record of reliability.

Aver Asia enjoys a high percentage of repeat customers, and some of whom insist on Aver Asia's services even for operations in far-flung countries such as Russia, Scotland and Brazil.

The approach does not go unnoticed – Aver Asia enjoys a high percentage of repeat customers, and some of whom insist on Aver Asia's services even for operations in far-flung countries such as Russia, Scotland and Brazil.

Family-oriented Culture

The Ang brothers know all employees by their first names, and enjoy a close working relationship with them. Amid the current economic turmoil when most companies make the knee-jerk action to retrench employees to cut costs, Aver Asia has no plans to retrench any employee.

"We have decreased the number of overtime hours, but we are neither retrenching nor decreasing salaries," said Mr Cheok. "Mr Ang made that clear right at the start of the economic downturn, and it was a great morale booster."

All these measures have helped to cultivate employee morale, and have encouraged staff to be reciprocally loyal to the company, and consequently, to be efficient and productive. This is clearly seen in the high service standard that Aver Asia staff sets for the rest of the industry.

So what is next? Aver Asia is setting its sights abroad, and aims to set up various regional offices in the neighbouring countries and establish itself as a regional market leader within the next decade.



BESTA DIGITECH

Besta's Focus on Customer Care Pays Off

Liu Peihua, Ng Wan Ling, Tay Hong Li

IN Alvin Goh's dictionary, customer service equals success.

Value-added service is evident in many aspects of Besta Digitech, which distributes electronic dictionaries. From pre-sales to actual selling and after-sales service, the company has a strong sense of customer focus and care.

"We believe in cultivating our sales people to recognise the importance of customer service rather than associating sales with traditional hard-core selling," says Mr Goh, the company's chief executive. "When our sales staff understand the value of customer satisfaction, they will be able to serve our customers well."

Every salesperson in the company has to go through weeks of training before being allowed to serve customers independently. This coaching and training builds a foundation of product knowledge, troubleshooting techniques, customer service – and the ability to handle challenging customers. Every training session involves an attachment, when newcomers work under the supervision and guidance of senior colleagues.

"Customer service is an inter-personal skill, and because every individual customer is different, we at Besta aim to provide personal service to each customer," says Mr Goh.



Mr Goh: 'Customer service is an inter-personal skill, and because every individual customer is different, we at Besta aim to provide personal service.'

Besides selling its product attributes, Besta aspires to sell solutions to its customers' problems. Service does not end when a sale is closed.

Outstanding After-Sales Service Wins the Game

One of the company's main strategies is to make follow-up calls to customers three days after a purchase. The objective is to understand if Besta products have solved their problems and whether they have benefited from the products. At the same time, sales personnel ask customers if they require any product training, which is offered at no cost.

Convenience is the other significant mode of customer service. Besta's network of 45 retail outlets island-wide also operate as collection centres for products that need servicing.

One of the company's main strategies is to make follow-up calls to customers three days after a purchase.

The company's customer-oriented efforts have earned it more than 200,000 users. And alongside Singapore's emphasis on bilingualism, Besta has seen revenue increase from \$14 million in 2006 to \$19 million in 2008. This translates to a compounded annual growth rate of 17 per cent.

Besta, which has been in Singapore for almost 19 years, has won many awards, including the SME Growth Excellence Award – and more recently, the 2008 Enterprise 50 Award. Mr Goh said winning the E50 award was a big achievement and an endorsement of the hard work put in by all the staff in Besta.

Moving on, the company will invest \$200,000 to transform its existing enterprise resource planning system into one that can capture real-time information effectively. At the same time, it is eyeing the e-learning market, with products from e-dictionaries to thumb-drive dictionaries. Besta also wants to strengthen its presence in Malaysia and Indonesia, and take its retail arm to the rest of Asia.

Against the backdrop of the current downturn, Mr Goh is optimistic and realistic. "This is a time to recognise the importance of flexibility and pro-active re-strategising to adjust to the needs and concerns of customers in such difficult times," he says.

Internalised Sharing Culture Supports the Game

Besta's products are a legacy of Taiwan's renowned IT entrepreneur Wen Sayling. The company abides by the belief that an organisation must build an internal culture of sharing, if it is to succeed. Within the company, knowledge, experience, problems and profits are shared among colleagues. Regular meetings are held for staff to share their concerns and speak their mind.

Extending the scope of this sharing culture to the external environment, Besta works to identify customers' problems and needs to maximise the value of every dollar they spend.

Besta Digitech is a subsidiary of iKnow Pte Ltd. Incorporated in 2002, iKnow offers a wide range of information technology solutions and is widely recognised as the sole distributor of Besta electronic dictionaries.



BINTER & CO.

Binter's on a High-Speed Roll

Chong Yan-Ling Abigail, Lim Keyuan Colin Jeremy,

Tan Yan Ying Amanda

IT is somewhat fitting that a man with a passion for motorsport is driving a tyre manufacturer forward. Since its entry into the Enterprise 50 rankings six years ago, Binter & Co. has climbed steadily up the ladder from the 32nd spot to 14th position. Last year, it clinched a special award for having been on the E50 list five years running. Despite being linked with some of the biggest names in the industry, this company dares to be different.

The family-owned business distributes tyres for a wide range of brands, including Goodyear, Firestone, Cooper and Kumho. Before joining his father in business, general manager Marcus Lim, a qualified auditor, worked for several automotive companies in the United States. He also learnt vicariously from the success and failure of his counterparts.

Binter has ventured beyond Singapore, to Africa, the Middle East, Eastern and Western Europe, and the US.

Its customers range from automotive enthusiasts to those with almost no technical knowledge of tyres. "We cover the entire spectrum of customers," said Mr Lim. "Binter has also expanded its product portfolio over the years and is now the third largest tyre distributor in Singapore." Its local customers include ComfortDelgro and Premier Taxi.

Creating a Binter Awareness

The company makes an effort to cater to each segment. To attract the automotive enthusiasts, it has the Formula Drift Championship. And



Binter & Co. general manager Marcus Lim himself heads a drift team, known as Team Goodyear-Binter, that takes part in drifting competitions in the US.

for those with little knowledge of tyres, Binter has introduced the online portal Tyrepac.

Binter has obtained the exclusive right to host the Formula Drift Championship in South-east Asia for three years. This helps it to showcase the tyre brands that Binter carries in its portfolio. But it was also Mr Lim's passion for motorsport and his aspiration to manage his own home-grown race team that spurred him to seek the rights to host the championship.

The inaugural event in Singapore was held on April 27 last year, and has helped to raise the profile of the company. Even though expenditure for this event far exceeded the revenue, the company remains positive that the branding initiative will bear fruit. In fact, Binter has struck up a working partnership with ESPN Star Sports which will help change the Formula Drift from a pure branding initiative to one that will also generate income. It is just another example of how the company identifies avenues for income growth.

While replacement tyres and corporate sales provide the bulk of the company's revenue, Mr Lim recognises the limited growth potential of the local market. This explains his latest initiative – Tyrepac, Asia's first online tyre portal. Tyrepac.com was launched in Singapore last October. It was in response to the growing trend of online shopping.

But the world has changed, and online retailing is the definite future of our industry. This will be the way many of us will purchase tyres.

Tyrepac aims to be the region's foremost data source online on tyres, with an exhaustive listing of brands, sizes and patterns. "The industry has been very conservative in the past," Mr Lim said. "But the world has changed, and online retailing is the definite future of our industry. This will be the way many of us will purchase tyres."

Sparking Interest in Generation Y

To engage the next generation of consumers, Binter is involved in on-campus automotive student clubs at two local universities. Besides being a major sponsor, the company is also involved in the clubs' activities such as Formula Drift displays, motor sports carnivals and competitions.

Mr Lim himself heads a drift team, known as Team Goodyear-Binter, that takes part in drifting competitions in the US.

Charity has not been forgotten. Open-to-public drift sessions were conducted to raise donations for the Breast Cancer Foundation two years ago.

While Mr Lim admits that tyres are not a sexy industry, there are compensations. One strength of the tyre business is its relative stability. The only impact that he has noted in the current downturn is that consumers are buying cheaper tyres. Even with tightening margins, Binter has emerged from the fourth quarter of 2008 relatively unscathed. Mr Lim remains confident of the company's ability to remain in the driver's seat in the industry.



CABLES INTERNATIONAL

The Nuts and Bolts of It

Chen Zhaonan Tobias, Kay Chew Min Joyce, Lim Wei Xiang Ervin

BIG successes sometimes stem from humble beginnings, even failure. Cables International, which supplies cables solutions to the energy sector, is a testament to this.

Its founders Brian Sweeny and Peter Ong first met at another cables distribution company in the mid-90s. That company failed and the two – both accountants by training – decided to take the plunge and set up their own company in 2003.

This was easier said than done. The facility required a large space along with capital to buy and keep the necessary inventories, says Mr Sweeny. But between them, the two founders could only come up with a sum of \$300,000, barely enough to buy the cables and equipment needed. Mr Ong, however, managed to convince the board of King Wan Corporation Limited – a main-board listed M&E Engineering company in Singapore – to take a stake in the new company by making up for the shortfall in working capital.

The years that followed have been an exciting ride. Cables International now has operations across Asia Pacific and the Middle East, and enjoys an annual turnover of over \$100 million. It now represents the world's leading high quality cable manufacturers such as Prysmian & JS Cables and services the world's leading oil & gas majors including Exxon, BP, Transocean and Prosafe. The company is now a winner of the Enterprise 50 Award, an accolade given to the top 50 SMEs in Singapore. Who said accountants are boring risk-averse people?



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Cable guys: To maximise business potential, the founders - Peter Ong (left) and Brian Sweeny recognised the need to differentiate themselves from other cable distributors by focusing on quality first.

Within seven years, Cables International has extended its reach to four regional offices in two continents. It enjoyed more than \$7 million in profit in 2008, and is set to continue doing well for now. It is now the dominant player in the cables distribution business and among a handful of companies in the world that can provide off-shore cables solutions to clients. But success did not come easy.

To maximise business potential, the founders recognised the need to differentiate themselves from other cables distributors by focussing on quality first. Using the contacts they had established in their previous company, they set up distribution partnerships with the world's leading high-quality cable manufacturers from Europe, Asia and the U.S. There aren't many such suppliers globally and Cables International has sole distribution rights in South-East Asia and Australia with the industry leaders.

Needless to say, fulfilling 100% of the cables requirement in a customer's project was not easy. Cables International was able to do so only after investing substantially in stock, and from commissioning new products that manufacturers do not provide. This has become a value-added service that customers enjoy because it makes coordinating work easier on their part.

The Customer-centric Company

Cables International does not stop at that. Mr Sweeny said that the company focus was to annually reinvest 70% of its profits into inventory of cables because "guaranteeing on time delivery is paramount".

Sometimes, cables are delivered late from the manufacturer. A similar delay in delivery could mean millions of dollars in added cost to the customer. To avoid that, Cables International flies in reels of electrical cables just so that the project can be completed on schedule. This costs Cables International hundreds of thousands of dollars, but the Directors have no qualms about doing it. Eventually, it pays off.

Indeed, customer-focus forms the ethos of the firm, and has propelled Cables International to go beyond merely delivering cables on time to value-added customer service. This has resulted in the emergence of the Projects division.

Through the Projects division, the company provides a suite of services that relieve customers of the headache of having to maintain their own cables. Cables International does stringent documentation of the cables, cutting them to size and stores them on its own premises on behalf of its customers. This has enabled it to maintain its clear market leadership.

Some companies focus only on the selling price but do not concern themselves with what happens after that, said Mr Sweeny. On its part, Cables International initiated Customer Managed Inventory to allow customers to decide what to do with the leftover cables after a particular project is completed.

Mr Sweeny said that customers have the choice to either allow Cables International to maintain the cables in storage until the next project, or to commission Cables International to sell the cables on their behalf. And most of the time customers choose the former option. This is extremely important to the company because “it creates long-term customer relationships”.

Indeed, customer-focus forms the ethos of the firm, and has propelled Cables International to go beyond merely delivering cables on time to value-added customer service.

The Road Ahead

How has the present economic crisis affected Cables International? Mr Sweeny believes that the effects have been minimal. While elsewhere companies are experiencing falling sales and rising costs, Cables International is still maintaining its focus on growing market share, and

on fulfilling its substantial order book. It has already secured orders well into 2011, and new contracts are constantly being finalised.

Nor are the two founders resting on their laurels. "We have big plans for the company's expansion," said Mr Sweeny. The duo wants Cables International to expand further into the Asia Pacific and Middle Eastern regions, and to set up regional offices in places such as Dubai. It is important to have physical facilities there to be closer to the customers, and to ensure prompt delivery.

The duo is also looking into providing cables solutions not only to off-shore oil rigs but also to the mining, marine and refining industries. The future looks bright.



DYNAFORCE INTERNATIONAL

Embracing Change Head On

Gu Lele, Kuang Biqing, Wee Sing Gek Sheena

NOW in its 20th year of business, Dynaforce International Pte Ltd has come a long way in the wellness industry.

It is the sole distributor in Singapore of Technogym, an Italian high-end fitness and wellness equipment brand. Often referred to as the Ferrari of Fitness, the Technogym line of fitness equipment has been favoured by Olympic athletes and Hollywood artists for its cutting edge innovation in design and technology. In Singapore, Dynaforce equips the gyms of most of the upmarket hotels such as the Grand Hyatt and Capella Singapore, and high-end residences such as St Regis and Orchard Residences. Dynaforce also distributes its equipment to other South-east Asian countries such as Malaysia, Thailand and Indonesia.

In November 2008, Dynaforce received the Enterprise 50 Award, a clear recognition of the company's successful business model, its profitability as an SME, as well as its continued growth into the future. More recently in February 2009, Dynaforce was chosen as one of the "Singapore SME 500" companies for its outstanding financial performance over the past year.

Revenue for Dynaforce in 2008 was \$15 million and the company is poised to increase this further in the years ahead.



Ms Sun: Reinventing Dynaforce International involved changing the team's mindset to one that is truly concerned about the customer's health and lifestyle.

Farsighted Leadership

The path to success for Dynaforce has not been without its ups and downs. In its earlier days, when Dynaforce was mainly distributing fitness equipment from the US and Taiwan, overexpansion in the region (including a disastrous foray into India) slashed profit. Jimmie Lee, Dynaforce chairman, decided to refocus his attention on a few selected countries and concentrate on a fewer number of brands. This refocusing has since paid off, with annual turnover increasing steadily over the years.

In 2006, Dynaforce underwent yet another round of transformation. Mr Lee recognised that the main American brands that it was distributing at that time lacked innovation and were unable to keep up with the increasing competition from their Chinese and Taiwanese counterparts. So he dropped all the brands in his stable and switched to only the cutting-edge Technogym brand.

This was a bold move that took a lot of foresight and courage because it was also a potentially disastrous one, when half its management and operations team walked out the door, adamant on staying in their comfort zone. It was during this crisis that Annie Sun, Dynaforce chief executive officer, stepped up to take the reins, and together with Mr Lee, took the opportunity to perform a “spring-cleaning” of the company.

“It was not just about changing brands,” Ms Sun remarked. “We revamped the company, its logo and image, worked with new staff, and rethought our business model. We also had to change the team’s mindset from one that just sold fitness equipment to one that is truly concerned about the customer’s health and lifestyle.”

Indeed, this willingness to change is something that has led Dynaforce to where it is today. The company has not only managed to differentiate by strategically positioning itself at the top end of the

market through its focus on the premium brand, Technogym, it has also managed to nurture a new batch of employees who are dynamic and intrapreneurial under Mr Lee's leadership.

"The 2006 decision to reinvent Dynaforce was the best change that has ever happened to the company. We can now say that our unique value proposition is that Dynaforce is not just a fitness equipment distributor, but it is perhaps the only one that is able to offer design service, club management and event management expertise," Ms Sun added.

Indeed, Dynaforce has since evolved from being just a fitness equipment distributor. It is now the Dynaforce Group, comprising Dynaforce International which continues to distribute the high-end fitness equipment; Dynaforce Reach that organises fitness courses and public outreach events; Dynaforce Club which operates fitness clubs; and Dynaforce 3D that offers three-dimensional gym design. Jointly, the four divisions offer a comprehensive suite of related services to users ranging from corporate clients to professional athletes and ordinary home users, increasing the number of revenue streams to Dynaforce.

What has remained constant throughout Dynaforce's journey of growth is the passion that Mr Lee has for the wellness industry and his firm belief in its potential. Today, Dynaforce aims to change the way people think about physical fitness and holistic wellness.

"Wellness is a lifestyle," said Mr Lee. His conviction is evident from the tone of his voice. It is further exemplified by the fact that both Mr Lee and Ms Sun exercise regularly despite their hectic schedules. "We want to help people improve their lifestyles and quality of life," he added.

Mr Lee is also particularly keen to "catch the next wave" of baby boomers. He sees the need for the baby boomers to be educated on the benefits of staying fit through active ageing, especially as they have higher disposable incomes and more time on their hands.

“Thanks to the Internet, people are now more aware of their health risks, but they are still not doing much about it. Our challenge is how to motivate and encourage them to be more proactive about their health,” said Mr Lee.

Noting that the baby boomers are not particularly attracted to the mega commercial gyms in the city, which cater mainly to a younger crowd, Dynaforce has set out to create gyms which specially cater to their unique needs.

To this end, it has initiated several collaborations with other organisations to promote active ageing. It has partnered the National Healthcare Group to equip a gym at Woodlands Polyclinic – the first of its kind in Singapore; it has donated fitness equipment to the Lions Befrienders for senior citizens to use; and it is currently operating a bespoke gym for senior citizens at the Punggol South Silver Circle, one of the day-care centres managed by the NTUC ElderCare Cooperative Ltd.

At the centre, users get to enjoy a holistic wellness programme under the supervision of trained Dynaforce fitness instructors, using equipment that allow for a gentler form of exercising. Mr Lee says: “Notably, this programme has produced a 100 per cent improvement in strength, endurance, flexibility and balance among all participants since it was launched a few months ago.”

Schoolchildren Next

Mr Lee also indicated that after Dynaforce has rolled out its active ageing programme, it will then focus on the other end of the age spectrum, namely the schoolchildren. “We are aware that the SAF is concerned about the deteriorating state of the fitness level of incoming recruits. There’s indeed more to be done in improving the fitness level of children in schools. Therefore, we are already in the process of developing a fun and effective fitness programme for this group.”

Undoubtedly, Dynaforce has gone through many changes for the past 20 years, radically evolving itself to stay ahead of times.

But how will Dynaforce continue to take the lead?

Mr Lee reveals: "We are currently exploring how we can expand our business further, especially through the branding of programmes such as DynaFit, our package of services for active ageing. We are also working closely with Spring Singapore and IE Singapore to see how they can assist us in marketing and promoting Dynaforce more strategically at home and abroad."

And what pointers are there for aspiring executives and entrepreneurs?

Ms Sun says: "Managers should first take care of themselves, then they will be able to take care of the company and its employees, especially during this economic crisis."

Spoken like a true fitness aficionado indeed!

Managers should first take care of themselves, then they will be able to take care of the company and its employees, especially during this economic crisis.

ETERNAL FINANCIAL ADVISORY

Building Lasting Relationships

Lee Ghim Meng Renny, Lim Boon How Alastair, Lim Swee Hon Robin

SINCE the Financial Advisers Act was passed in 2002, Singapore's nascent independent financial advisory (IFA) industry has grown steadily. From less than ten companies in 2003, there are currently more than 50 IFAs providing financial advisory services registered with the Monetary Authority of Singapore (MAS).

Despite the increasingly competitive landscape, one company has been able to set itself apart from its competitors – Eternal Financial Advisory Pte Ltd. The company was founded in August 2005 by Mr Freddy Sim and Ms Viviana Chin, who currently serve as its chairman and CEO respectively.

Better Serving the Consumer's Interest

Explaining the difference between IFAs and the traditional tied-agency model of insurance companies, Mr Sim likened IFAs to electronics megastores such as Harvey Norman or Best Denki.

"Like these stores which carry products from many different manufacturers, IFAs are able to offer consumers products from a range of insurance companies as well as fund houses but yet at the same time still remaining strictly specialised in the sales of financial products only. Representatives from insurance companies, on the other hand, are tied to the products supplied by their specific insurer. At Eternal FA, our clients have access to the products of 33 fund houses, offering 450 investment funds".



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

A strong team: From left: Wilson Koe, director; Freddy Sim, chairman; Viviana Chin, CEO; and Atalie Tan, operations head of Eternal Financial Advisory.

“IFAs are therefore better able to serve the customer’s interests because they do not have to push products from a particular investment fund provider or insurance company regardless of whether it meets that customer’s needs,” explains Mr Sim. It was this belief in the ability of IFAs to better meet customers’ needs that prompted Mr Sim and Ms Chin to give up the successful million dollar agency that they had built up under the insurance arm of HSBC to set up Eternal FA in 2005.

Insurance and investments form the two key business arms at Eternal FA. Through links to leading insurance providers such as AXA, TM Asia, NTUC, Manulife, Aviva, UOB Life etc. Eternal FA provides a comprehensive range of insurance products to meet the specific needs of both individual and corporate clients – ranging from protection, critical illness, savings and retirement plans for individuals to executive bonus programmes, keyman protection and other business protection policies for companies.

Similarly, Eternal FA’s investment platform offers its clients access to a host of investment funds managed by global financial companies including Aberdeen, DWS, Fidelity, Lion Global and Superfund etc. The company had approximately \$50 million worth of assets under management before the Lehman Brother meltdown in September 2008.

Eternal FA also provides services in shares investment as well as mortgage. In spite of the company’s relatively short history, it has already achieved the accolade of being one of the top fifty local enterprises in the annual Enterprise 50 Awards 2008. – the first IFA to clinch this honour. So what makes it so successful?.

Vision Matters

Much of Eternal FA’s success can be attributed to the leadership provided by the company’s two co-founders, Mr Sim and Ms Chin. Both have been inducted as life members of the prestigious Million Dollar Round Table (MDRT) and have been qualifying members of the MDRT for the past consecutive 17 and 13 years respectively.

The MDRT is an international association of financial professionals and membership is exclusive to the top 6 per cent of insurance and financial professionals in terms of annual commission and premium generated.

Both Mr Sim and Ms Chin have also achieved Court of the Table (COT) and Top of the Table (TOT) qualifications which put them amongst the top 1% to 3% of advisers in the global ranking. The criteria for achieving COT and TOT are 3 and 6 times higher respectively than the qualifying requirements for the MDRT. In other words, they have delivered outstanding results consistently, over several consecutive years.

But it is not just professional experience that has shaped them. There is also a compelling personal story.

A health-related ailment ended Ms Chin's career aspirations as an SIA flight stewardess. However as one door closed, another window of opportunity opened up when she joined Mr Sim's agency at the-then Keppel Insurance (which was subsequently acquired by HSBC).

"Soon after the company received its license from the MAS, the advisers from our former agency suddenly informed us that they would not be crossing over together with us to the new firm. We had to start the new company from scratch," recounts Mr Sim.

Two years into its inception, Eternal FA suffered a second blow when all but one of the company's twenty-two advisers crossed over to another competitor en-masse.

Meanwhile, Ms Chin who had been adopted by a single mother at birth and raised in an attap house in Malaysia discovered that her mother was suffering from third-stage breast cancer – just when she was overseeing renovations of the new office and setting up the company infrastructure.

Despite these professional and personal trials, Eternal FA reported a healthy net profit at the end of 2005 – a considerable feat for the company which had begun operations for barely three months. “I personally believe that these storms help to bring out character and Eternal FA has emerged all the stronger in spite of it,” says Mr Sim.

The rest, as they say, is history. Eternal FA continued to achieve remarkable growth figures increasing net profits by 6 and 12 folds respectively in 2007 and 2008.

Bigger Isn't Always Better

While other IFAs may be busy recruiting advisers on a large scale to increase their company's size within a short time, Mr Sim indicates that he is in no hurry: “Quality matters more.”

From a company of two when they first started, Mr Sim and Ms Chin have since gone on to build a team of 22 financial advisers. They have also begun identifying potential leaders to lead teams of their own. One such leader is Mr Wilson Koe, who is a director with Eternal FA. Through the close mentorship and support of Eternal FA's two founding partners, Mr Koe himself has also qualified for the prestigious MDRT since joining the company.

“In the long run, we hope to develop a successful franchise of agencies led by our own financial advisers under the Eternal brand,” explains Mr Sim.

Eternal FA has also stayed lean by outsourcing non-core business functions such as accounting and IT support.

Building Lasting Relationships

The recent controversies surrounding the sales of complex structured products turned the spotlight on the tactics of sales representatives from banks and other financial institutions. Many of these

representatives were accused of targeting the elderly who often did not understand the risk of the products which they were buying into.

Giving his thoughts on the matter, Mr Sim said, "We had clients coming to us wanting to invest in such products because of the enticing rate of returns promised. However, we advised them against doing so because of the risk inherent in these products. Many of these same clients who took our advice are now extremely grateful to us."

"We seek to build lasting relationships with our clients rather than to earn their commission by pushing products," continues Mr Sim. They also try to hire like-minded people. "Freddy and I personally interview every single potential candidate to ensure that they share the same values as the company," says Ms Chin.

Eternal FA also has in place standard operating procedures which the company's advisers follow to ensure that there are no delays in the processing of client transactions. Through an online administrative portal, the management team can also view transaction applications made by individual advisers to detect any potential churning activities.

"In addition, regular in-house training sessions are conducted for Eternal FA's advisers to keep them updated on the latest MAS directives and guidelines," explains Ms Atalie Tan who co-heads the company's compliance department with Ms Chin.

Fortune Favours the Bold

Where many companies are resorting to pay-cuts and retrenchments to stay afloat, Eternal FA bucks the trend by increasing salary and bonuses for the company's staff. Eternal FA also has an attractive profit-sharing scheme for the company's team of financial advisers. All these measures are part of Eternal FA's efforts to attract and retain the best talents within the company.

“Between Viviana and myself, we have a combined experience of almost thirty years within the financial planning industry. During this time, we have been through the oil crisis in 1987, the Asian Financial crisis in 1997, the bursting of the technology bubble in 2000, the September 11 New York terrorist attacks in 2001 and the SARS health pandemic in 2003. Fortune favours the bold and we believe there are many positive investment opportunities even in the current financial turmoil,” remarks Mr Sim confidently.

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FOTOHUB

A Snapshot of Success

Goh Cheng Kang, Lay Shi Wei, Phon Yue Ni Katie, Tay Wei Ping

IT is eleven in the morning, and you have just touched down at the airport of a foreign land where you have never been to before. Your supposed travel companion is nowhere in sight and you have no one to turn to. What would you do? Fortunately for Fotohub, its founder and managing director, Mr Vincent Tan, pushed on, venturing onto a hundred kilometres journey to Shell's headquarters in Brunei Darussalam. Mr Tan managed to showcase Fotohub's digital imaging services to Shell, and this became the turning point for Fotohub's success.

It was this streak of independence, non-conformism and a great passion for photography that led to the founding, and subsequent success of Fotohub. From a small partnership formed by five childhood friends, to a company with \$6 million dollars in revenue, 80 employees and seven retail outlets, Fotohub has indeed come a long way.

Picture Perfect Beginning

It all began when five 'kakis' with a deep love for photography built their own private dark room in the kampong they lived in. Fed up with paying exorbitant rates to the photo developing shops, they decided to start one on their own, partnering Kodak in their venture. They selected Coronation Plaza in Bukit Timah, as the location of their first retail outlet. This was just a stone's throw away from Hwa Chong Institution, their alma mater. Offering photo printing services and manual colour correction. Fotohub managed to grab a good deal of business.



Looking ahead: Mr Tan has set a turnover goal of \$10 million for FotoHub by 2010, and he believes that it is well on its way to achieving the target.

Shortly after this, Mr Tan left to read a Bachelor in Business degree in Australia, and upon return, joined an MNC as an accounts assistant. This did not last long. "My heart was still with Fotohub, and I knew clearly where I wanted to be and what I wanted to do," Mr Tan recalls. "This was to be a definite path that I would take, with no looking back."

Digital Disaster

It was during this period, the 1990s that the digital age arrived. Kodak then offered Mr Tan the opportunity of marketing a new product, the Photo CD. Mr Tan accepted the challenge and started a retail outlet that provided this service.

However, it turned out to be a major flop, as they had targeted the wrong market – the retail consumers. Not many consumers were exposed to digital media; they had neither the knowledge nor the money to pay for a service that converted film into CDs. As a result, Fotohub almost went bankrupt, having invested heavily into the retail outlet as well as the specialised equipment required. It was the gloomiest nights of the company, and for Mr Tan personally.

Metamorphosis: A Transformational Change from Caterpillar¹

A Caterpillar corporate trainer came to know about the Photo CD technology at a conference, and he contacted Kodak to enquire about this service. Kodak subsequently referred him to Mr Tan. He wanted Mr Tan to convert 100,000 slides into digital images for a training session he was about to conduct. It was then when it dawned on Mr Tan that the future in this technology was in the corporate, not the retail consumer, market.

Mr Tan pitched this service to the corporate and government sectors, beginning with the Singapore National Archives. After a pilot testing phase of three years, National Archives formally awarded a five

¹ American conglomerate that specialises in construction vehicles and equipment.

year contract to Fotohub, a contract that is ongoing today. As of 2009, 1.7 million of the nation's most valuable images have been scanned and stored in the digital dimension. Mr Tan jokingly comments, "This is Fotohub's 'national service'". Next up, Fotohub then snagged a contract with the National Library Board to scan the Library's vast collection of antique books, a contract that also runs to this very day.

The road was just opening up. The Caterpillar corporate trainer had several contacts at Shell's headquarters in Brunei, and these contacts were impressed by the trainer's digital slides. As he was travelling to Brunei to conduct training in Shell, he asked Mr Tan if he was interested in meeting up with him. Mr Tan decided jumped at the opportunity.

Upon touching down at the Brunei airport, the trainer was nowhere to be found. Unable to speak Bahasa, and having never been to Brunei, Mr Tan contemplated taking the next flight home. However, he decided to venture into the unknown.

He spotted a booth with the logo of Shell and realised that it was a pick up point that ferried Shell's expatriate employees from the airport to the headquarters. Mr Tan hitched the next transport to Shell's headquarters which was a good two hours' bus ride away. Upon arrival, Mr Tan managed to meet up with the Caterpillar trainer and scheduled a meeting with several Shell executives. The meeting was a great success and Mr Tan clinched a flourishing deal which runs to this day and opens up opportunities in government agencies. As he recounted, it was providential that he chose to get on the bus. "Opportunity", he muses, "must be grabbed as it does not come served on a silver platter."

Retail Therapy

It was time to push digital services into the retail realm. Following the lead of first movers like Snapfish and Shutterfly, Mr Tan set up a B2C online printing business. Searching the web for a suitable domain

name, Mr Tan managed to register Fotohub.com, and with it, a whole new market was created. Upon signing up as a member, each individual has two gigabytes of space to upload their pictures for storage and directly order prints at a discount.

Fotohub.com was an overnight success. It allows its users to upload their pictures in the original sizes and resolution, and not re-sized to save data space.

Mr Tan then pushed for retail stores to be set up. Fotohub's flagship Kodak store was opened at Raffles Place in 2000. Other retail stores soon followed, in Suntec City, Beach Road, Golden Shoe Carpark, Coronation Plaza, Raffles City, as well as the new shopping mall, Tampines One. These locations were chosen for their high traffic and high-end customers. Today, retail consumers account for forty percent of Fotohub's business, while the corporate and commercial divisions account for forty five and fifteen percent, respectively.

Given his Business studies background, Mr Tan came up with the satellite store concept, where the stores are half the size of a full scale outlet, with each ranging from 150 to 300 square feet and requiring only two retail assistant and one supervisor, greatly reducing rental and salary expenditure. With constantly improving technology, these stores currently have the ability to print and process photographs, as well as collect orders for the different Fotohub product offerings. This satellite concept is anticipated to bring in much more earnings and cost savings for Fotohub.

Fotohub.com was an overnight success. It allows its users to upload their pictures in the original sizes and resolution, and not re-sized to save data space.

Fotohub's increasing challenge is getting consumers to print the millions of "floating images" stored in their media devices as in the consumers' digital and phone cameras. Its new products include

Fotojournal, where the pictures are made into a photo album, not unlike a photo book; Fotostory, which is an enhancement of the Fotojournal with a hard leather cover or customised printed cover, Fotomini; and Fotomug, which is a custom-made mug with your favourite pictures printed on it.

A Panoramic Future

Despite the current economic downturn, Fotohub is well poised to weather the storm. Although retail sales growth would most certainly slow, Mr Tan believes that with the adoption of the satellite store concept, the company would be able to ride through the crisis.

Another area where Fotohub is preparing to enter is content management. Here, Fotohub plans to work with academic institutions to explore new opportunities. Fotohub has recently upgraded its corporate retail website, www.fotobankonline.com, to allow it to handle images, videos, and documents, including annual reports. Fotohub also aims to develop a facial or object recognition tool in the future. With these technologies, Mr Tan aims to position Fotohub as a leader in its field.

The recent winning of the 2008 Enterprise 50 Award also opens many doors for Fotohub. Several potential investors come knocking on Mr Tan's door with offers of additional funding, or connections to undertake overseas expansions, and Mr Tan happily listens and considers. The overseas market, Mr Tan feels, is the next frontier for Fotohub's growth.

Mr Tan foresees Fotohub heading for a public listing. He holds the belief that companies should always remain separate from individuals, and in this context he hopes Fotohub can live on for many years to come, with or without its visionary leader. Drawing lessons from his "escapade" in Brunei, being an entrepreneur has indeed its risks and challenges, but once the first crucial step is taken, the rest, as they say, is rewarding.



GAIN CITY

Gaining Hearts, Gaining Heights

Goh Cheng Kang, Lay Shi Wei, Phon Yue Ni Katie, Tay Wei Ping

THE essence of Gain City Best Electric Pte Ltd's business concept can be crystallised in two words – Trust and Sincerity. Mr Danny Teo, managing director and founder of Gain City, built his company on these two pillars: being sincere towards customers and business partners, and winning their trust. Gain City's logo replicates these values with a sharp tint of yellow that emphasises a 'down-to-earth' attitude of honesty. And these values have helped Gain City come a long way since its founding in 1981.

Mr Teo also delegates authority and responsibilities to each sales staff based on trust. "We run Gain City like a real city, with sales employees acting as the entrepreneurs of the city. The more motivated these employees are, the harder they will work, and the more benefits they can enjoy, the more the city will stand to gain as a whole as well," says Mr Teo.

Mr Teo believes that doing business is all about sincerity. If stakeholders can see that their interests are being taken care of, the business would automatically be in good stead.

Mr Teo believes that doing business is all about sincerity. If stakeholders can see that their interests are being taken care of, the business would automatically be in good stead.

Value for Money

To win over customers' trust, Gain City provides value for their money through quality products and services.



GAIN CITY



Bright future: Despite the economic slowdown, Gain City says it is edging closer and closer to its vision of providing a unique full-service shopping experience for customers.

This started way back. In 1986, for example, Gain City introduced an Installation Warranty for air-conditioning systems, a first in the industry then. This is in addition to the warranty covering product defects. In this way, customers can stay worry-free knowing that any rusting, malfunctioning, or water logging of their air-conditioning system will be taken care of.

To provide real value to customers, Gain City has to first understand what they really want. For this, Gain City uses various channels, such as “Vote and Win” contests, Feedback Hotline and e-mails. The information provides the company with valuable insights on how to better improve their marketing and services to customers, as well as their human resource training.

The company has introduced the Service Connection Programme, which offers customers various warranties and plans such as the 8-Days Lowest Price Guarantee, Extended Warranty and Replacement Plan, 0% Interest Installment, Trade-in Programme and Buy & Deliver Today.

“We want to assure customers that their purchases from us are guaranteed to be the lowest (priced) in town,” said Mr Teo. The company also strives to make sure that all its products sold are safe and reliable and approved by the Productivity and Standards Board (PSB).

It tries to locate its retail stores close to MRT stations. The company also maintains a fleet of more than 100 service vehicles, the largest in Singapore, which operates day and night to ensure prompt service and delivery. As there are costs incurred in the provision of such convenience and service, Mr Teo has kept other operating costs as low as possible.

Mr Teo further explained, “What differentiates Gain City from other retail chains is that we focus not on offering the lowest cost products, but on providing the best value for your money.”

Keys of the City

Mr Teo rewards his staff with monthly and annual bonuses for good sales performance as part of his efforts to align staff interests with that of the company. He also believes in empowering his employees, giving them the flexibility in setting prices. To reduce the risk of price under-cutting among his sales staff, Mr Teo pegs their performance targets to the profits that they bring in to the company, in addition to sales revenue. In this way, each sales employee is effectively a profit centre.

“As no two retail store locations are the same, care must be taken to ensure that the sales employees at various retail stores are given fair and realistic targets to meet, targets which are pegged to the overall performance of the store at each location,” says Mr Teo.

The remuneration package for these retail staff also includes a service delivery component, where a percentage of their pay is based on the evaluation of their sales quality and customer’s Satisfaction Index. There are guidelines to help staff negotiate their day-to-day relationships with customers and suppliers.

Building the City, Brick by Brick

Recognising that Singapore’s warm and humid weather is not what most Singaporeans enjoy, Mr Teo decided to venture into the air-conditioning business. He foresaw a growing market here as more residential and commercial buildings began to install air-conditioners. Hence in 1981, at the age of 21, Mr Teo started his own company in the Hougang neighbourhood, which initially provided air-conditioner installation and maintenance services. Its business expanded primarily through customers’ word-of-mouth. Mr Teo later decided to venture into the business of refrigerator installation, maintenance and repair as the basic engineering concepts behind both products were similar.

In 1983, the business relocated and Gain City opened its first store at Towner Road. The company started to do retail and expanded its product offerings to cater to the audio, visual, and electrical home appliances market. Mr Teo recalled that during the time of the business relocation, customers continued to patronise his shop. He knew the foundations for a successful branding had been laid.

The economic recession wave in 1985 actually swept opportunities to Gain City's shores. The company grew its market share in air-conditioning and set up Projects and Export Divisions to cater for retail, commercial and special projects locally and regionally.

In the late 1980s, the company introduced product demonstrations for air-conditioners at its showrooms. The air-conditioners are mounted to the walls, categorised by their brands, and are connected to ampere meters to measure their electricity consumption. Customers can thus compare the energy consumptions, noise levels, cooling capacities, prices and other features of the different products.

In 2006, Gain City started opening modern Lifestyle Home Concept Stores such as the one at Marina Square, featuring an apartment with a bedroom and a kitchen that are installed with air conditioners, and furnished with audio, visual products and home appliances.

The company also employs latest business technology to achieve its objective of providing customer satisfaction. An example is the implementation of enterprise resource planning (ERP), which manages and coordinates the resources, information and functions of the company.

The advent of the Internet has also brought with it opportunities for Gain City. It hopped on to the e-commerce bandwagon with the establishment of its own website. It can interact more with its customers, leading to the birth of iWish, whereby customers pick the product they want to buy, and submit the price they 'wish' to pay. This allows for a

follow-up negotiation process: Gain City reviews the customer's desired price and re-negotiates with the customer, through email or phone, until a reasonable price is agreed upon by both parties. No deposit is required; just an account registration with the website for the use of the online service. The data collected from sales through the website, as well as the requests on iWish, could also create a competitive advantage for Gain City by providing valuable information on consumer purchasing behaviour.

Unceasing Harvest

In 1999, the company was awarded the ISO 9001-2000 Certification. This was followed by the achievement of Singapore Promising Brand Award in 2006. In 2007, the company was presented with the Enterprise 50 award. And in 2008, it received the Enterprise 50 award for the second consecutive year, and the Professional Enterprise Certification. The company had also been awarded with Superbrands 2004/2005, 2006, 2008 and 2009.

With what started out as an air-conditioning business, Gain City has grown into a major household name with a solid reputation for excellence in various product standards and service delivery. Starting with a store at Towner Road, it now has eight stores island-wide, employing a total workforce of over 500 employees and a fleet of more than 100 service vehicles. The company is edging closer and closer to its vision of providing a unique one-stop, full-service shopping experience for its customers.

About the current economic crisis, Mr Teo replies, "We are still growing, although at a slower pace. The market still has potential and we are looking out for opportunities to expand."



GOH JOO HIN

Riding Through the Crisis on a Strong Brand

Chew Lusheng Grace, Kia Jie Hui, Yeo Zhiwei

IF the name Goh Joo Hin does not ring a bell, perhaps the name, New Moon will.

Goh Joo Hin is the company behind popular household brands *New Moon* and *Mili*. Contrary to what many assume, Mr Goh Kai Kui, the company's current CEO, said that *Goh Joo Hin* is not named after the company's founder, Mr Goh's grandfather. Instead, the name came about when Mr Goh Yew Gek's added his family name to "Joo Hin", the original name of the commodities company he purchased in the early 1940's.

GJH's Alexandra Road headquarters showcase the company's extensive product offerings in the reception area. There are life-sized posters featuring Stefanie Sun and Fann Wong, celebrities GJH has engaged to endorse their products. Yet there were also a number of unfamiliar products amidst the recognisable spread. These are products and brands under GJH targeted at markets outside Singapore, a reflection of the company's commitment to building brands customised to meet the needs of different consumer markets.

Facing up to the Economic Recession

Even as fellow small and medium enterprises in Singapore experience liquidity problems and a sharp decline in the demand for their goods and services, GJH continues to maintain a viable and profitable



NEW MOON



Quality's the name of the game. To maintain a viable and profitable business, Goh Joo Hin puts out a diverse range of food products for the different markets, runs the business professionally and constantly watches the market for new trends in processed foods, explains Goh Kai Kui, CEO of Goh Joo Hin Pte Ltd.

business. Mr Goh concedes that this is due largely to the relatively “recession-proof” nature of the industry GJH operates within. As a company selling basic necessities including food products and consumer electronics, GJH is relatively protected from the extreme fluctuations in demand that accompanies an economic downturn. Therefore, even as consumers start cutting back on luxury items, many of them will continue to buy their favourite *Mili Mushrooms* and *New Moon Premium Fragrant Rice*.

Despite this inherent resilience against recession woes, Mr Goh says that GJH is leaving no room for complacency, keeping in mind the long and tumultuous journey that the company has experienced to achieve its present-day success. He likens running a business like GJH’s to running a marathon, where constant effort has to be put into achieving the ultimate goal, always keeping in mind both internal (the company’s health and capabilities) and external (market) conditions.

A key factor in keeping sales figures up during these harsh times is GJH’s ability to package products and price them according to changing consumer demands. Consumers are more price sensitive now, and Mr Goh acknowledges that the typical Singaporean consumer discerning and has a wide variety to choose from, especially in the food business. Thus, GJH pays close attention to the pricing of its products, ensuring that prices are kept within a range acceptable to customers while connoting the message of quality associated with GJH’s brands.

With what Mr Goh terms as a “conservative” company philosophy that nonetheless actively taps into areas of opportunities, GJH has since established a strong position for its brands in the minds of consumers. Looking ahead, GJH continues to leverage upon five strategies for growth and success in the increasingly competitive global market in today’s gloomy economic environment.

Producing Different Products to Cater to Diverse Markets

Goh Joo Hin's extensive product range is focused mainly in food commodities. The company's food products comprise of seafood, meat, fish, fruits, vegetables, soup bases and sauces. The company also derives a small percentage of the sales in the distribution of electronics from brands like Siemens, Fuji Xerox and Philips. In order to further diversify its revenue stream, the company also develops products related to Chinese Medicine and engages in joint ventures with other firms. Due to the limited size of the Singaporean market, GJH has also expanded into other important and growing consumer markets like China.

Running the Business Professionally

Founded in 1940, GJH has completely transformed itself since, in terms of the way operations are run in the company. Although the company is family-owned, it is run and managed by a professional team not made up of relatives of the Goh family. The board of directors makes major company decisions, and GJH seeks the help of professional headhunters when looking to recruit senior managers. In a bid to dispel the notion that the company is family run, GJH ensures that fair human resource policies are in place and offers attractive compensation packages to attract talent to its company.

Placing the Consumer First and Understanding Consumer Needs

To increase its market share, GJH participates in extensive market research to identify what consumers truly desire. After extensive market testing, product recipes and packaging are modified to create maximum appeal for consumers from the respective markets. An example of how GJH customises its products to cater to local tastes can be observed in the example of the different packaging of *New Moon Thai Fragrant Rice* in China and Singapore. The packaging used in China emphasises

the Thai origin of the rice by incorporating a Thai Buddhist Temple into the packaging design. This was implemented as surveys indicated that Chinese consumers tend to associate high quality fragrant rice with Thailand. The decision proved wise – the Chinese market reacted positively, allowing GJH to capture a significant portion of the market for Thai fragrant rice in China.

Creating and Sustaining Differentiated, Product-defining Brands

As the famous Marketing Guru, Philip Kotler once said, "Great brands are the only route to sustained, above average profitability. And great brands present emotional benefits, not just rational benefits." In order to sustain its competitive advantage, GJH continues to churn out attention-grabbing products like *New Moon Abalone* and *New Moon Fragrant Rice* with a track record of endorsements by celebrities like Fann Wong and Stefanie Sun. This marketing strategy creates a life for GJH's products and appeals to consumers by creating an emotional affiliation with the brand, through association with the various celebrities. Furthermore, GJH has chosen to develop separate brands with highly differentiated brand identities, consciously grouping different product lines under different brands. In the case of *New Moon*, successful marketing of the brand as providing products of premium quality has resulted in consumers' willingness to pay a slight premium for *New Moon* products over that of competitors. In Mr Goh's words, the brands are the heart of GJH, and the role of the management team is to keep this heart beating.

Expanding into New Markets – Trans Fat-free Frozen Food

The management team at GJH is constantly on the lookout for opportunities to expand. The latest food-product range introduced by GJH to the Singapore market is based on the observation of a growing trend towards the consumption of frozen food amongst Singaporeans.

The prevailing perception amongst Singaporean consumers is that frozen food is not as “fresh” as food obtained from the wet market. However, GJH foresees that with the growing affluence and increasingly career-centric lifestyles of middle-class singles and dual-income families, the demand for innovative, easy-to-cook frozen food products is bound to rise. GJH has identified the frozen food category as the future of food product innovations, and is eager to ride on this new wave. The company aspires to be the market leader in the frozen food category, and has plans to launch a total of one hundred frozen food products within a short span of 2½ years. In addition, GJH recognises that the target market for frozen food products is a health-conscious crowd, and appeals to these sentiments by offering trans-fat free products.

The company aspires to be the market leader in the frozen food category, and has plans to launch a total of one hundred frozen food products within a short span of 2½ years.

As our meeting with Mr Goh came to an end, we politely asked if it was possible to pay a visit to the company’s warehouses. He personally drove us there in the midst of a torrential downpour. We were overwhelmed by the extensive rows of boxes filled with food and drinks and were amazed at how they manage to supply all our food needs from one location. Mr Goh even joked that in the event of a war, all the GJH employees needed to do was hurry to the warehouses with their can openers, where there would be a ready supply of food. And his particular brand of humour.

GRACEZONE MARKETING

Turning Competition into Collaboration

Chew Lusheng Grace, Kia Jie Hui, Yeo Zhiwei

MANUFACTURING services are increasingly being outsourced while online sourcing and procurement are on the rise, but an agile supply chain remains an elusive goal for many companies. This begs the question – why?

The main reason, it would seem, is the difficulty involved in achieving effective alliances among the many outsourced companies and the suppliers they have partnered. Such functional silos inherently create walls that hinder effective communications, and lower efficiency. Any initial costs savings from outsourcing will soon be negated if a manufacturer cannot respond seamlessly to customer demands.

One company, however, has mastered the art of supply chain management through “real” collaborations. Having won the Enterprise 50 Award for 5 years in a row, Gracezone Marketing and its subsidiary Gracezone Mechatronik (hereon Gracezone) bring to the table a successful business model called collaborative marketing. Mr Ng Say Eng – founder of Gracezone – attributes the company’s success to the inter-dependent relationships it has built with an extensive network of partners, suppliers, contract manufacturers and clients over the years. This has allowed the firm to outperform larger competitors.



Mr Ng. Believes a collaborative business model should be actively promoted to all small and medium-size manufacturing companies here.

Growth of Gracezone

The company has come a long way from its humble beginnings in 1996 as a two-person team. Gracezone started out marketing small printer parts to IT juggernaut Hewlett Packard (HP), and has since grown tremendously – from marketing discreet components to providing turnkey design and manufacturing services of finished products to its customers. This may not sound extraordinary, until one considers how Gracezone, with less than 30 employees, has never found the need to own any factories or production facilities.

Business Model

Gracezone offers customised manufacturing solutions that go beyond traditional outsourcing services. The company works closely with customers across the entire supply chain – from the product design and development phases, to mass production and delivery. Gracezone's services

Instead of investing heavily in manufacturing plants, the company draws from its extensive network of partners (suppliers and contract manufacturers) to serve customers from different industries.

include the sourcing, qualifications and procurement of all required components and tooling, outsourcing of all manufacturing processes, quality checks and drop-shipment of the finished goods to end customers.

What sets Gracezone apart from competitors who provide similar services, is the scalability of its offerings. Instead of investing heavily in manufacturing plants, the company draws from its extensive network of partners (suppliers and contract manufacturers) to serve customers from different industries. This allows Gracezone to be highly responsive to its customers' needs, engaging the relevant R&D companies, designers, suppliers and manufacturers to deliver on projects within tight budgets and deadlines. As a result, the company is able to support a wide range of capabilities otherwise impossible for a firm of its size.

Managing Relationships with Supply Chain Partners

When offering a solution that involves numerous stakeholders in different countries, managing relationships among “network members” becomes a major challenge. Drawing from a concept put forth by Yale Professor Barry Nalebuff, the way to win the game is through “Co-opetition”, a combination of cooperation and competition. This is achieved through a supply network manager who not only “manages” administrative and operational issues, but more importantly plays the role of a “steward”, aligning the interests of all members along the value chain. Gracezone executes a strategy that simultaneously addresses its customers’ best interests and delivers a respectable return for all supply chain partners. This creates a tightly woven, yet adaptable supply network where valuable members are suitably rewarded. Trust is fundamental here, and Mr Ng believes that only with a pro-active alignment of “network interests” can trust be fostered amongst all stakeholders.

As a steward, Gracezone provides its partners with three key benefits:

1) Financial Support and Raw Material Sourcing

As the manufacturing industry is a capital-intensive business, Gracezone extends financial support to its manufacturing partners to ease their financial burdens. Due to its asset light and self-funding structure, Gracezone is able to provide on-time and attractive payment terms to all its partners.

In describing how Gracezone assists some of its partners to produce higher quality, value-added products, Mr Ng alludes to a National Geographic documentary he once saw about a famous cocoa dealer in South America. Although South American farms are often valued only for their low-cost labour, this dealer took the extra step to supply only the best cocoa seedlings to the farmers he sourced from. “They all have the capability, what they need most for a high-quality and reliable end product is high-quality raw materials that go into the manufacturing of the product,” says Mr Ng.

By directly sourcing and consigning all raw materials at zero-cost to its manufacturing partners, Gracezone not only removes the cost burden from these manufacturers; Gracezone also enjoys economies of scale through volume purchases and ensures that only genuine parts are used in production.

2) Technological Enhancements

Gracezone does not hesitate to co-invest with its partners on new equipment to help them to augment their technological capabilities. When the company discovered that some of its sub-contractors did not provide personal computers to their production managers, Gracezone presented these managers with laptops as gifts. While this may seem a trivial matter, a small capital investment like this allows for a significant increase in operating efficiency by facilitating 24-7 communication. By helping its partners to grow, Gracezone reaps direct and indirect benefits in the long-run – a direct increase in the productivity of its network, and the building up of goodwill with its partners' staff on the production floor.

3) Commitment to Partners

Perhaps the greatest asset that Gracezone possesses is its commitment to the company's partners. "Even when clients cancel their orders for manufacturing, Gracezone takes it upon itself to honour all their contracts with their manufacturing partners," says Mr Ng. "Even if it places a strain on our own cash position, it assures our partners that we remain committed to them and that we want to work with them for the long term. Our partners often end up sharing the burden with us". This win-win relationship that Gracezone has with their partners is what sets the company apart from many of its peers.

At the end of the day, Gracezone's success in bringing together otherwise independent and disjointed firms into an agile and adaptive supply network lies in the company's ability to deliver the added value of collaboration. Collaboration allows firms in the network to overcome challenges and potential conflicts – often arising from self-interest – that are inherent in a complex manufacturing supply chain.

Future Through Collaboration

Moving forward, Mr Ng believes that a collaborative business model should be actively promoted to all small and medium sized manufacturing companies in Singapore. Mr Ng relates how Singapore's SMEs "need to collaborate and form industry clusters that would enable a group of SMEs with different capabilities to offer fully-serviced solutions to worldwide clients". This will help Singapore's SMEs to take on much larger projects and rival the biggest players in the region.

With its current network of partners, an experienced team of managers and a forward-looking business model, Gracezone as a company possesses a highly portable skill set – one that is not limited to the current manufacturing industry it operates within. Asset-light and debt-free, the company is not constrained by the need to service any major capital investments or assets. Most importantly, Mr Ng and his team are not limited in terms of the opportunities they are willing and able to pursue.

In essence, Gracezone strides into the future with open eyes, and an open mind.



GRANDWORK INTERIOR

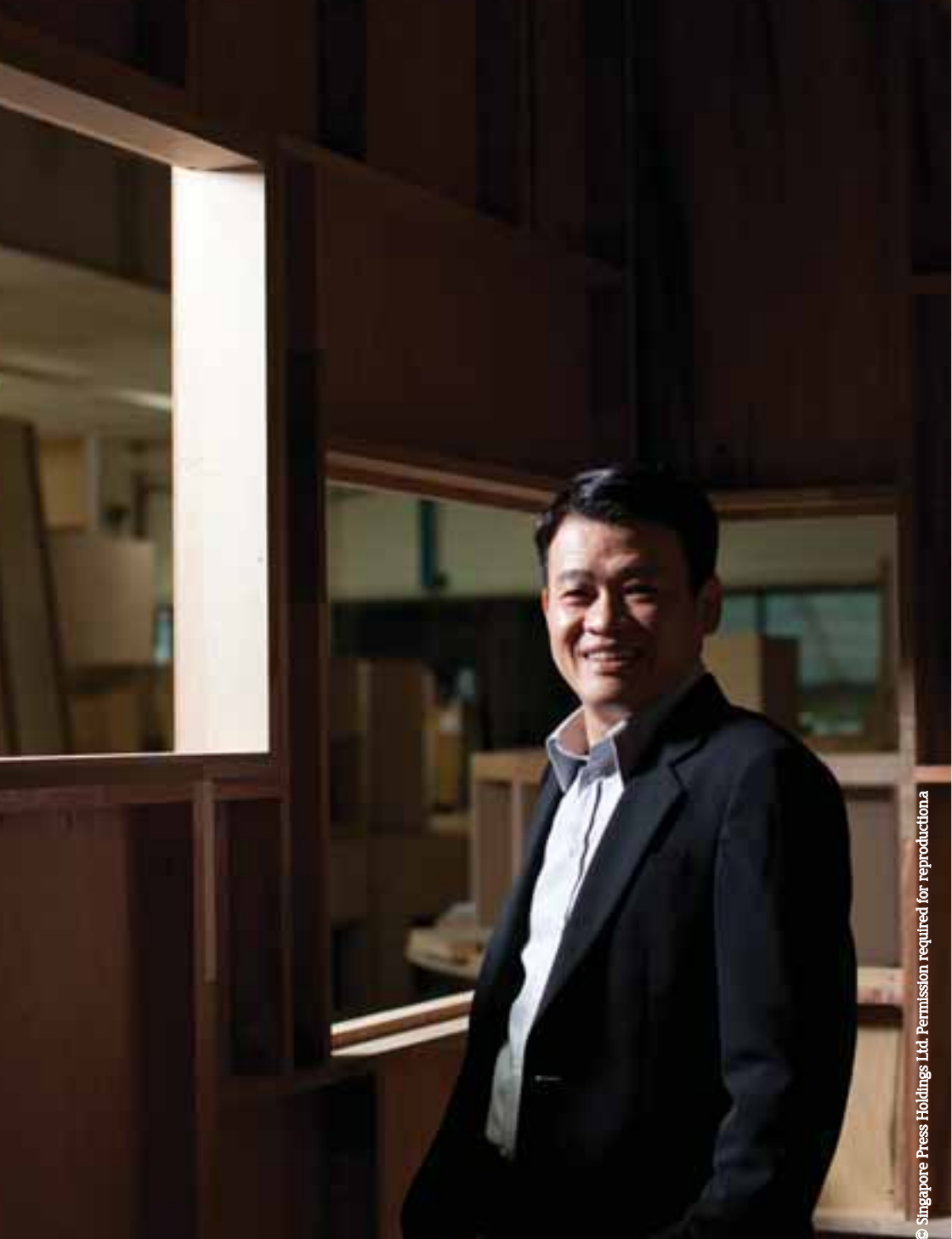
Haute Couture Meets Interior Construction

Chew Lusheng Grace, Kia Jie Hui, Yeo Zhiwei

TAKE a walk down Orchard Road and you will see malls, restaurants and office buildings buzzing along both sides of the bustling street. Each new storefront represents a business opportunity for Enterprise 50 award winner GrandWork Interior.

No wonder GrandWork's managing director Jay Chiu is confident that his company is in an industry that is well placed to tide the current economic crisis. To Mr Chiu, his company, which provides interior fit-out solutions and custom-made furniture for upmarket commercial businesses, has the advantage of a market demand that will "always be there".

As major luxury labels come to Asia, they require qualified, reliable builders to erect their stores. TODS, Bulgari, Mulberry, Prada, Dolce Gabbana, Miu Miu, Hogan, Vertu, and Emporio Armani are names any fashionista would recognise, and they are also long term clients of GrandWork. Having developed trust in GrandWork, these international brands actively approached GrandWork to build more of their stores in the region and beyond. The team has built Prada, Giorgio Armani and Club 21 boutiques in Kuala Lumpur; Mulberry and Bulgari outlets in Jakarta; and numerous Kinokuniya Bookstores around the world – ranging from



Driving force. Mr Chiu is confident that GrandWork is in an industry that is well placed to ride the economic crisis as interior fit-out solutions and custom-made furniture for upmarket commercial businesses have a demand that will 'always be there'.

12 bookstores throughout Japan in cities like Hokkaido and Hakata, to glamorous outlets in metropolitan cities such as New York and Dubai. By growing with its clients, GrandWork has expanded its operations to form a regional and global network spanning 41 major cities in 18 countries.

Although Mr Chiu, the founder, humbly says that his company has been fortunate in many ways, GrandWork's success has not come about by coincidence. In a tough market, his team has pulled all-nighters to deliver on tight schedules. As a result, GrandWork has earned the reputation as a company that above all, is able to deliver quality on time. GrandWork also prides itself as an innovative and approachable builder that provides superior after-sales services. These characteristics can easily be observed in the company's long-term partnership with renowned Japanese bookstore chain Kinokuniya.

GrandWork's 'Kinokuniya Story'

In 1996, GrandWork won the bid to build Kinokuniya's first bookstore in Singapore, a project at what was then known as Sogo Department Store in Raffles City. Kinokuniya then entrusted a string of local and regional projects to GrandWork, from the Kinokuniya Bookstore at Liang Court, to projects in major cities like Kuala Lumpur and Sydney. In 2004, it also appointed GrandWork in 2004 to undertake a major project – an approximately 45,000 square feet bookstore in Hokkaido. This was an opportunity for GrandWork to penetrate the otherwise highly "Nihon-centric" Japanese market, in which Japanese partners are favoured over foreign ones.

For this project, GrandWork manufactured custom-made furniture in a flat packed manner to reduce damage and transportation costs. The most important legal requirement was compliance with the 'Sick House

Effect' Regulation¹ that came into effect in Japan since 2002 and stipulated that all new interior works must fulfil certain technical criteria, as authorities worried about the effects of formaldehyde on health.

The company had two options at this point; to abandon the project and risk jeopardising a cherished relationship with an important customer; or to take up the seemingly impossible task of reforming its production processes in compliance with Japanese standards, and still complete the job on time. GrandWork chose the latter, and with barely two months to the opening of the new store, collaborated closely with the fellow Japanese contractors appointed to carry out works in Hokkaido. The team focused entirely on the timely delivery of a product that met all Japanese building standards, even if this meant the incurrence of substantial costs. Their efforts paid off, and GrandWork managed to deliver the final product in time for the store opening. Kinokuniya was duly impressed and has since sought GrandWork's services for new projects all across Japan: Oita, Takamatsu, Niigata and Hiroshima, to name a few; and the list looks set to grow.

Meanwhile, Mr Chiu spied an opportunity for GrandWork to produce formaldehyde-free products. He anticipated that setting up a fully formaldehyde-free production facility would provide GrandWork with a competitive edge in the long run. With trademark efficiency, GrandWork started production at their premises in Ang Mo Kio, effectively importing 'Japanese expertise' into Singapore. In 2006, GrandWork acquired the certification of JPIC's formaldehyde-free standard, a stamp of authority

¹ **What is the 'Sick House Effect' Regulation?**

The 'Sick House Regulation' stipulated that all new interior works must fulfil certain technical criterion as authorised by the Japan Plywood Inspection Corporation (JPIC). The 'Sick House' refers to newly renovated spaces such as offices, retail outlets and restaurants, where an indoor gaseous pollutant called formaldehyde – a colourless, flammable, strong-smelling industrial chemical used to manufacture building materials – is harmful because it takes up to five years or more to completely evaporate. Formaldehyde is proven to be potentially carcinogenic, and has negative short-term effects on health such as coughing, tearing and nausea.

assuring clients that GrandWork's products are of the highest quality. The formaldehyde-free tag has since allowed GrandWork to position itself firmly as a builder catering to an environmentally and health conscious clientele. It has also paved the way for further collaboration between GrandWork and Kinokuniya in the Japanese market.

GrandWork believes in following up with clients even after the project has officially come to an end.

Focusing on After-sales Services

GrandWork believes in following up with clients even after the project has officially come to an end. It's business development director Lim Teck Heng is fluent in the Japanese language and handles GrandWork's projects in Japan. He and his team make regular trips to the Kinokuniya bookstores around Japan, primarily to check on the condition of furniture and fittings and suggest suitable rectifications. As the builder, GrandWork is better able to anticipate potential problems each store would face in terms of wear and tear, and sees it as the company's duty to anticipate client concerns and to provide the necessary maintenance services.

The Kinokuniya example is an illustration of GrandWork Interior's four key strengths:

1) Quality products with on time delivery

With big-name clients, even minor delays can translate into potentially huge losses in revenue. GrandWork places the emphasis on maintaining excellent long-term relationships with their clients, even at the expense of short-term profits for the company.

2) Open to innovation

As seen in the example of formaldehyde-free manufacturing, GrandWork is constantly on the lookout for innovative products. It is even considering diversification into businesses that complement its core competencies.

3) Emphasise on after-sales services

GrandWork recognises the need to provide their clients with high quality after-sales services and the maintenance of high standards. This also presents opportunities for GrandWork to form even stronger relationships with their clients.

4) Provide personalised services

As a medium-sized company, GrandWork's top management is actively involved in every project, with Mr Chiu developing personal relationships with each of GrandWork's clients.

Crisis as Opportunity

Mr Chiu believes that ultimately, the interior construction business will rebound with the rest of the economy. Thus, GrandWork is choosing to view the present economic crisis as an opportunity. It is trying to strengthen its fundamentals. For instance, it is renegotiating terms with current suppliers and sub-contractors and seeking new partners for future collaboration.

Most importantly, GrandWork sees these bad times as an opportunity to recruit new blood for their team. It is looking to hire young talents and veterans with expertise. This is not always easy since many young people are nervous about the stigma attached to the construction industry and think that SMEs do not offer growth opportunities.

GrandWork's assistant general manager, Ms Fion Ng, dispels that myth. She holds a Bachelor of Science in Building degree from what is now the NUS School of Design and Environment. Upon graduation in 2002, she could have joined the Big Boys of the construction industry or the civil service but opted, instead, to be part of a rising SME. She says she derives greater job satisfaction and feels she would rather be a 'somebody' in a small company, as compared to being a 'nobody' in a big firm.

“Despite the fact that most of my fellow peers had joined big corporations like Kajima construction or prestigious banking industry and were giving away their name cards bearing glamorous corporate titles during get-together luncheons, I had gone against the trend to stay on with GrandWork as I trusted that one day, this company will be a well-known name in our industry.” Today, she can hand out her name card with more than a dose of pride.



GREENPAC (SINGAPORE)

Saving While Going Green

Lim Li Xia, Sim Mei Ling Samantha

THE company's name is telling; Greenpac (S) Pte Ltd provides green packaging. But wait, the company offers more than just that. Its vision is to offer total and innovative environmentally friendly packaging solutions which are customised and generate tangible cost savings. Back in 2002, managing director Susan Chong led her company to be the first of its kind in Singapore to provide industrial packaging solutions that optimise the materials used.

Today, Greenpac is a rapidly growing SME in its seventh year of operations looking to diversify into the pharmaceutical and F&B industries. Its current niche includes the medical, defence and electronic industries where it works with Fortune 500 listed companies.

Working within an environment which many deem a "sunset industry", Greenpac stands out in the way it adds value. Greenpac does not manufacture any packing materials, nor is it just a trader.

Rather, Greenpac partners with its suppliers who are world leaders in environmentally friendly packaging to customise industrial packaging materials according to the needs of the individual customer. Greenpac then designs unique solutions to meet each specific product's packaging need, which is not only cost saving but also very green.

"By not manufacturing ourselves, we are not limited to selling one product," says Ms Chong. "Instead, we are able to mix and match what our suppliers have to offer to suit our customers' requirements."



Ms Chong. Takes a hands-on approach at Greenpac to learning and encourages her employees to experiment and experience for themselves.

100 per cent Green

Greenpac's green mindset flows through its entire operations – starting with materials and processes. For example, it uses only environmentally friendly materials. It specifically sources for wooden materials certified by the Forest Stewardship Council (FSC), which come from responsibly managed, sustainable forests to use for packaging. Waste is minimised, which then helps to reduce the overall weight of the cargo and saves on fuel consumed during shipping. Steps like these help reduce the carbon footprint of the packaging industry.

This environmental consciousness extends to Greenpac's employees. "While I was aware of this concept before, now I can really understand and appreciate what it means to be green in my actions," says Vanessa Boon, a customer service officer in Greenpac. She also feels that there is a strong value in the work that she does at Greenpac as the company is doing something good for society.

Companies have also realised the importance of proper packaging and the potential for cost savings. This comes through more efficient packing and unpacking, reduced wastage and less product damage. For its first customer, Leica, Greenpac created 25 per cent cost savings in packaging for its surgery microscope while still being able to provide adequate protection.

Such tailored solutions require close working relationships. Greenpac brings together a diverse group of suppliers and customers to create greater savings. Relationships are key. Despite having more than 70 suppliers, Greenpac works closely with all of them. This is facilitated through overseas face-to-face meetings at least three times a year to discuss customer needs and product requirements.

Employees need to have a thorough knowledge of the products. That is why when new employees are hired, their attitude to learning is a key consideration.

Ms Chong takes a hands-on approach to learning and encourages her employees to experiment and experience for themselves. "I can share with you my experience but you can't feel it unless you experience it for yourself by really getting into every project," she says.

The company holds the sole distributorship for several unique packaging materials and also holds two patents, including one for a nail-less, collapsible crate which makes packing and unpacking easier and saves space as well. Greenpac also keeps close tabs on the latest innovative and environmentally friendly packaging materials.

Adapting to the Environment

Once Greenpac has designed something, it believes in improving its quality continuously. "We have to always look at changing customer and market needs and respond to them," says Ms Chong. "Otherwise, even the best and cheapest product can't find a use if customer needs have changed." In the current economic downturn for instance, when companies opt for a cheaper mode of transportation, going by sea instead of air, Greenpac redesigns their packaging. This includes replacing lightweight aluminium pallets with cheaper but heavier wooden pallets, thereby reducing the bottom line cost of packaging and freight.

"You must be able to continuously help customers, to think for them when they change their strategies," says Ms Chong.

We do not belong to a sunset industry unlike what many people think, and there are no sunset industries, just sunset mindsets.

She throws the concept of a sunset industry out of the window. "We do not belong to a sunset industry unlike what many people think, and there are no sunset industries, just sunset mindsets," says Ms Chong.

Greenpac is ISO9001 and ISO14001 certified, a Singapore Quality Class Organisation and also a receiver of the Singapore Packaging Star Award 2008. It was ranked fourth in the E50 Award 2008 and the recipient of the Top Entrepreneur of the Year Award for Innovation.

The awards have brought the company more inquiries and opportunities. Others may promise you the world, as its tagline says, but Greenpac delivers it.



HSR INTERNATIONAL REALTORS

With Love from HSR to You

Liu Peihua, Ng Wan Ling, Tay Hong Li

ON top of the HSR building, the sign “HSR Property, the #1 real estate group and largest real estate company in Singapore” greets you proudly. A few steps into the HSR compound, you’ll notice there is a karaoke lounge, games corner, spa, gymnasium, billiard tables, coffee tables and shades dotted around the open area. There is even a HSR Go4it store, which sells everything HSR – HSR Blazers, HSR ties, HSR umbrellas, HSR #1 collar pins, HSR mugs and even HSR notebooks. “I want our people to feel that HSR is part of their life, that HSR is their second home, a place where they belong,” said Mr Patrick Liew, CEO of HSR International Realtors.

The company won the Enterprise 50 Award for the first time in 2008. This award serves as a clear recognition of its success as a business over the years. Started in the 1980s as Hap Seng Realty by founder Datuk Lau Gek Poh and Helen Lau, with Kellie Lim as the first executive director, it was renamed HSR in 1992.

And yet, by 2003, the company was a far cry from what it is today. “It was the darkest time of the entire HSR history,” said Mr Liew. “The management team left the company all of a sudden, leaving my wife and I to deal with the mess. HSR then was also still recuperating from losses incurred during the Asian financial crisis. It was a very depressing time.”



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Patrick Liew: 'We see every one of our people as an F1 racing car. Our job is to create a championship track for these cars to move further and faster.'

In this industry where competition is stiff, it is common to have real estate agents switching across to other competing companies. This was exactly what caused HSR to hit a low in 2002/2003. Mr Liew says he prayed for a solution and when he found it, it was obvious.

“It dawned upon us that for a company to flourish, it is important to have people who have a sense of belonging and loyalty to the company,” he said. In that sense, the ambience of the HSR building is no coincidence.

Ditto for clients. “If we were to instill love in our business, people will feel appreciated and they will be loyal and will turn to us again and again. In that sense, the company would be able to profit naturally,” he says.

It sounds simple, but results speak for themselves. Between 2004 and 2007, HSR sales increased six-fold to \$300 million, netting a profit of some \$5 million in 2007. HSR now stands with a market share of about 41% of the private resale markets (residential, commercial and industrial markets) and 36% of the HDB resale markets. At the beginning of 2009, HSR International Realtors moved into its new 80,000 sq. ft premise in Toa Payoh, which was formerly Pei Chun Primary School.

While most real estate groups choose to locate their offices around Toa Payoh Hub which houses the HDB headquarters, HSR prefers its new location. “It has the space for us to house our growing business operations and it is a good location to provide a “country club” setting for our advisors to relax and unwind,” explained Mr Liew.

With various subsidiaries housed in the building, HSR can provide a one-stop service solution for its real estate advisors and clients. For example, HSR advisors can print their flyers at the printing company while HSR clients can tap on Paxel, the interior design company, to beautify their properties, all situated within the HSR premises.

Knowledge is Power

Mr Liew says that his company strives to create a better life for people. That starts with education – equipping the advisors with knowledge. “Continuous learning is the breakfast of champions,” Mr Liew emphasised. HSR has a wide range of more than 30 courses for its advisors to attend. “We believe every one of our people is a great F1 racing car. HSR’s job is to create a championship track for these racing cars to move further and faster in life,” said Mr Liew.

There are various “torture chambers” as Mr Liew jokingly refers to the training rooms. All HSR advisors have to undergo a compulsory continuous 20 hours of induction boot camp. Courses are revised regularly, depending on the market conditions. “When the market was booming, we set up leadership courses to help our advisors lead their teams better. When the market is down, we set up negotiation courses to help our advisors work with clients to close their deals more readily. One of our goals is to make sure our advisors attend at least six hours of training per week.”

HSR has a Guaranteed Income Plan which guarantees every advisor the results offered by their training courses. “If our advisors are not performing well, it means that we have not done a good job coaching them and we will compensate them. We put our wallet where our mouth is,” explained Mr Liew confidently.

Mr Liew says that his company strives to create a better life for people. That starts with education – equipping the advisors with knowledge.

HSR has also created its SMART Plus Technology System to assist advisors. This is a web-based sales management system that allows HSR advisors to match suitable buyers with sellers, facilitates the signing up for HSR courses and provides a platform for communication between HSR and their advisors. Human error in transactions has been minimised while transaction processing has speeded up. The company can also

monitor and assess the sales performance of its advisors who number more than 8000.

Giving Back to Society

The company believes in bonding with its staff and advisors. It holds regular soccer matches and plans to hold a family carnival at the Singapore Flyer this year.

All HSR advisors are given 3 additional days of leave to perform voluntary charity activities. In 2007, HSR raised \$50,000 from organising Glass-a-thon, where a record was set for the most number of people walking on broken glass. Some 521 HSR advisors created another national record by breaking arrows on their throats to help raise money for the President's Charity Challenge.

The company also believes in fun. The purpose of having a gymnasium, open air sitting, an alfresco dining area, karaoke lounge and massage chairs is to remind their advisors to take a break and achieve work life balance. "HSR is not only a workplace to them, it's like their second home or a mini country club. They can bring their family members along and enjoy our facilities," said Mr Liew.

In the midst of recent public frustrations towards dodgy real estate practices, HSR is unfazed. Mr Liew assured confidently, "Every HSR advisor carries a Code of Honour with them everywhere they go," he says. This is to remind them to promote and protect the clients' interests. "If anyone breaks the code, we won't hesitate to turn in the unethical advisors to the authorities," says Mr Liew.

The downturn does not bother him either. "With every obstacle comes the opportunity for us to reflect and think of new ways of doing things. With improved ways of doing things, we'll emerge even stronger than before," says Mr Liew.



iFAST FINANCIAL

Customer-Centric Focus Leads to Success for Online Unit Trust Distributor iFAST

Chan Jiawei Adeline, Ngai Si Min, Poh Ming Yan Favian

ITS name may be iFAST, but it refuses to make a quick buck from its customers. Instead, iFAST Financial Pte Ltd would rather help them invest globally and profitably. “We do what we believe to be right, and that our business will prosper from making the right decisions, and not from just taking the easy way out,” remarks Mr Lim Chung Chun, one of the co-founders of the company.

Founded by Mr Lim and Mr Moh Hon Meng nine years ago, iFAST has succeeded in becoming the largest online distributor of unit trusts in Singapore, handling over S\$4 billion worth of unit trusts to date. Starting out with its business-to-consumer (B2C) segment through Fundsupermart.com in 2000 to sell unit trusts over the Internet to investors, iFAST has revolutionised the business landscape of fund distribution. Mr Lim, who is currently the CEO of iFAST, believes the first priority of the firm is to understand the customers’ needs and concerns. Fundsupermart.com, the online unit trust distribution portal, was targeted at helping investors make good investment decisions by providing convenience, superior research and unparalleled customer service support to its customers.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Mr Lim says that iFAST's top priority is to understand customers' needs and concerns.

Conceptualising the Idea

With his last corporate job as an analyst in the stock-broking industry, Mr Lim had always seen himself as an investor, and never imagined that he would be running a company one day. It was through a meeting with his friend, Mr Moh, and several management consultants, that they discovered there was a gap in the online fund distribution segment. The two friends saw it as a promising business opportunity and proceeded to set up the firm in 2000 with a capital of \$500,000. The business subsequently welcomed corporate shareholders like SPH Asiaone, and DMG, a stock-broking institution which was a joint-venture between OSK Investment Bank Berhad and Deutsche Asia Pacific Holdings.

Today, Fundsupermart.com functions as a one-stop portal where investors have access to unit trusts from different fund houses as well as Singapore Government Securities bonds. Fundsupermart.com provides investors with fund analysis tools and comprehensive research reports from its in-house research and content team. In addition, Fundsupermart.com also hosts webcast videos showcasing insights from the industry experts and academics.

However, it was not all smooth-sailing for the company when it first started its operations in 2000. Back then, well-established financial institutions and banks were dominating the unit trust distribution channels. Also, the dot-com bubble had just collapsed, and there were doubts about iFAST's online business model. Yet the founders of iFAST persevered in believing that technology would be a competitive edge within the fund management industry, and that their customer-centric approach would eventually succeed. iFAST is now a two-time recipient of the prestigious E50 awards (in 2008 and 2007) that recognise successful SMEs within Singapore.

Expansion and Beyond

Since 2001, iFAST has also been growing its business to cover the business-to-business (B2B) segment via the iFAST Integrated Wealth Management Platform. The platform is used extensively by financial advisors, financial institutions and corporate pensioners for transaction support services like settlement, research and training. Back in 2001, when the Singapore government liberalised the financial advisory sector by relaxing regulations in order to provide its citizens with greater access to financial planning options, the nation witnessed a huge surge in the population of independent financial advisers (IFA). It was at this moment when iFAST saw an opportunity to empower and further support the financial advisers. It sought to establish an infrastructure to support the backend functions, leaving the IFAs to concentrate on their clients. Awarded with the Capital Markets Services license by the Monetary Authority of Singapore, iFAST was the first to offer consolidated dealing and settlement, and custodian services in Singapore. In addition, iFAST has developed Verve Technology, an integrated solutions software which offers customer relationship management (CRM) and financial planning capabilities targeted to help the IFAs manage their clients more effectively.

Following the company's success in Singapore, iFAST has gone on to expand its business in the region. In 2007, iFAST launched both the B2B and B2C segments of its business in Hong Kong. In that same year, iFAST entered into a joint venture with OSK Investment Bank, one of the largest investment banks in Malaysia, to set up iFAST Capital Sdn Bhd, to pioneer the online distribution of unit trusts in the country. iFAST has also teamed up with Deutsche Bank for its Indian joint venture..

Success Factors

Mr Lim likens the running of a company to a game of chess. He says: “To be able to position ourselves strongly in the long run, we have to think many steps ahead.” One of the approaches iFAST has adopted in its long-term strategy is to develop proprietary capabilities. The company strongly believes in developing everything in-house, from systems to research content and even nurturing leaders for the firm. Both Fundsupermart.com and the iFAST Integrated Wealth Management Platform, were internal initiatives within the firm, and are currently being maintained by iFAST’s own IT and project management teams. iFAST believes that by doing so, it is able to keep running costs low and stay flexible in adapting to changes in the environment and market demands. This has certainly been a contributing factor in iFAST’s ability to move swiftly into new markets, with the corporation taking as little as 6 months to modify existing systems to cater to newly identified segments.

Great emphasis is also placed on the employees, as Mr Lim feels that, “It is important that our employees realise that they will eventually benefit from the company’s long-term growth and performance. As such, our HR policies are geared towards cultivating a strong sense

To be able to position ourselves strongly in the long run, we have to think many steps ahead.

of ownership amongst our staff”. iFAST believes in investing in all 240 of its staff and helping them to achieve their full potential, and even does so by placing them in challenging projects. Also, the firm prefers to promote internal talent for management positions even when they may not have the relevant job experience, rather than hiring externally. As a result, iFAST’s management team is mostly made up of employees who have been with the company since its early years and have worked in several departments of the corporation.

As part of its long-term strategic plan, iFAST is reluctant to carry out any layoffs, even in trying times. Mr Lim feels that alignment of the interests of shareholders, employees, suppliers and customers, is one of the cornerstones of iFAST's success, and retrenching employees will run contrary to that conviction.

Moving Forward

In light of the financial turmoil, Mr Lim, who was a judge at the SCMP/IFPHK Financial Planner Awards in November last year at Hong Kong, has expressed that although the crisis has impacted iFAST's business, the effect will only be temporary, and believes that it will not be long before the business resumes its growth. Seeing the downturn as an opportunity, Mr Lim says, "This is a chance for the company to make a bigger difference in its medium to long-run performance, and we at iFAST believe that we will emerge out of the crisis, even stronger".



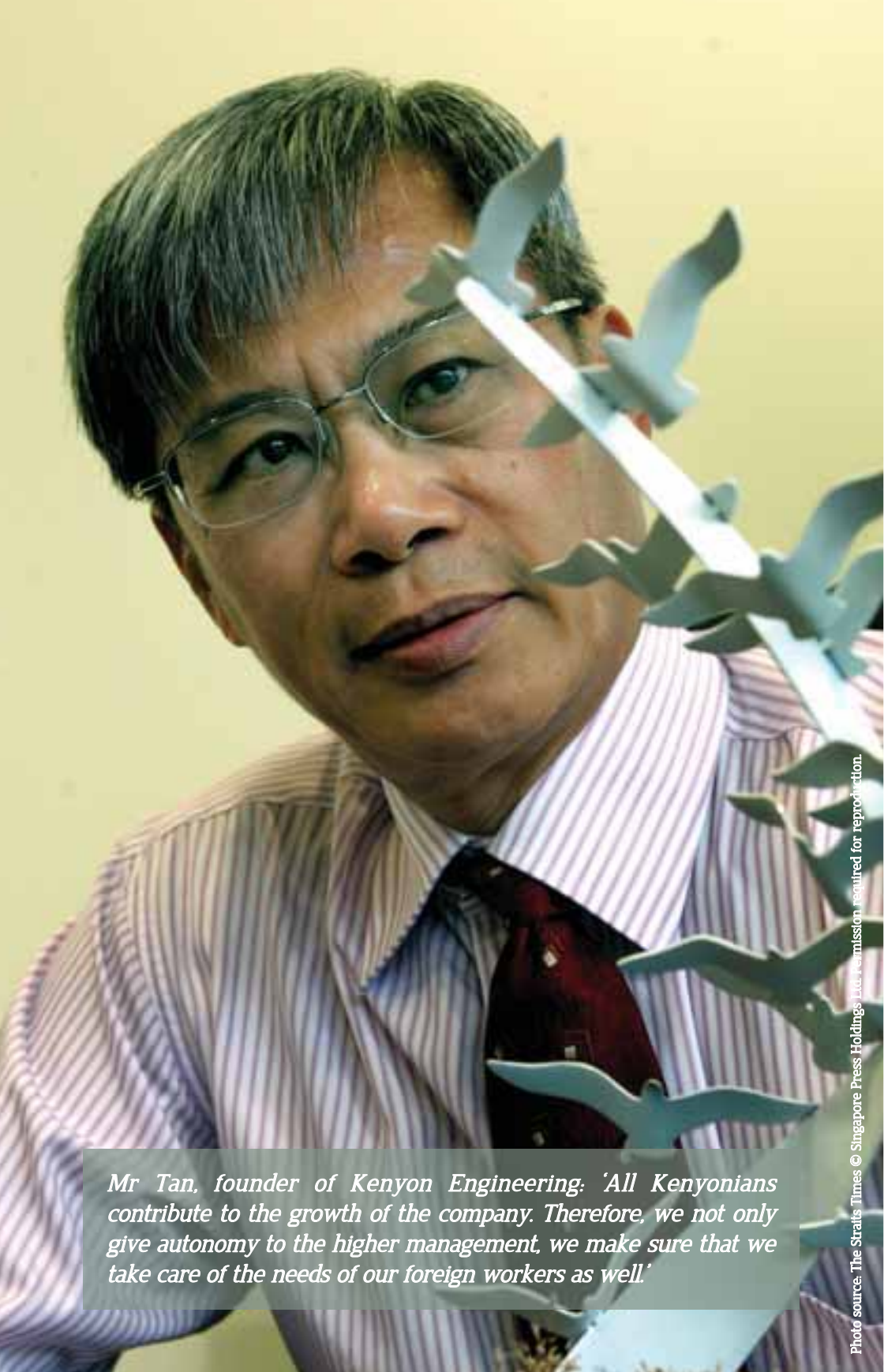
KENYON ENGINEERING

Unravelling the Secrets Behind Kenyon's Success

Chu Nga Jessica, Ong Meng Ching, Stella Tay

A four-time winner of the Enterprise 50 Award, Kenyon Engineering was founded by Mr Tan Yong Keng in 1988 to work with chemical and petrochemical process companies in designing and installing mechanical and electrical systems. Over the years, as Kenyon consolidated its experiences and expertise, it has been increasingly involved with more capital and knowledge intensive projects. To further support its rapidly growing operations in China, Kenyon took a major step in 2003 to establish Kenyon Technology in Suzhou. It now has a presence in Chengdu and Tianjin as well. The company employs more than 600 staff, of which 380 are in its Singapore office (including 280 foreign workers) and the remainder spread are spread across China.

It has not been all smooth sailing, however. In fact, Kenyon is the second engineering company set up by Mr Tan, after the failure of his first company. Kenyon initially conducted its business out of a small HDB office in Bukit Merah. "I started off with negative capital and my first project to repair a ceiling concrete was worth only S\$450," Mr Tan said modestly. But the first failure taught him that it was important to manage issues in person. One also needs to be flexible so that the company can respond to changes more readily.



Mr Tan, founder of Kenyon Engineering: 'All Kenyonians contribute to the growth of the company. Therefore, we not only give autonomy to the higher management, we make sure that we take care of the needs of our foreign workers as well.'

Kenyon's Business

Today, Kenyon's experienced engineers and designers have undertaken turnkey projects in the civil, mechanical, and electrical domains, with a focus in the electronics, pharmaceuticals, and high-purity gas industries. Kenyon has earned the reputation of providing fast track services especially in the electronics industry where tight schedules and sensitive upgrading work are frequently involved.

Kenyon also fabricates pharmaceutical modular skids and ultra purity gas panels and manufactures Ethylene TetrafluoroEthylene (ETFE) coated ducts. Currently, Kenyon is the only local company to design, construct, and install pharmaceutical process skids. Kenyon has also developed the world's first automatic coating oven for its ETFE coated ducts.

With its design capability, Kenyon has also designed and built corporate offices in Singapore and China.

Kenyon's People

Mr Tan makes sure that all his employees undergo appropriate training with the company's in-house on-the-job training programme. "Without mastering the basic skills and the ability to pick up important details, they will inevitably err in their judgment and find difficulties in responding to the ever-changing industry," Mr Tan stressed. "That is why I always test engineers' basic drafting skills during interviews." He also instils a culture of hard work, discipline and honesty in the Kenyon family.

"I am aware that all companies claim human capital as their most valuable asset. For Kenyon, this is a vital reality," Mr Tan emphasised. As such, Kenyon adopts an employee share ownership scheme. This scheme is available for all levels of employees, including the foreign workers, to buy into Kenyon and cultivate a sense of ownership.

Kenyon's management aims to steadily increase employees' ownership of the company until collectively, they become the majority shareholders. To increase productivity, profit, and morale, Kenyon has empowered business managers to exercise full control over their business units. With such delegation of responsibilities, many of the senior managers have stayed with Kenyon Engineering for more than 16 years.

"All Kenyonians contribute to the growth of the company. Therefore, we not only give autonomy to the higher management, we make sure that we take care of the

Kenyon's foreign workers live in air-conditioned dormitories right in Kenyon's Singapore headquarters.

needs of our foreign workers as well," Mr Tan explained. Kenyon's foreign workers live in air-conditioned dormitories right in Kenyon's Singapore headquarters. They also dine within a landscaped environment and enjoy free laundry services and meals prepared by cooks. Kenyon also makes the effort to organise regular company-wide barbecues. High-performing workers are sent on all-expenses paid vacations to Australia or New Zealand to sky-dive. The company also organises recreational activities for its workers such as rides on the Singapore Flyer. With weekly English lessons to improve the foreign workers' written and spoken fluency in English, their needs are more than met.

The workers respond with unwavering loyalty and commitment to the company. Mr Nonkaew Chockthawee, who has been with Kenyon for 9 years and was promoted to the position of supervisor 4 years ago, expressed great appreciation for the attention and opportunities offered by Kenyon. "No matter where you are from, as a Kenyonian, you are standing on an equal ground and will be given the same opportunities," Mr Chockthawee said.

Kenyon's Contribution to the Society

Apart from meeting the needs of its employees, Kenyon contributes readily to the society as well. In fact, it donated over S\$2 million to design and build a school in Chengdu for the victims of the 2008 Sichuan earthquake. Construction of the school began in June 2008 and was completed by November in that same year.

Kenyon's Future Outlook

Kenyon's clientele base has grown over the years to include a core group of well-known multi-national companies. It is fair to say that the company has earned its good fortune.



KOUFU

A TASTE OF GOOD FORTUNE

Cao Ye, Wu Bin, Xu Ke

SINGAPORE'S food court dining scene would not be complete without Koufu. As a one-of-its kind, natural blend of the good old Singapore coffee shop traditions, with the modern style of food court design and management, Koufu has risen to become one of Singapore's largest food & beverage enterprise, reporting S\$100 million turnover recently. Operating various food courts, stalls and coffee shops, Koufu has achieved the status as a most recognised brand in Singapore within five years. Lao Tzu once said: "The journey of a thousand miles starts with a single step". Mr Pang Lim, founder and managing director of Koufu, took that first step as a kitchen helper.

Born and raised in a traditional family, Mr Pang lived and breathed Chinese culture and values. His father died early and he saw for himself the hardship endured by his mother. At the age of thirteen, he started working as a kitchen helper to share the family's financial burden. Later, he became a street hawker, a vegetarian food stall vendor, and then a fruit distributor. All these early experiences however laid the foundation for his later success in the food & beverage industry.

Mr Pang says he is grateful to various people who have helped him achieve success. His relatives form the first group. After several years of working on his fruit distribution business, Mr Pang recognised that this business had not been doing well. He wanted to venture into the coffee shop business instead. It was his younger brother and his uncle who stepped in to help him.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission is granted for reproduction.

Inspiring story: Mr Pang feels that every step he took was necessary and meaningful, and his every effort worthwhile. He stresses the importance of character building when asked for words of wisdom.

Mr Pang says he is also grateful to the Singapore government. “In 1994, the government introduced the policy of selling shop houses at subsidised rates in order to help local enterprises,” he explains. This helped Mr Pang increase his number of coffee shops very quickly, building up to a large chain of 56 outlets islandwide. Mr Pang has since gained the informal title of being the “King of Coffee Shops” in Singapore. And more than anyone, he adds, his wife has stood by him.

The New Beginning

Mr Pang named his coffee shop business “Aik Hua” and it was very successful. However, he soon realised that he was witnessing a change in Singaporeans’ lifestyles and tastes. People, he felt, would appreciate a blend of nostalgia with a modern up-market style of food court design. He realised he had to move on from Aik Hua and introduce a new concept. This is the current modern style food court that we see in the many Koufu outlets throughout Singapore today. Mr Pang sold the whole Aik Hua business in 2002, and created Koufu after 6 months of careful planning. Time has proven this decision to be wise. Today, Koufu is a huge chain in the management and operation of 29 food courts (including Halal ones called Fork & Spoon), 8 coffee shops, 7 cafes, 6 fast food cafes and two shopping malls. It also has two franchise operations in Jakarta International Airport and Artha Gading Mall in Indonesia. The future seems bright indeed.

Koufu refers to the Chinese belief that it is a person’s good fortune to feast on good food. Its fundamental concept is that of offering “Better Food, Better People, Better Life”. Despite its Chinese heritage, Koufu has introduced “Fork & Spoon” that caters to the halal culture. Koufu has also introduced “VariNice” which caters to customers looking for both variety and taste. Its “Pick & Bite” concept rejuvenates the traditional coffee shop concept by turning it into a nostalgic experience with a cosy ambience.

Besides the usual food court businesses, Koufu further realises its concept of “Better Food, Better People, Better Life” by operating Punggol Plaza and the Fernvale Point, two modern shopping malls that cater to people’s daily needs. Mr Marc Leoi, general manager of Koufu, explains, “The reason why Koufu ventures into such real estate business is that this fundamentally serves to facilitate

The reason why Koufu ventures into such real estate business is that this fundamentally serves to facilitate our core business.

our core business. The food courts operating in those two malls, unlike others which operate at rented places, do not have to worry about being chased out due to competition for space.” The outcome is cost efficiency as well as continuity in operations and management. Furthermore, Koufu wants to enable its customers to enjoy a good shopping and dining experience under one roof.

The Future Outlook

Amidst the current gloomy economic environment where many others are cutting or freezing headcounts, Koufu is actually seizing the opportunity to move ahead. In just a couple of months, five new Koufu outlets have been established. “The crisis has affected almost every industry, not sparing Koufu as well,” he says. But the government’s help, he says, has cushioned the blow.

Looking ahead, he says: “The future of Koufu, ten to fifteen years down the road, lies in the hands of our next generation of leaders. To venture into high-end restaurants or to do more real estate businesses? This will all be dependent on the next generation of Koufu’s leadership. We must therefore grow a group of talented leaders in Koufu and this group must have the capability of implementing Koufu’s vision and concept further.”

The inspiring story of Koufu and its founder Mr Pang has been featured in many papers and magazines. Many young people look up to Mr Pang as the model of a successful businessman. And yet, when asked to advise future entrepreneurs, he says nothing is more important than character. "Being an entrepreneur, you will have to face different problems each day. Sharpness of mind and the ability to always find ways to improve and excel are must haves. However they need to work harder on an even more important aspect and that is the nurturing of a good character: diligence, hardwork, sacrifice, yearning for learning, positivism, honesty and dedication."



LBG-NGT CORPORATION

A League of Its Own

Kwek Li En Lynn, Nguyen Bao Thu, Nur Khairah Bte Abdul Rahim,
Vo Hoang Dung

THINK steel containers, and what comes to mind? Perhaps, the image of containers transporting goods between various ports of call. One company wants to redefine this perception through its breakthrough usage of these large steel containers. Imagine temporary personal housing, temporary offices, temporary classrooms and even temporary air-conditioned showrooms - all created out of those very steel containers! LBG-NGT Corporation Pte Ltd, a merger between two firms LBG Pte Ltd and NGT Pte Ltd in 2003, is a pioneer of this unique and growing prefabricated temporary housing industry.

The company currently holds approximately 50% market share of the local prefabricated temporary housing market.

Delivering Quality is Paramount

Asked what exactly sets this extraordinary company apart from its competitors, Mr Kent Wai, the general manager of LBG-NGT who was with LBG Pte Ltd even before a merger formed the new entity, emphasised that high quality and speedy service are LBG-NGT's differentiating trademarks. The commitment to these ideals is evident even in the choice of their new company name: Anderco Pte Ltd. "Anderco" was derived from the mandarin translations of "An" (安 meaning safety), "De" (德 meaning integrity) and "Jie" (捷 meaning speed), qualities that LBG-NGT takes great pride in upholding.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Go-getter: The 'radical' idea of transforming containers into prefabricated temporary housing soon won over LBG's founder Lim Bong Guan (above) and Mr Wai, and was seen as a stepping stone to vast opportunities.

Quality is of such paramount importance that it becomes a basis upon which LBG-NGT selects its suppliers and the projects to undertake. LBG-NGT insists on sourcing for high quality steel supplies only from trusted overseas suppliers and it will only take on a project if it can be completed within the desired time frame without compromising quality. Although higher quality supplies translates into higher costs, this is viewed as a necessary investment to “maximise the value” of services to clients.

Innovating with a “Just do it” Spirit

LBG-NGT has constantly tried to accommodate the demands of its clients, even if this may mean treading on unfamiliar grounds. Mr Wai explained, “It is this “just do it” attitude of our employees that has given rise to innovative designs and processes to meet our clients’ very specific needs”. The successful construction of the first ever 4-storey container-based living quarters in Singapore for client Soon Lee Lodge is a testament to this.

LBG-NGT has also developed itself into a one-stop total temporary housing solutions provider. This entails the manufacturing and customisation of containers, design and assembly of temporary housing

It is this “just do it” attitude of our employees that has given rise to innovative designs and processes.

solutions and even providing furniture. It is of no wonder then, that LBG-NGT attained a revenue turnover of close to \$100 million last year, servicing as many as 30 projects each month during busy periods. LBG-NGT takes pride in having served clients such as Exxon Mobil, Stamford American International School, Raffles Girls’ Secondary School, National University Hospital and the Marina Bay Integrated Resorts.

Charting New Boundaries

The current economic downturn may mean less business, but LBG-NGT is certainly not throwing in the towel. Instead, as Mr Wai remarks, "This downturn has certainly given us the added impetus to actively source out new markets". To better deal with the estimated 30% reduction in local demand for temporary housing solutions this year, LBG-NGT has set its sights on overseas expansion. With the help of an established foreign partner, it is already in the initial stages of venturing into the Middle East market. Overseas expansion is regarded as a necessary move for them especially with the increased saturation of the local temporary housing market.

Venturing into the Middle East market is however not the first overseas project for LBG-NGT. Last year, in the aftermath of the Sichuan Earthquake in China, it collaborated with a steel supplier in Guangdong to provide temporary housing solutions for victims of the area.

Forming Strategic Alliances to Remain Competitive

While many treat mergers, acquisitions and alliances warily, the successful merger between LBG Pte Ltd and NGT Pte Ltd in 2003 however, proves that despite the risks involved, mergers can offer great returns if they are done right. The idea for the LBG-NGT merger was born in 1998 when they were approached by their first client Exxon-Mobil to build workers' dormitories in Jurong Island. The initially 'radical' idea of transforming containers into pre-fabricated temporary housing soon won over LBG's founder Mr Lim Boon Guan and Mr Wai. They saw it as a stepping stone to vast opportunities.

LBG-NGT is sticking to this strategy and is currently exploring a potential merger with one of its Chinese suppliers. Through this, it hopes to extend its strategic control of the supply chain and reap higher cost savings and ensure greater quality control. This merger may also serve

as a launching pad to expand into new overseas markets and maximise the company's growth potential in the pre-fabricated temporary housing industry.

Gearing for a Brighter Future

In the six years since the merger, LBG-NGT has provided temporary housing solutions to clients from a wide spectrum of industries ranging from hospitals, schools, construction and even retailers. It is precisely the versatility and flexibility of this product line that makes it such a viable answer to the temporary housing needs of clients. However, Mr Johnson Phua, the business development manager of LBG-NGT acknowledges this alone may not be enough to acquire new clients. To make further progress, the company is now trying to improve the visual appeal of the container temporary housing structures.

At a forecasted compound annual growth rate of close to 6.9% for the period 2001-2010, the Asia-Pacific prefabricated temporary housing market is the fastest growing in the world. With such bright future business prospects and armed with such a flexible business product line, LBG-NGT looks well-positioned to achieve growth in not just its clientele's size but also in its top and bottom lines. So now, when you think steel containers, what comes to mind?



LINKERS (FAR EAST)

A Special Linkage

Ng Meiyen Teresa, Ong Wei Liang Desmond,
Stefanie Indradewi Suryoputro, Laura Tanuwidjaja

WITH its head office located at the heart of Singapore's business district, Linkers (Far East) Pte Ltd serves the world as a marketing agent and distributor of industrial chemicals and polymers such as acrylic acid, esters, monomers, plasticizers, polymers, coating resins, rubber, latex and solvents.

Linkers was founded in 1982 by Mr Shamsher Zaman who came to Singapore all the way then from Pakistan. Mr Zaman, who is also the managing director of the company, said: "It was not easy at the beginning. We were new to customers and had to prove our worth and credibility to them. There is never a shortcut to success." The hard work has paid off and the company has been making profits year after year.

In recognition of his determination to drive Linkers towards success, Mr Zaman was awarded "The Entrepreneur of the Year 2005" – A Rotary ASME Award. The company also received the Enterprise 50 Award and the Singapore SME 500 Award consecutively for the past four years from 2005 to 2008.

One-Stop Shop Business Model

Linkers serves as the extended arm of various producers for the marketing and distribution of their products and assists them in developing their market strategies. Linkers helps its customers be more



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Empowering staff: Mr Zaman, founder of Linkers, gives his employees opportunities to act decisively and independently in day-to-day operations.

cost effective and link up with suppliers. It also provides updates on new product developments and technologies. The company acts as a 'one-stop shop' from the point of customer inquiry to the final product delivery, with technical advice storage and transport thrown in.

We are always close to our customers and we contact them on a daily basis to check on their needs and monitor our delivery performance.

Linkers provides top quality industrial raw materials at competitive prices fast and efficiently. "As a link between producers and users, we ensure maximum value-addition," said Mr Zaman. "We maintain and build on our reputation by constantly improving our work processes to serve our customers better." This is how Linkers becomes the special linkage for more than 1000 companies – including SMEs and well known MNCs.

In addition, the company constantly keep in touch with their customers who are located in more than 40 countries worldwide. "We are always close to our customers and we contact them on a daily basis to check on their needs and monitor our delivery performance," Mr Zaman said.

Good Chemistry

Mr Zaman knows that to execute his business model well, the company needs capable employees.

"A good system is of no use if there are no good employees because in itself, it cannot create value," said Mr Zaman. "Thus, we are very selective in recruiting and appointing people. We align them to our company's values so that they can create the right image, offer the needed reliability and enhance our reputation to help the company grow."

“Our philosophy here is ‘everyone is a marketer’. I empower my staff by giving them opportunities to act decisively and independently in day-to-day operations. The level of communication in our company is tremendous. This is possible because we have good chemistry among our people,” he added.

Linkers now employs a total of 30 staff and on average, each of them has worked for the company for ten years. To help the staff in their work, the company has also developed a world-class quality management system which attained ISO 9001 certification in 2000.

Market and Product Diversification

From a home-grown SME, the company has grown wings to become an MNC. Linkers is now a market leader with branch offices in Vietnam, Indonesia, Thailand, Philippines, Myanmar, China, Pakistan, Sri Lanka, Bangladesh, UAE, Iran and Egypt. “We get near to customers to serve them better,” Mr Zaman affirmed.

Operating its operations in different regions has enabled Linkers to survive crises that had crippled many other businesses – such as the 1997 Asian financial crisis and the 2003 SARS outbreak. “We cannot control external factors but we can reduce their effects by serving markets in different regions. When the sales in Southeast Asia were badly affected by the Asian financial crisis, we had sales in the Middle East to support us.”

Linkers also sells to a wide range of industries; from rubber and plastics to textiles and footwear. Plastics, paints and coatings industries are the most significant, contributing some 60 per cent of the company’s sales. “Sometimes an industry suffers a worldwide downturn, as in the case of the textile industry for example. It is good that we still have other industries to supply to. Our product diversification for serving different industries has also given us flexibility during difficult times.”

Weathering the Global Economic Storm

“A number of people have asked me regarding an initial public offering,” Mr Zaman admitted. “Currently, we have no intention of becoming a listed company. We do not see any need to raise funds despite the current weak demand in the context of a global economic recession. Moreover, a listed company needs to follow regulatory requirements which require additional specialised staff and this can be costly.”

“We are confident that we can overcome the current economic recession with our cost-cutting measures, our healthy balance sheet and the fact that we have no outstanding bank loans.”



MOOREAST

Moored to Growth

Lim Jun Lie Charles, Phua Fabian, Yue Rui Sheng

WHEN the local maritime industry experienced accelerated growth in early 2007, Mr Sim Koon Lam, managing director of Mooreast Pte Ltd, knew that the company needed to act fast if it wanted to increase its presence in the local and regional maritime scene to a whole new level. But he also knew that this would not be possible if Mooreast remained a subsidiary of Dutch company, Vryhof Anchors, a leading global manufacturer of offshore mooring anchors.

Acting on his vision, Mr Sim engineered a successful management buyout that saw him acquire full ownership of Mooreast. He then transformed the company into an independent incorporated private enterprise. “The offshore mooring equipment sector is a very niche market. To be at the forefront, going private was therefore a necessary step in launching our plans,” explained Mr Sim.

It was not an easy decision to make and the company faced major financial challenges in its initial year. But having steadily guided the company through its bleak birth and the subsequent period of independent operations, Mr Sim saw that the buyout was worthwhile.



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Pushing for more. Sim Koon Lam (left), managing director of Mooreast Pte Ltd, speaking with his supervisors. Mr Sim is passionate about what he does, and tenacious about growing the business in the face of difficulties.

Through Turbulence into Calmer Waters

Since then, Mooreast has come a long way. The company has established its own network of trading agents and clients, many of whom were retained from Mooreast's days as a trading intermediary for Vryhof Anchors. This network spans countries across the Asia Pacific region including Malaysia, Indonesia, Australia and China. It also continues to receive strong business support from its former parent company in the Netherlands with Vryhof directing contracts its way whenever the need arises for marine components to be fabricated in Singapore.

The company's most prominent product is its Stev series of mooring anchors that features the Stevmanta VLA, which is the world's first installed vertical load anchor used in the mooring of offshore installations under conditions of soft sea-beds. As the bulk of Mooreast's products are used in the offshore oil and gas industry, the domestic demand for the company's marine components is limited. The company thus relies heavily on its trading network in keeping current with the needs of its overseas clients, a list that includes several established offshore marine companies such as Daewoo International, Talisman Malaysia and Viking Moorings.

From an initial annual sales turnover of S\$20 million in 2007, the company successfully raised this figure to S\$31 million in 2008, with approximately 70 per cent of total sales revenue derived from its overseas markets. Along with the ISO 9000 and ISO 14001 certifications for its quality management and environmental management systems, these milestones enabled Mooreast to make its inaugural entry into the annual list of winning companies for the Enterprise 50 Awards in 2008. Mooreast went on to obtain the OHSAS 18001 certification for Occupational Health and Safety standards this year.

Anchors of Success

Much of Mooreast's success can be attributed to its business model's emphasis on maintaining a high level of adaptability to changing market conditions and an unceasing focus on strategic business development.

When increasing competitiveness within the industry highlighted the need for Mooreast to develop its own production capability, the company started building a fabrication plant. Covering an area of 1,600 sq metres, the plant was completed in the first quarter of 2008. It houses the equipment to manufacture the company's complete range of offshore marine products including steel-cylindrical foam-filled buoys, sub-sea steel structures used by offshore vessels and for offshore installations, and the superior Stev series of anchors.

Referring to Mooreast's expansion in services, Mr Sim said, "It has always been the company's goal to be a one-stop integrated mooring equipment provider." He added, "With our extensive experience in this industry, we are able to provide a

Much of Mooreast's success can be attributed to its business model's emphasis on maintaining a high level of adaptability to changing market conditions.

more comprehensive sales process rather than simply being a supplier of mooring components to our clients," He elaborated: "For example, when a customer places an order for one of our products, we might realise that this marine component is not completely suitable for his needs, compared to another similar component within our product range. Hence, based on our industry knowledge, we are able to make better product recommendations that add value to our clients." The company also places strong emphasis on customer satisfaction by providing repair services to clients for marine components that were purchased from Mooreast.

The company plans to further improve its clients' purchasing experience by helping them to customise the design of components ordered from Mooreast. In this process, a team from Mooreast will work closely with client representatives to better understand their needs before making design improvements. Upon approval by the clients, these design-enhanced components are then subsequently fabricated in-house to ensure that they meet the requirements specified by the clients.

Keeping Afloat and Charting the Path to Greater Success

In the midst of the current economic downturn, the credit crunch that is plaguing many local SMEs remains the company's foremost concern. While this issue has not adversely affected Mooreast, the company aims to maintain a strong standing with local banks to ensure that its credit terms remain healthy despite the financial crisis. Internally, Mooreast is also in the process of implementing cost-cutting measures such as the reduction of consumables and wastages, as well as taking a more measured approach before approving the extension of credit for clients.

The company is focusing on growth, with plans to expand into New Zealand's offshore marine industry. Besides further expansion, the company is also looking to strengthen its existing position in the offshore marine component markets, both overseas and domestic.

The Steersman Behind Mooreast

Mr Sim has a passion for what he does and is tenacious about growing his business even in the face of difficulties. Asked what drives him, he simply said: "You've got to like this business. There is also nothing more important than having a never-say-die attitude. If you give up just because something appears too daunting, you will never be successful."



NAM LEONG COMPANY

A Journey of Success Forged in Steel

Lim Jun Lie Charles, Phua Fabian, Yue Rui Sheng

NAM Leong Co Pte Ltd started out as a small partnership comprising eight members in 1958. In 1968, the partners of the company separated into two groups. Mr Poh Boon Say, the late father of Nam Leong's current chairman, Mr David Poh, continued to oversee the company's operations. Mr David Poh, who joined Nam Leong in 1974 and worked his way up from the bottom, has since taken over the reins of the company.

Breaking New Ground

In the beginning, Nam Leong was a licensed moneylender turned supplier of sanitary ware and bathroom accessories. This remained Nam Leong's mainstay until the mid-1980s, when the need for fire protection systems in buildings became important because of the increasingly stringent safety regulations. Mr Poh was quick to recognise this opportunity to expand Nam Leong's business into steel products. Besides fitting out buildings with sanitary products, Nam Leong would also supply the steel pipes used in the installation of the fire protection systems. However, this was a challenge since Nam Leong lacked experience in the steel business. But having joined the company in the early 1980s, Mr David Poh's younger brother, Mr Mark Poh, stepped up to the challenge. It marked the beginning of Nam Leong's transformation



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All in the family: Brothers David Poh (left) and Mark Poh have successfully overcome several crises through a strategy of active customer-sourcing and fair product pricing.

into a steel supplier. Mr Mark Poh, managing director of Nam Leong, said: "I had to actively approach contractors whenever I heard about upcoming projects to introduce our product features and prices to win over more customers."

In 2000, Nam Leong further diversified its steel business by expanding its scope beyond the construction industry to the marine, and shipbuilding industries.

Today, Nam Leong's steel inventory is extensive, encompassing products such as carbon steel pipes, valves and fitting steel products. The company is also a manufacturer of Butt Weld Fittings, which is a pipe fitting widely used in the building and construction, oil and gas, and shipbuilding industries. Another highly-acclaimed product is its GLENSUL Factory Pre-insulated Piping that is commonly used in both aboveground and underground water refrigeration and heating systems. The company's wide range of products is in line with its vision of "being the company of choice for a comprehensive range of steel products".

Under the leadership of the two brothers, Nam Leong has established a significant domestic presence in steel products and it consistently posts impressive annual sales figures. In financial year 2007 Nam Leong had a sales turnover of \$70 million. The company aims to continue to build on its annual sales turnover, said Mr David Poh: "The sign of a great business is that it is able to build on and achieve better figures the next year and the year after that."

The company's success in its steel business has also enabled Nam Leong to make the list of winning companies in the 2008 Enterprise 50 Awards for the second consecutive year.

No Substitute for Quality

Every product at Nam Leong undergoes a series of meticulous quality-control checks before it is allowed to leave the company's factory or warehouse. In 2003, the company was awarded the ISO 9001:2000 certification for its outstanding quality management system. This gives Nam Leong a critical competitive edge and differentiating factor over other steel suppliers in Singapore. As Mr David Poh said: "Our products are of superior quality and hence customers always return to purchase from us."

Nam Leong also makes it a point to stock products that are already brand-name quality products in their own right. For example, the company is a stockist for the Bowling brand – a range of high-grade malleable iron pipe fittings – which is a big favourite among customers. This is also said to be Nam Leong's trademark brand. Other similar high-quality products include BON and GLENSUL, both of which are wholly-manufactured by Nam Leong and certified under the PSB Product Listing Scheme in Singapore.

Any potential service contract will always begin with an on-site visit to fully understand the customer's specific needs.

More Than Just Steel

Nam Leong also prides itself on being a one-stop service provider. Any potential service contract will always begin with an on-site visit to fully understand the customer's specific needs. Nam Leong then provides a customised solution that meets these needs.

With two factories spanning over 260,000 sq ft and using machinery from Sweden and Korea, Nam Leong is able to customise products according to their customers' needs. Providing additional insulation to steel pipes and customised welding services give added value to its customers. Nam Leong's customised engineering also extends to include fabrication and machining services.

With its proven track record and a professional sales team, Nam Leong clinched major contracts at the two integrated resorts – Marina Bay Sands and Resorts World Sentosa. Besides private contracts, government bodies such as JTC Corporation also form a major part of the company's clientele.

With its roots as a family-run business, Nam Leong continues to retain a strong family-oriented corporate culture. One employee who has been in Nam Leong for more than 10 years said: "I enjoy the working environment here, everybody is treated like one big family."

Standing Firm

Over the years, Nam Leong has successfully overcome several crises through a strategy of active customer-sourcing and fair product pricing. This means that during times of inflation, Nam Leong may not earn as much as its counterparts due to its policy of keeping prices to pre-inflation levels. However this policy pays dividends during times of recession, when Nam Leong experiences continued revenue flow from customers who are grateful to the company for not raising prices in the past.

While the current economic recession has caused local banks to be more cautious in extending loans to SMEs, Nam Leong continues to earn the trust from banks and receive good credit terms, due to its strong financial position.

Mr Mark Poh has an optimistic take on the recession. "Nam Leong sees this recession as an opportunity. With lower supply prices, we have been able to seize the chance to expand our range of products." Since the beginning of the downturn, the company has aggressively increased its product assortment range and widened its products' specifications. For example, it has introduced high tensile material for pipe and fittings. "Nevertheless, we seek to undertake this expansion with caution and prudence," said Mr Mark Poh.

Beyond the Local Steel Market

The company is trying to expand beyond the local market. With established operations in Malaysia, mainly involving trading with a network of hardware shops, Nam Leong has profited from the large volume of sales from customers in neighbouring countries.

The company also continues to invest in selected steel fabrication companies in Europe and America. These investments form the company's starting point for the building of a global brand name for Nam Leong.



OPUS IT SERVICES

Switching to the Fast Track

Cao Ye, Wu Bin, Xu Ke

“OUR name, OPUS, is derived from two words: ‘opportunity’ and ‘us’. It reflects our ability to employ cutting-edge technology and superior IT expertise to create beneficial opportunities for our clients.” This is how OPUS IT Services Pte Ltd describes itself on its corporate website (at <http://www.opusit.com.sg>).

OPUS was established on May 23, 1990. Back then, its corporate name was actually United Software Solutions Pte Ltd. It was then essentially a software applications development company.

It took on the name of OPUS in July 1997, after IBM bought 80% of its shares, making OPUS one of IBM Singapore’s subsidiaries. Sunway Technology Sdn Bhd, a Malaysian company, took the other 20% stake.

Since then, the major business of OPUS was transformed from that of software applications development to that of IT operations outsourcing to serve IBM Singapore’s needs.

Setting the Stage

OPUS expanded very quickly over the past decade. Its main business now spans across customer services and support, network systems operations, data centre operations, service centre operations and field operations. The clientele base has also grown beyond merely serving IBM Singapore’s needs to include other multinational corporations



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Dedicated team at OPUS IT: (from left) Vincent Tan, Vincent Poon, May Teo, Fan Yue Soon and Edmund Heng.

and small and medium-size enterprises. These clients include government agencies, educational organisations, financial institutions, telecommunications, and technological, manufacturing and petro-chemical companies.

At the core of OPUS' approach is a focus on best practices. To back this, its staff strength grew to more than 600 in July 2005, more than six times the staff strength of 104 in 1997.

In July 2005, a group of private investors bought over OPUS from IBM and Sunway Technology Sdn Bhd. Going private was a bit like a child growing up all over again. OPUS now has to handle the full spectrum of IT outsourcing business from looking for new business opportunities, to solutioning, to bidding, to negotiation, and to delivery. In the first couple of years, OPUS embarked on some loss-making projects. Now, it has grown up and is arguably more thorough in its approach to competing, winning and delivering valued services to its customers.

A Critical Transformation

Mr Fan Yue Soon Charles was appointed the CEO of OPUS IT Services Pte Ltd in April 2007. Mr Fan graduated with honours in computer science and mathematics from York University. He also completed his executive business management programme at Kellogg Business School, Northwestern University.

Before assuming the leadership of OPUS, Mr Fan was the vice president of global delivery under infrastructure technology operations of Hewlett-Packard (HP). He has more than 25 years of experience in IT operations management.

Mr Fan defined his leadership style as that of an "amiable driver". "I'd like to get along well with management, staff and customers in a friendly non-confrontational manner," says Mr Fan. He is very focused on meeting goals and objectives, and achieving them through team work

and building solid relationships with stakeholders and customers. Mr Fan has introduced many changes to the management of OPUS with his style of leadership. He reduced the hierarchical level to ensure an optimal manager-to-staff ratio. He organised managerial meetings that involve all parties so as to avoid “process-bypass” of any one party. “This ensures a quick flow of information and avoids miscommunication,” says Mr Fan.

Under Mr Fan’s leadership, OPUS created a subsidiary called The Recruitment Room (TRR) in September 2007. TRR serves as an employment agency to seek capable and suitable employees in the non-IT outsourcing market.

The Tools That Work

“I want OPUS employees to feel that they want to be here, not have to be here,” Mr Fan says. He expects his staff to be willing to face new challenges and be capable of adapting to the fast changing environment.

Mr Fan drives OPUS to hire and train more high quality employees. The OPUS human resource management system has been effective in helping employees with job matching and self-learning. This IT-based system consists of several application modules for time tracking, billing, leave management, claims processing, and employee performance appraisal. It also enables quick job applications via online application forms, and matches employees’ profile with customer job requirements. OPUS also provides an e-learning (soft-skills and technical skills) program via partnership with a third party education service provider. OPUS has also initiated a programme to reimburse employees who have gained certain industry certifications. Mr Fan feels that in the

I want OPUS employees to feel that they want to be here, not have to be here.

IT outsourcing industry, having independent certifications is critical to business success. There is also a retention programme to award and promote capable employees based on merit, thereby helping to motivate and keep the most talented workers with OPUS.

Keep It Simple

“The IT services outsourcing industry can be divided into IT operations outsourcing, application service outsourcing, and business process outsourcing. OPUS’ strategy is to grow its core business of IT operations outsourcing” says Mr Fan. “And one of our key services is Flexi-IT.” Flexi-IT 1.0 is a convenient and flexible scheme using on-demand activation for a range of IT support services, such as operating system patching, virus eradication and protection, and hardware installation and replacement. It provides a one stop IT support solution for clients who do not have the expertise.

OPUS is now planning to enhance Flexi-IT 1.0 to 2.0. With Flexi-IT 2.0, OPUS seeks to extend its competitive advantage through a stronger partnership with technology giants in the information and communication technology industry. While Flexi-IT 1.0 serves as the core of its partnership strategy, the eco-services of Flexi-IT 2.0 seeks to provide a broader range of services in areas such as hardware and IT infrastructure, data loss and recovery, IP telephony, broadband and LAN infrastructure, leasing options, managed print services, hosting services, remote office backup services, etc.

“As an SME, OPUS cannot be doing everything by itself,” explains Mr Fan. “Strategic partnerships with players who are specialists in their chosen domains and who complement OPUS’ core competencies is a key strategic business objective.”

Heading for Success

“OPUS has a subsidiary in Malaysia. But 98 per cent of our workforce is based in Singapore and only 2 per cent in Malaysia,” says Mr Fan. Quite clearly, Mr Fan wants to expand OPUS’ business to other ASEAN countries. OPUS has already established in-principle partnerships in Thailand, Vietnam, Philippines and Indonesia. Mr Fan adds, “Our approach for growth is to start with partnerships, then build joint-ventures, and ultimately to spin-off subsidiaries.”

In doing so, OPUS would have extended what it states in its corporate website of “employing cutting-edge technology and superior IT expertise to create beneficial opportunities” for their clients beyond the shores of Singapore.



ORIENT EXPRESS LINES (SINGAPORE)

Charting a Route to Success

Chong Yan-Ling Abigail, Lim Keyuan Colin Jeremy,

Tan Yan Ying Amanda

SINCE its founding in 1999, Orient Express Lines (Singapore) Pte Ltd has come a long way towards establishing itself as a reputable container feeder service provider. Under the leadership of 41-year-old Mahesh Sivaswamy, founder and managing director of OEL (Singapore), the container feeder service provider has grown from its initial handling of 148 twenty-foot equivalent units (TEUs) in August 1999 to delivering about 17,000 TEUs monthly in 2008.

OEL (Singapore)'s success stems from its management's focus on establishing the Indian subcontinent-Singapore shipping route and in building long lasting customer relationships. This has helped OEL (Singapore)'s sales turnover reach \$91 million for the year ended March 31, 2008.

Strong Roots

OEL (Singapore) originated as the regional headquarters of parent company Transworld Group, based in Dubai. At that time, Transworld Group was already an established shipping agency house in the Indian subcontinent. The group provided logistics, ship management, feeder and ship repair services to major shipping clients like the United Arab Shipping Company (UASC), the French CMA- CGM and the Italian Ignazio Messina which were operating from Indian ports and from Karachi and Colombo.



Photo source: The Orient Express. Permission required for reproduction.

Mr Mahesh: 'OEL will always be a player that offers value-added and comprehensive services on the Indian subcontinent routes; we will continue to serve our customers with dedicated commitment and diligence.'

Mr Mahesh saw huge potential in linking Singapore, the strongest hub port in the world, to the Indian subcontinent. He took on the challenge of penetrating the Singapore container feeder service market with the setting up of OEL (Singapore). By February 2000, he was launching the Straits Chittagong Service, a new feeder service between the Singapore hub port and Chittagong, Bangladesh, and a first for the Transworld Group.

Despite having 12 years of experience in managing shipping agencies and logistics for Transworld Group, Singapore posed a fresh challenge for Mr Mahesh. "Singapore is a highly competitive market and there are 35 to 40 existing container feeder lines operating out of Singapore, some of which are very established feeder operators in Singapore and are very large in size," says Mr Mahesh.

The company's main function is to service feeder activity between the South-east Asian ports of Singapore, Malaysia, Myanmar and Indonesia, and the ports on the Indian subcontinent as well as Chittagong in Bangladesh, Colombo, Nheva Sheva, Karachi, and the Middle East. Most recently, it commenced a direct container vessel feeder service between Kolkata Port and Yangon, Myanmar. This is a new trade line for OEL (Singapore) and serves to boost trade volumes between India and Myanmar.

In addition to feeder services, Mr Mahesh started a ship-owning business, Shreyas World Navigation Pte Ltd (SWN), in 2001. SWN now owns five container ships which are registered in Singapore and fly the Singapore flag. It also charters ships that can carry about 1,200 TEUs each. The strategy is to maintain a 50-50 dependency on ships owned versus ships chartered. This reduces the risk associated with operating fully on a chartered basis and allows OEL (Singapore) to adjust for charter price fluctuations.

When it comes to feeder service, commitment and reputation are key to building good customer relationships in the closely knit shipping industry. Mr Mahesh explains “mother vessels would not wait if there is a minor berthing delay or when there are some issues with the authorities”. As OEL’s customers are major lines such as CMA-CGM from France, all of OEL (Singapore)’s trade lines must be well managed to ensure sailing commitments are met. Otherwise, OEL (Singapore) will lose its reliability and customers can cross over to the competitors.

Even as the industry is facing a slowdown, the company is surviving largely due to the strong customer relationships. “We have a long-standing relationship with many of our customers, and we have always worked to deliver the best service to our customers,” says Mr Mahesh.

The company and its customers are weathering the current recession together. For example, OEL (Singapore) has been able to tap on the cooperation of customers like CMA-CGM & Hanjin Shipping Ltd, who are among the top 10 shipping lines in the world, to operate joint services. This has allowed most of OEL (Singapore)’s feeder service to continue and Mr Mahesh does not need to make the painful decision to anchor vacant ships – a common and costly practice that the shipping industry adopts in bad times.

Much of the success of OEL can be attributed directly to the great staff that we have,” says Mr Mahesh. “Everyone in the company works as a member of the OEL family.

Family Touch

Now an indispensable part of the Transworld Group, OEL (Singapore) hires 22 employees today, from a four-man team in 1999. “Much of the success of OEL can be attributed directly to the great staff that we have,” says Mr Mahesh. “Everyone in the company works as a member of the OEL family.”

While the company works on a five-day work week, it is not uncommon to find staff returning to the office on the weekends voluntarily when they have work to complete. Such dedication from the staff has formed a strong, responsible workforce which ensures OEL (Singapore) fulfils all its commitments to its customers. The staff's commitment to the company can be further exemplified by the fact that none of the staff has left the company since its incorporation, except for personal reasons such as returning to their home country.

Mr Mahesh says his staff have stuck with the company through good and bad times. The entire company was rewarded with a company vacation to India a couple of years ago when the shipping industry was doing well. Similarly, as the shipping industry is now enduring trying times, the staff have stuck together to work harder.

Going Forward

OEL (Singapore) has already received its fourth consecutive Enterprise 50 Award since first winning the award in 2005. "The E50 Award provided us with the platform in seeking for financing and gave us the added respect and recognition from our customers," says Mr Mahesh. The securing of financing has helped in OEL (Singapore)'s highly capital intensive investments of brand new 1,030-TEU container vessels, costing US\$26 million each.

While the company has achieved significant success, Mr Mahesh says there is still a lot more to be done. "We will always be a player that offers value-added and comprehensive services on the Indian subcontinent routes; we will continue to serve our customers with dedicated commitment and diligence."



P&N HOLDINGS

Adding Value to Customers & Society

Lee Ghim Meng Renny, Lim Boon How Alastair, Lim Swee Hon Robin

MANY consumers associate P&N Holdings with PropNex, its highly successful realty subsidiary. Indeed, as its flagship company, PropNex is the leading realty company in Singapore.

Initially formed as an alliance of several smaller realty companies, PropNex was established as an independent business entity when these companies formally merged in 2004. The merger rapidly propelled PropNex into the market leadership position. Today, the company commands more than 30% of the HDB resale market and the private property secondary market.

Over the years, PropNex has garnered numerous accolades including being one of the few local companies to clinch the Reader's Digest Trusted Brand (Gold Award) in 2008 and 2009. In 2008, PropNex also clinched the coveted Enterprise 50 Award, which recognises the achievements of the top local small-medium enterprises.

With low barriers to entry, the realty industry in Singapore is a highly competitive and fragmented one. A quick check on the Inland Revenue Authority of Singapore (IRAS) website reveals that there are well over a thousand realty firms registered locally. PropNex CEO Mohamed Ismail provided insights into how the company had managed to remain the market leader despite the highly competitive business environment.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Mr Ismail: Is unfazed by the uncertain economic outlook as he feels that the current crisis will help to sieve out competition.

Size Matters

As one of the largest realty firms in Singapore, PropNex has been able to leverage on the benefits provided by economies of scale. Overhead costs such as accounting, office rental, utilities and other expenses can be spread over a larger scale of operation.

Compared to a smaller realty firm, PropNex also possesses greater bargaining power when negotiating with suppliers. For example, PropNex is in a stronger position to negotiate for lower individual premiums on the professional indemnity insurance of the company's approximately 4,500 active agents.

As a larger organisation, PropNex also possesses the resources and scale of operations necessary to develop and run its own in-house training programmes for the company's agents under its subsidiary, Life Mastery Academy. This translates into the ability to provide a higher level of professional and quality service for its customers.

Distancing Itself from Competitors

PropNex's success has certainly attracted the attention of other competitors within the industry who are beginning to replicate the company's business model. In response, PropNex is shifting its emphasis from competing based on size and economies of scale to offering differentiated services that add value for its customers.

This change in competitive strategy is reflected in the change of PropNex's branding tagline from "Singapore's Largest Real Estate Company" to "Service You Trust".

Unlike agents in the financial or insurance industries who are required to pass compulsory professional examinations and be licensed by the Monetary Authority of Singapore, there are currently no similar requirements for property agents. This lack of regulation has led to a proliferation of complaints ranging from a lack of proper training to unethical conduct by agents.

Against this industry backdrop, PropNex is setting itself apart from the competition by positioning itself as a socially responsible company whose agents the customers can trust. As part of a series of internal house-cleaning measures to shore up professional and ethical standards within the company, PropNex terminated the services of some 2,800 inactive agents, who formed almost one-third of the company's total agent strength then, in July last year.

All of the company's remaining agents were also required to take up compulsory professional indemnity insurance which protects customers by providing compensation for losses resulting from negligent or unethical conduct

PropNex is setting itself apart from the competition by positioning itself as a socially responsible company.

involving agents. As a further move to protect customers, PropNex also monitors whether any of its agents is embroiled in legal proceedings.

To ensure that all the company's agents meet a certain minimum requirement in terms of professional knowledge and training, PropNex has also made it mandatory for all its agents to either obtain an in-house practicing certificate or the Common Examination for House Agents (CEHA) qualification conducted by the Institute of Estate Agents (IEA).

Furthermore, all PropNexians (as the company's agents proudly refer to themselves) have to chalk-up a certain number of Continual Professional Development (CPD) points each year. They can earn CPD points by attending the company's quarterly conventions as well as free talks and seminars, or other paid courses offered by sister subsidiary Life Mastery Academy. The CPD scheme ensures that the company's agents not only remain active in their field, but also keep up-to-date on the latest developments affecting the property market.

At the heart of PropNex's efforts to transform the company into one based on values and trust is the company's management team led by CEO, Mr Mohamed Ismail. "Having good business ideas alone will not last. What matters is being able to achieve alignment between what the business does and what the customer values," explains Mr Ismail.

Diversifying the Business

Another important aspect in PropNex's transformation involves the company's ability to build new capabilities in related business areas within the property industry, such as property auction, project marketing and management consultancy services.

"These new business areas are complementary to our existing core property brokerage business and they enable PropNex to further add value to our customers," says Mr Ismail. "For example, our project marketing arm was able to draw on our extensive network of agents for support during the recent successful launch of The Caspian," he explains.

Mr Ismail continues, "If a customer were to approach us today saying he has a small plot of land which he hopes we can help him to develop, PropNex has the ability to add value to that customer through our sister subsidiary, property developer SingBuilders."

Spreading her Wings Abroad

In addition to broadening the array of services which the company is able to offer locally, PropNex has also expanded the company's geographical market of operations overseas to Malaysia, China as well as other countries in the Middle East.

By expanding the company's scope of business both in terms of services offered and geographical markets, PropNex has laid the foundation for greater revenue growth while reducing the risk of being concentrated in only one business.

As PropNex achieves greater business success, the company has not forgotten to add value back to society. The company recently launched the "PropNex Cares House" project involving all its agents. The company is adopting the Singapore Children's Society, donating \$30,000 over three years and will also be sending a volunteer team to Cambodia to build a school there sometime next year.

Soaring Above the Storm

When asked for his views regarding the current uncertain outlook facing the global economy, Mr Ismail says he is unfazed by it. "The current crisis actually helps to sieve out the competition because only those who are focused will be able to rise above it," he explains. "At PropNex, our focus is to consistently add value to our clients."

Indeed, it is this focus on adding value to their customers that epitomises PropNex's vision and success as a business.



PINNACLE INTERNATIONAL

Gearing Up for Greater Success

Chu Nga Jessica, Ong Meng Ching, Stella Tay

VALERIE Tan is a rose in an industry that is more associated with thorns. But she has made her mark in taking Pinnacle International Pte Ltd to great heights, earning recognition as Entrepreneur of the Year 2008 from the Association of Small and Medium Enterprises and the Rotary Club.

Pinnacle is a holding company with four subsidiaries – Pinnacle Motors, the retail arm for new cars; Pinnacle Pre-O, the retail arm for used cars; Pinnacle Energy, the service centre; and Pinnacle Export, the export arm.

It has six outlets nationwide, with a staff strength of 200. It exports cars to over 40 countries and territories. To date, 110,000 used cars have been delivered to export markets, and in 2008, Pinnacle generated sales of \$180 million.

This is a huge leap from the company's humble beginnings some 13 years ago. Ms Tan had set up Pinnacle with her husband, Larry Teo. With just \$100,000 in initial capital and little experience in running a business, they could put up only five used cars for sale.

From their first shop at Katong Mall, the couple has since grown the company into a one-stop destination for customers to trade in their old vehicles, buy new ones, or send their cars for repair or maintenance.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Ms Tan: To instil a greater sense of customer service excellence in Pinnacle International, she advocates a customer-centric philosophy and human resource policies are crafted accordingly.

And the secret to Pinnacle's success? Ms Tan cites three things: business model, quality service and employee commitment.

Business Model

Establishing the right business model is the single most important factor in creating differentiation and maintaining pole position in the automobile industry, says Ms Tan. Being a one-stop solution provider, Pinnacle strives to meet every car need of its customers – from offering above market rates for trades-in to giving a wide choice of new cars to providing a high level of after-sales service and maintenance.

It's able to do this largely because of its international business, an integral part of the business model. The two-way flow of cars traded between Singapore and Pinnacle's overseas partners has allowed the company to build an extensive business network worldwide. This access to global markets allows Pinnacle to differentiate itself in three ways.

And the secret to Pinnacle's success? Ms Tan cites three things: business model, quality service and employee commitment.

Firstly, it helps Pinnacle to solicit a better price for customers' used cars. Secondly, it allows Pinnacle to provide the widest range of car choices. Finally, this global network (including leading car manufacturers in Japan and Germany) allows Pinnacle to serve as a parallel importer that is able to offer cars that are not easily available through local dealers.

"Our success in the export business is a result of our strong customer base and industry network," says Pinnacle regional director Kenneth Tan. "This industry network provides us with a wide variety of vehicles for worldwide distribution which means that it gives our customers a wide range of choices."

Quality Service

The company makes it a point to address customers' varied needs. For example, Pinnacle showrooms come with designated zones for children to occupy themselves while their parents are busy with the sales personnel.

And to help customers save on petrol bills when oil prices were high, Pinnacle introduced cars that ran on compressed natural gas (CNG).

The company strives to give customers peace of mind by instilling confidence in its products and services. This is reflected by its achievement of top industry benchmarks such as the Singapore Quality Class Award. Pinnacle has also received the ISO9001 certification for its quality assurance system. Last year, it won the Enterprise 50 Award for its overall excellence as a locally owned enterprise operating in Singapore.

All this recognition, including Ms Tan's clinching of the Entrepreneur of the Year award, sends a strong signal to customers that Pinnacle is dedicated to quality, reliability and service excellence.

Employee Commitment

But Pinnacle would not be where it is without dedicated and committed employees. "Employees' commitment is always at the heart of any successful enterprise," says Ms Tan. "For Pinnacle, it is even more critical because in the car industry where customer service is the key, people at the front line drive the company's reputation." This strong employee commitment was established through Pinnacle's 13-year history and a close-knit corporate culture, which gives employees a strong sense of belonging.

As Ms Tan points out, her company's unique selling point is not its cars, but its people. Because of this, Pinnacle has been investing heavily in the training and welfare of its employees. Last year, the company spent slightly more than one per cent of payroll cost on staff training. In the second half of 2008, the total classroom training hours was doubled to 3,078 hours, or an average of 20 hours per staff.

Apart from in-house training, Pinnacle also invited some of the world's leading trainers in customer service to augment its staff's skills. Such training will continue to focus on strengthening team bonding while sharpening the staff's frontline knowledge and expertise, in preparation for the economic upturn.

In terms of staff welfare, Pinnacle was the first in the industry to provide employees with group medical insurance coverage. Employees are thus largely protected against high medical bills should they fall ill, giving them ease of mind to focus on their careers.

To instil a greater sense of customer service excellence in the company, Ms Tan advocates a customer-centric philosophy and human resource policies are thus crafted accordingly.

This means that internally, all employees are treated like valued customers. Each division, or functional team, is thus a customer of all other divisions. Therefore, service excellence literally starts at home. The upshot is a greater sense of camaraderie that spells increased efficiency and effectiveness when dealing with external customers.

Looking Ahead

Pinnacle intends to stay committed to its staff and to the needs of its customers. It plans to carry out an internal rationalisation to help control costs and further strengthen its global reach. The company is also gearing up for the future with franchising and expansion in new markets such as China, Africa, Peru and Mauritius.

In addition to expanding geographically, Pinnacle will also be expanding its product and service offerings to include its very own brand of engine oil treatment called Nano Trax. This is an environmentally friendly range of products that serve to enhance engine performance, increase fuel efficiency and administer self repair.

Ms Tan expects growth in demand for such maintenance products. Using Pinnacle's established global network, she intends to sell this new range of products on a much larger scale, making it available to appointed partners in over 40 countries globally.

"In our continual efforts to build a profitable business, we must not neglect our responsibility to the environment, which is why we must look into new technologies to promote social eco-responsibility such as compressed natural gas and more environmentally friendly products."



S&W ENGINEERING

Steadfast & a Winner – A Company’s Journey to Success

Kwek Li En Lynn, Nguyen Bao Thu, Nur Khairah Bte Abdul Rahim,
Vo Hoang Dung

“**E**ITHER I will find a way, or I will make one.” This statement aptly sums up the tenacity of Mr Wong Chung Kang, founder and current managing director of S&W Engineering Pte Ltd, and clearly the chief architect of its journey to success.

His current position is a stark contrast to his humble beginnings. At the age of 19, he made his way to Singapore in search of a brighter future. In 2008, S&W Engineering – the business venture that he started in 1990, was recognised through the Enterprise 50 Award as one of Singapore’s top 50 most enterprising firms.

Unyielding Determination and Resilience

Specialising in providing engineering services primarily to the shipyard industry, S&W Engineering was established as a partnership between Mr Wong and his friend, Mr Sng. However, Mr Sng decided to pull out during the initial years of operations. Undeterred, Mr Wong persevered with this young venture.

In 1994, to differentiate S&W Engineering from its well-established competitors in the service engineering industry, S&W Heat Exchangers (S) Pte Ltd was formed through a joint venture with a British company. This subsidiary of S&W Engineering was meant to focus on the design and manufacturing aspects of the heat transfer equipment market.



Looking towards the future. Despite setbacks such as partnerships that did not work out, Mr Wong (right) displayed resilience and never lost hope.

However, due to differing management practices, things did not work out. Despite these setbacks, Mr Wong never lost faith in the future of his companies. It has always been his practice to set a target and work hard towards attaining it, regardless of any external circumstances. His colleagues and his 210-strong staff know him as one who is 'adamant' and 'focused' in achieving whatever he has set out to do. "Either I will find a way, or I will make one."

This same resilient spirit is now ingrained in his companies. When S&W Heat Exchangers started out, potential clients were skeptical about its capabilities as a new vendor. However, S&W Heat Exchangers eventually won over clients with its sincerity and excellent technical capabilities as an ISO 9001 company coupled with accreditation with the ASME U, U2, S & R stamp, DNV, Lloyds, ML (China) and NK class.

With an order book value of more than SGD\$50 million in 2008, it is evident how one man's resilience can influence the growth and success of a company.

S&W Heat Exchangers continued to grow and today it constitutes more than 95% of S&W Engineering's total business. At present, S&W Heat Exchangers mainly services the oil & gas, petrochemical, power plants, chemical and other related industries on a global scale. With an order book value of more than SGD\$50 million in 2008, representing almost a 70% increase from 2007, it is evident how one man's resilience can influence the growth and success of a company.

Nonetheless, resilience is not the only success factor for S&W Engineering. Mr Wong has also consciously implemented practical strategies to steer his company towards its goal of doubling its sales revenue to SGD\$100 million within the next five years.

Expansion of Facilities and Market Territory

Plans to expand manufacturing facilities in overseas markets are already underway. In addition to the existing plants located in Singapore and China, S&W seeks to increase production capabilities by sourcing for larger sites in China, and by setting up a manufacturing plant in Brazil. Ongoing efforts in decentralising manufacturing capabilities attest to S&W's commitment to better cater to the needs of international clients. Currently, S&W exports 80% of its products to Asia, the Middle East, Europe and Russia, and is an approved exporter under the Major Exporter Scheme administered by the Inland Revenue Authority of Singapore.

Impressed by its technical competencies, a client invited S&W to work on a project based in Brazil, through which S&W became aware of the potential in this market. As a prospective foreign investor, S&W saw the need to collaborate with Brazilian partners in order to leverage on their strengths and familiarity with the local market.

However, after experiencing failures with earlier partners, S&W is understandably cautious about collaborations. Mr Raja, S&W's business development director, was quick to emphasise that both time and effort are needed to ascertain if a particular company is an appropriate partner for S&W. Experience from past collaborations has taught it to look for partners who are not only 'genuine and technically competent', but who also share similar corporate values and directions.

Expansion and Diversification of Product Lines

To ensure that S&W remains at the forefront of this industry, Mr Wong and his team continually seek to expand its product lines. One example is the provision of Finned Tubes and Finning Machines, a capability which not many companies in this region have. Finned Tubes enhance heat transfer efficiency and provide a considerable degree of corrosion protection. Mr Wong also plans to set up another subsidiary to concentrate on Skid Packages, which are used for gas compression.

These would significantly enhance S&W's already extensive range of products and services, which include Shell & Tube Exchangers, Air Cooled Heat Exchangers, Finned Tubes, Finning Machines, Pressure Vessels and Charged Air Coolers. A wide product range also represents a first step towards S&W's vision of becoming a total solution provider in the oil & gas industry.

However, Mr Raja acknowledges that there are risks involved when a company over-diversifies. But still, he maintains that "in order to achieve high gains, it is necessary to undertake calculated risks." To minimise the probability of failure, S&W ensures that it has ample resources, capabilities and competencies before starting a new division.

A Customer-oriented Approach

To establish long-term relationships with its valued clients, the company started providing Process Guarantees and Mechanical and Thermal Analysis on Heat Exchangers. Not only do these value-added services assure clients of the products' conformity to stringent requirements, they also ensure a high level of product performance in the years to come. With the likes of Petronas, Pertamina, Shell Petroleum, Exxon Mobil and Single Buoy Moorings as key customers, the success of this customer-centric approach speaks for itself.

It is often not the circumstances that matter, but rather, how one chooses to respond to them. In the face of adversity, 'giving up' was never an option for S&W. Even in this global economic crisis, with its strong leadership and astute strategies, S&W's goal of SGD\$100 million is undoubtedly well within its reach.



SAMWOH CORPORATION

Infrastructure Builder Counts on Integration and Innovation

Goh Cheng Kang, Lay Shi Wei, Phon Yue Ni Katie, Tay Wei Ping

INFRASTRUCTURE builder Samwoh Corp has come a long way since it was formed by three lorry drivers in the early 1970s – considering that the plan then was a transportation outfit that served work sites all over Singapore.

Today, transportation & logistics is but one of a range of businesses that span civil engineering, recycling of construction wastes, and even consultancy. Samwoh says it is the market leader in road construction, road and airfield maintenance, as well as pavement engineering.

Looking back, managing director Elvin Koh says: “This road was certainly not easy. Our founders had to struggle with the slow growth in the 1970s and there is really no short cut around.”

Business began picking up in the 1980s when Samwoh received several infrastructural projects from government bodies such as the Housing and Development Board (HDB) and the then Public Works Department (PWD).

Later, with a larger capital and more shareholders on board, the company decided to diversify. It moved into civil and infrastructure engineering construction – flyovers, bridges, sewage and drainage works.



Mr Koh: 'This road was certainly not easy. Our founders had to struggle with the slow growth in the 1970s and there is really no short cut around.'

But this part of the journey was also not always smooth. During the economic downturn around 1997, the whole construction industry was badly affected. Samwoh's receivables came unstuck. Still, the group stuck it out.

"If you want to run a business, you have to be ready for obstacles, you have to know how to handle the setbacks. These are all part of entrepreneurship," says Mr Koh. The occasional stumbles are taken as valuable lessons and stepping stones to success.

If you want to run a business, you have to be ready for obstacles, you have to know how to handle the setbacks. These are all part of entrepreneurship.

Samwoh, whose logo sports three stylised symbols representing the Chinese character ren (person) in a circle, puts its vision quite simply: "We will be the preferred company for our customers."

Its mission is described in greater detail: "To excel as a leading integrated engineering and infrastructure company and materials supplier by providing innovative technologies, excellent services and products at competitive pricing, and to inculcate pride and ownership in our work."

Sustaining Success

Samwoh's success has been built largely on two strategies – integration and innovation.

The group provides a one-stop station for civil engineering and construction-related services, ranging from the supply of construction materials to transportation, paving, maintenance and consultancy.

The transportation business, of course, was the first building block, from way back in the 1970s. Samwoh then added the manufacture and supply of asphalt premix, with the completion of its first asphalt premix plant in the 1980s. The 1990s brought Samwoh into the civil engineering and construction business.

Since then, Samwoh has also acquired and started companies along its value chain, transforming Samwoh into the group it is today, with some 26 entities.

Innovation has helped Samwoh stand out as a leader in the industry, giving it a competitive advantage. As a prospector according to the Miles-Snow typology, Samwoh seeks to exploit new opportunities through its research and development as well as consultancy services. Samwoh has its own research lab, an industry first. Its \$2 million Samwoh Research and Development Centre carries out research and formulates new products, such as Samiphalt, a hybrid of asphalt and concrete, and the Stone Mastic Asphalt Concrete pavement, which is stronger and more durable than the normal asphalt pavement.

Samwoh has also invested heavily in green technologies. It has embarked on a new business venture which involves the recycling of construction waste. This came about because of the lack of natural resources and the scarcity of land for use as landfills in Singapore. The venture involves the usage of recycled concrete aggregates (RCA) in structural concrete.

Hence, Samwoh set up a state-of-the-art recycling plant for the production of RCA. In a bid to showcase its cutting-edge research and development technologies, it is constructing a brand-new building, which should be one of the few in the world to use RCA big in its structure.

Samwoh is also firm on meeting market expectations. "We value corporate integrity," declares Mr Koh, "and so we must provide reliable and quality products and services to fulfil our part of the relationship with all our partners and clients."

This is true even with competitors. He explains: "Our competitors are sometimes also our customers. This is because we are a vertically integrated corporation, and some of our subsidiary businesses can be

supplying our products to our competitors. In such instances, we do so at a fair price, charging the same amount to competitors as well as our own subsidiary entities. This helps to build good working relationships so that we can all work together to lower prices and achieve market efficiency.”

Paving Success

In the current global economic crisis, Samwoh is not too adversely affected because the government has stepped up infrastructural spending as a way to ride out the recession. According to the Building & Construction Authority, spending on infrastructure will reach a record high of \$18 billion-\$20 billion this year.

With strong product and service offerings, as well as a healthy financial position, Samwoh is confident of emerging strongly from this downturn. And the signs are good, considering that it’s well ahead of the curve in terms of research and development – something which the government has been exhorting local SMEs to get into as a sustainable way of maintaining a competitive edge in a globalised world.



SILICON APPLICATION

Collaborating Its Way to Success

Ng Meiyen Teresa, Ong Wei Liang Desmond,
Stefanie Indradewi Suryoputro, Laura Tanuwidjaja

INCORPORATED in 2000, Silicon Application Pte Ltd (SAPL) was born of a joint venture between Silicon Application Corporation (SAC) and Sieamp Technologies Pte Ltd (Sieamp). For its first three years, it operated as an electronics components distributor, buying and selling components such as diodes, integrated circuits, memory chips and lenses.

Back then, its main strategy was to build up its reputation as a distributor of reliable and high quality products. Faced with bleak business prospects during the SARS outbreak in 2003 and a general downturn in the electronics industry, SAPL re-evaluated its overall strategy. A value chain business model was adopted and put to test the following year. This change in strategy helped SAPL achieve a record sales of SGD\$100 million in 2004.

Value Chain Business Model

The key to SAPL's success can be attributed to its determination to generate value for both its customers and suppliers. "We will look into our suppliers' products closely and if we see that there is potential in a certain product offering, we will start developing solutions around these products for our customers. In some cases, we also partner our customers to sell their end product to the consumers," said Mr Ken Soh, the president of SAPL. "This strengthens our value proposition to the

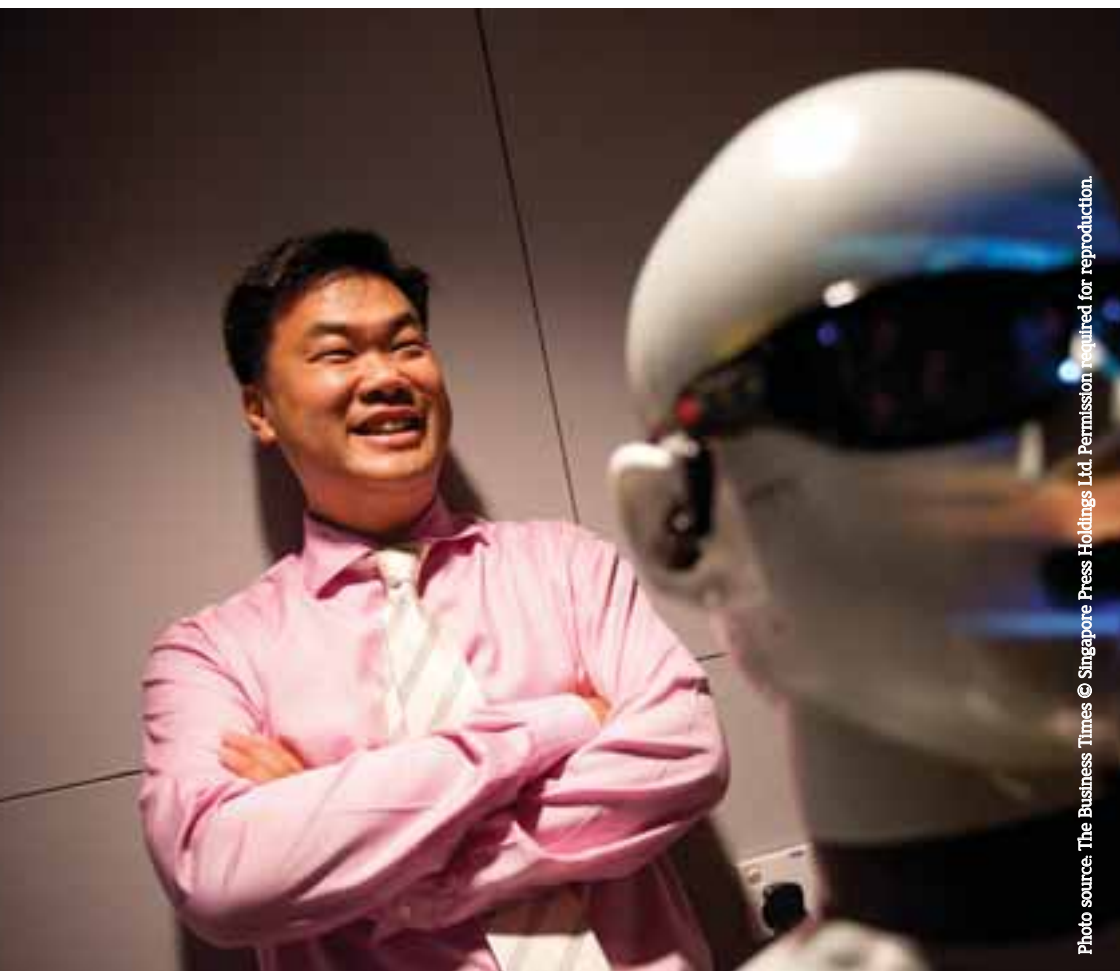


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Mr Chan Wai Yin, chairman: SAPL's involvement with organisations downstream provides it with access to critical market information it allowing it to react quickly to market changes.

suppliers and customers because we bring business to the whole supply chain. This is good business partnership. Everyone benefits due to our active involvement in the value chain and this is how we differentiate ourselves from our competitors.”

Some of SAPL’s key business partners and suppliers include OSRAM, CSR, NXP, IBM, Qimonda, Infineon Technologies, Sanyo, OKI and Micronas.

SAPL also works closely with retailers so as to better understand consumers’ preferences and needs. “Our proximity with the end consumers helps reduce uncertainty. Hence it is easier for us to make the right decisions,” Mr Soh explained, “We can acquire more information about the changes in market demand. This enables us to react quickly to the changes.”

Everyone benefits due to our active involvement in the value chain.

In February 2006, Sieamp acquired a majority share of SAPL from SAC. The budding enterprise has been growing ever since, raking in a turnover of approximately SGD\$92 million in 2008 despite the worldwide recession.

Riding the Storm

In the face of the economic crisis, Mr Soh conceded, “Right now, our business volumes are going down and revenue is expected to shrink by 15 percent for the current year.” To help SAPL weather the crisis, the management has implemented several cost cutting measures since January this year. These include a voluntary pay cut for the senior management. Junior employees, however, are not affected by this measure. This allows SAPL to retain its staff and ride the storm.

SAPL also believes it is well prepared to deal with the crisis. The company's involvement with organisations downstream provides it with access to critical market information, allowing it to react quickly to market changes. Eventually, this reduces its liabilities.

Mr Soh explains, "A lot of companies are folding up. Most distributors do not possess adequate downstream information. Hence, they often take a long time to respond to changes in the market. This is exceptionally dangerous during times of poor economic conditions. If the downstream companies go bust and are unable to pay off their credit, they may bring the upstream parties down with them. However, if a distributor establishes its presence in these downstream areas like we do, its information flow will be much better than its competitors' and information is often a critical factor to a company's survival during bad times."

Spin-offs and Collaborative Synergy

To ensure growth during good times and bad, SAPL seeks to develop its business units through partnerships with other firms. Together with its technical expertise and the strong relationships that it has nurtured over the years with its customers and suppliers, SAPL managed to spin off some of its business units into independent companies. This allows these units to focus and grow their businesses independently.

"We are not interested in keeping small divisions within the organisation. We want these divisions to go into joint ventures so that they can grow independently and separately, and benefit us in return," said Mr Soh.

Today, these business units have evolved into successful individual companies such as BC2L (bluetooth), Moveon (optics), OLAS (laser), Ollite (LED lighting), Geniesys (projector) and ABV (set top box), which are

all held under the parent company, Sieamp. These technically adept subsidiaries often pool their resources together for research and design. This allows SAPL to tap into the technical capabilities of its sister companies to jointly develop and deliver new cutting edge products to its customers.

For example, as of last year, more than 6 million units of Bluetooth products were produced for SAPL's customers through its sister company, BC2L, and a contract manufacturer from Thailand. These products consist of bluetooth headsets, stereo headsets and car kits.

By integrating SAPL's logistics capabilities and the strong engineering expertise of its sister companies, SAPL not only provides its customers with logistics solutions (Supply Chain Management) but also delivers a wide variety of products ranging from consumer electronics to laser applications for industrial use. Its main product segments include bluetooth devices, digital set top boxes (TV application), power and industrial solutions, high power laser modules, automotive, commercial and LED lighting solutions.

Looking Ahead

Currently, SAPL has a total of 65 employees and it operates mainly in the Asia Pacific region. It has sales offices located in Penang, Bangkok, India, Manila, Shenzhen, Shanghai and Beijing to capitalise on the emerging markets. Recently, the company has also expanded into Taipei, so as to better reach its Chinese customers there.

To expand its product offerings for customers, SAPL is working closely with one of the leading LED projection designers in China and using state-of-the art projection technology from OSRAM to produce a series of miniature projectors (also known as Pico Projectors). This development is expected to set the stage for the creation of new gadgets and is set to be launched this year and projected to contribute up to SGD\$2 million in revenue for the company by 2010.

Backed by a highly motivated and dedicated management team and its sister companies, SAPL hopes to be listed on the Singapore Stock Exchange by 2011.



SLP INTERNATIONAL

Upping the Ante

Gu Lele, Kuang Biqing, Wee Sing Gek Sheena

IN Singapore alone, there are hundreds of property agencies that serve the small domestic property. What can one them do to attain a larger share of the pie? Well, Mr Stanley Yeo and Ms Kain Sim, owners of SLP International Property Consultants Pte Ltd, may just have an answer.

Rather than focusing solely on the sale and leasing of properties, SLP is dedicated to its property projects right from the start, seeking to bridge the knowledge gap between developers and tenants. More specifically, SLP assists developers in designing properties that meets the demand of the target market, recommends them potential land and buildings for development that have strong projected returns, and helps tenants to find the properties that best match their needs and constraints, thereby ensuring win-win solutions for all.

Started in 2001 by Mr Yeo and his wife, Ms Sim, SLP International began with the objective of serving clients in the commercial and industrial property sectors. Then it progressively diversified into the residential property sector. By 2004, it began its geographical expansion into the region. Today, SLP has operations based in Singapore, Indonesia and China.

Ms Sim, the managing director of SLP International, explained to us the secrets of SLP's success.



Ms Sim: 'Despite global financial crisis, our Shanghai office was able to break even in just two months. Now we are in the process of opening a second branch in Shanghai.'

Knowledge is Power

Knowledge means business to SLP's two founders. In setting up SLP International, Mr Yeo and Ms Sim brought along with them their wide base of knowledge and expertise, ranging from project development to international investment. Notably, both had earlier helped developers and investors to acquire more than S\$48 million worth of investment properties in Singapore; some A\$383 million worth of properties in Australia; and over GBP 128 million worth of properties in London.

Mr Yeo and Ms Sim were able to deliver the value proposition of helping developers from the early stage of project development by giving value-added services. They could help in land acquisition, feasibility studies, design planning and project management.

To stay abreast of the market conditions and trends, SLP established a customer relation service centre to serve their SME clients. Rather than relying on the potential client to visit the sales office of a given project, SLP's marketing team even visits SMEs at their premises to better understand their requirements.

Sales and leasing of industrial properties to SMEs has become a major part of SLP's business. With the data gathered on the SMEs, SLP can anticipate demand for business space and therefore communicate such requirements and constraints to the developers, so they can work on projects that best meet these needs. It can also recommend to potential occupiers property options that are most suitable for their nature of business.

To stay abreast of the market conditions and trends, SLP established a customer relation service centre.

Over the years, SLP has managed to secure close relationships with its network of occupiers, investors, developers and architects. These people are important sources of market insight and technical know-how which are crucial to SLP's continued success.

By now, SLP's management team has gathered an extensive body of technical knowledge of the industry. This knowledge bank has also become its unique source of competitive advantage; one which will continue to grow stronger in the years ahead.

Rising to the Challenges

SLP's journey to success has not been smooth-sailing. Being a small company, SLP faced its fair share of problems in getting its first client. Fortunately, through favourable recommendations, SLP International secured its first project to assist in the sale and development of a 265-unit light and clean industrial building situated at Bukit Batok.

However, the economic downturn back in 2001 posed a tremendous challenge to SLP in the selling process. Nonetheless, SLP was committed to see the project through until every unit of the building was sold. Through intensive marketing efforts, SLP consistently generated sufficient sales proceeds to assist the developer in funding the on-going development. As such, the developer was able to complete the project on time without any major cash flow problems along the way. In addition, SLP achieved a remarkable 100% sale over the period of 18 months for the project.

"To us, it was a very good record because back in 2001, no local industrial development of this size was able to achieve 100% sale before temporary occupation permit was granted," Ms Sim remarked.

This initial success has earned SLP a considerable amount of reputation and trust within the industry. It was also an important precursor to the many subsequent projects.

The initial growth meant that SLP had to grow its employee strength. However, it was difficult to attract people to work for a relatively unknown company. SLP tackled this issue by offering on-the-job training to encourage people who did not have prior experience in the field to join the company. The result of that initiative had been positive and SLP's employees feel a strong sense of belonging for the company.

With SLP going regional rapidly, having an immediate supply of skilled and experienced managers has become even more important. SLP is currently working on its human resource roadmap, seeking to design attractive job prospects in order to draw in and retain talent.

Soaring High

SLP has completed numerous industrial property projects with exceptional results over the past eight years. It has achieved a record speed of 100% sale within two months for the industrial office building, Alexcia, which is also the current location of the company itself. In addition, at least 80% of units were sold within 6 months for the Penjuru Tech Hub, the Enterprise 10, the I-Loft @ Changi, the Focus One, the Nordix and the HoLee Industrial Development. Just recently, SLP broke the industry record with 100% sale of Northstar, a 654-unit industrial building, within a short span of 15 months.

SLP remains committed to each project from until every unit is sold. This has brought in a continuous stream of clients, allowing the company to reinvest its earnings to fund its regional expansion.

In the residential property sector, where SLP is a relatively new player, the company has also fared well. A testament to this are the recent three stunning blocks of DBSS (Design, Building and Sell Scheme) public housing apartments, Natura Loft, each standing at 40 stories high along Bishan Street 24.

Qingjian Realty Pte Ltd, one of China's leading developers, engaged SLP International as its consultant in its first foray into property development in Singapore. Not only was SLP put in charge of the sale and marketing of the property, but more importantly, SLP contributed to the successful bid for the project by Qingjian, as well as the design and development of the high quality housing project with its knowledge of the needs of the local population.

SLP's partnership with Qingjian seeks to change the perception of projects undertaken by mainland Chinese property developers. As Ms Sim walked us through the showroom, we found ourselves impressed by the high quality of the materials used and environmentally-friendly design.

In November 2008, SLP International won the prestigious Enterprise 50 Award.

Upping the Ante and Moving Forward

SLP's owners are convinced that the only way for the company to grow is to venture into foreign lands. In 2004, it had already started searching for strategic partners to begin its expansion into the region, starting with the Indonesian market. In October 2008, SLP began its foray into the Chinese market amidst the financial turmoil, beginning from the city of Shanghai.

"Despite the global financial crisis, our Shanghai office was able to break even in just two months. Now, we are in the process of opening the second branch in Shanghai," Ms Sim remarked. The two directors firmly believe that the company is capable of fulfilling its targeted milestone of establishing 35 branches nation-wide in China within the next 3 to 5 years.

While expanding outwards, Mr Yeo and Ms Sim also did not forget to grow company from within. "We have the vision to gradually move towards the next stage – to nurture the next generation of leaders in the company and to let key management staff become business owners," Ms Sim added.

So what do aspiring entrepreneurs need in order to succeed? Ms Sim replied candidly: "You must dare to dream big dreams when starting a business. There will be plenty of setbacks and disappointments, but if you are passionate about what you are doing, you will be able to overcome the problems that come along your way."



SMARTFLEX TECHNOLOGY

Get Smart

Gu Lele, Kuang Biqing, Wee Sing Gek Sheena

WHILE the credit crunch crisis may hit many manufacturing businesses in Asia, the better companies will still shine through and strengthen their foothold. Smartflex Technology Pte Ltd is one such company.

A contract manufacturing company that specialises in the assembly and testing services of smartcard IC (Integrated Circuit) modules, Smartflex Technology first started operations in the fourth quarter of 2003.

Its two founders, Dr Eric Ng and Mr Tan Tong Guan, started the company with a small management team that collectively has more than 50 years of experience in the smartcard and semiconductor field. Smartcard technology, being a knowledge-intensive field with high barriers to entry, is not an industry that new players can enter without the necessary technical know-how and experience.

Despite having its operations based solely in Singapore, the founders look far beyond the country's borders for clientele. Its major customers are among the leading players in the smartcard and semiconductor industries based in US, Europe, Africa and Asia.

The six year old company is already a multiple-award winner. Within its first year of operations, Smartflex secured the ISO 9001:2000 certification for its quality management system. Subsequently in October 2007, it was awarded with the ISO 14001:2004 certification for its environmental management system.



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Well-versed: Tan Tong Guan (left) and Eric Ng started the Smartflex Technology with a small management team that has a collective 50-plus years of experience in the smartcard and semiconductor field.

In November 2008, Smartflex was presented with the Enterprise 50 Award, which serves as recognition of the company's overall performance. Then early this February, Smartflex was awarded the 2009 Singapore SME 500 for its outstanding financial performance over the past year.

Just recently in April, Smartflex also received a certification by MasterCard International for Smartcard IC module assembly in banking applications, certifying that the company is up to date and complies with MasterCard's quality requirements for cards that require the CQM (Card Quality Management) label.

Laying a Strong Foundation

The company's two founders spoke of how an SME based in the little red dot had managed to secure such a wide client base. "Thanks to favorable recommendations by acquaintances in the trade and satisfied clients, we were able to gradually expand our client base over the past 6 years," said Mr Tan.

Dr Ng added: "We also keep ourselves regularly updated about industry trends and standards through the media and industry sources, in order to continually upgrade our manufacturing operations to best meet the needs of our clients."

In fact, this company views customer service to be as important as its manufacturing operations. Smartflex works with clients in the development process of the IC modules. Its machines and manpower run 24 hours a day to churn out high quality chip modules to meet the tight deadlines set by clients. Being entrusted with technology of its clients, Smartflex also knows the importance of honoring and protecting intellectual property rights.

Internally, the company engages a lean operations system that seeks to reduce wastages such as waiting time and excess inventory. The system also focuses on minimisation and correction of defects to achieve higher quality, greater productivity and better customer satisfaction. It also means that the company is extra stringent in terms of supplier selection and demands for timely deliveries of high quality supplies.

The result is a reliable network of suppliers and a set of satisfied clients that consistently steer Smartflex towards its vision of becoming the world leader in smartcard IC module assembly and testing services.

With low-cost competition emerging from smartcard module manufacturers based in China, Smartflex has responded by focusing on producing reliable products instead of focusing solely on cost reduction and price competition.

Smartflex's founders understand that while they can improve their bottom-line or cut prices by reducing cost, they should never compromise on the value and quality of the smartcard modules. Such modules are widely used for banking, telecommunication, computer security, identification purposes and even for storage and access of medical records by healthcare organisations. Reliability is of paramount importance.

But why not relocate Smartflex's operations to China, like other companies have been doing?

The founders explained that their type of manufacturing operations are not labour-intensive in nature. Instead, they are highly technology-intensive and hence require skilled labour to handle the operations. Therefore, there is no need for the company to shift its operations to China to exploit the low cost of labour. Smartflex chooses to stay in Singapore where skilled labour is readily available.

Smartflex chooses to stay in Singapore where skilled labour is readily available.

Dr Ng also explained that for a company that intensively trades with suppliers and clients worldwide, he appreciates the fact that the Singapore dollar exchange rate is relatively stable, as compared to the appreciating Chinese renminbi observed over the past few years. Therefore, the decision to locate in Singapore has helped Smartflex's bottom-line.

Strengthening Every Step of the Way

Like many other SMEs based in Singapore, Smartflex has its fair share of problems in attracting young talents to join the company.

"Many local fresh graduates prefer to seek employment with big multinational companies or government-linked companies. It seems that the concept of the "iron rice bowl" is still fairly prevalent these days, even though it is increasingly not the case", Mr Tan laments.

Nonetheless, Smartflex continues diligently its search for new talent and offers a nurturing and empowering environment that allows its employees to grow along with the company.

Smartflex is also not unaffected by the ongoing financial crisis. The company has already observed a reduction in the number of orders placed by clients since the beginning of this year. In the light of that, Smartflex has temporarily frozen their hiring activities for rank-and-file workers and used this slow period to send its people for training as part of their skills-upgrading.

Smartflex has also streamlined its operations further to prepare for the upcoming recovery. It is also looking to increase orders from its clients and to further expand its client base. The government has also been supporting the company by subsidising the cost of training and operations, as well as the cost of trade credit insurance, giving Smartflex's management some breathing space as it goes all out to secure more orders.

Apart from expanding its client base geographically, Smartflex also plans to expand its product line by progressively venturing into RFID (Radio Frequency Identification) technology. Smartflex's founders understand the importance of keeping up with the latest technology in their line of business, so as to remain relevant to their clients and to open up more windows of opportunities for their business.

"To us, a crisis may not necessarily be bad after all," Mr Tan said. He went on to explain that a crisis is like a test of strength and endurance for companies, eliminating the weak industry players and strengthening the ones who are fit to survive.



SOONSTEEL INTERNATIONAL

Growth Through Customers' Faith

Jiang Ruiming, Nguyen Tung Anh, Pham Quang Dat

MR Eric Thiang, managing director of SOONSteel International Pte Ltd, one of Singapore's leading distributors and stockists of quality line-pipes, fittings and flanges, has an interesting notion about decision making.

His differentiation between "a wrong decision" – which is a reversible decision – and "a bad decision" – which is an irreversible one – has been imprinted deeply in his style of doing business. This has helped to bring SOONSteel many successes since it started off as Soon Supply in 1983.

Right from the early days of SOONSteel, Mr Thiang has concentrated on a very specific target market, cultivating customers' trust, and nurturing the company's human resources.

Fitting into a Niche Market

Mr Thiang recalled, "I started my career in the field of project management some 35 years ago when I worked very closely with many engineers everyday." This job also opened the door to many important business contacts and gave Mr Thiang valuable experience in identifying a niche market for his own start-up company as a distributor of pipes and fittings.



Mr Thiang: Repeat customers contribute a large portion of our annual revenue and we will continue to focus on building and earning their trust in the years ahead.'

At present, SOONSteel is well-known for supplying high-quality piping products to various industries including energy & power generation, mining & engineering, chemical & petrochemical, and especially the oil & gas and marine sectors. It provides a comprehensive range of more than 300 types of pipes and fittings comprising over 8,000 items in various grades and dimensions conforming to international standards and specifications such as ASME, ASTM, ANSI, API, MSS and NACE.

Although SOONSteel supplies its products to many sectors, Mr Thiang says that his company has a very strong reputation in the oil and gas industry. This is a particular industry where stringent quality requirements and the ability to meet project deadlines form the top priorities of customers. SOONSteel's commitment to providing consistent and fast delivery of reliable, high-quality products has kept it way ahead of its competitors.

SOONSteel has also shown its own commitment to the industries. Recently, it upgraded its 170,000 square feet office-cum-warehouse facility with the latest innovations in material handling and management in order to house a comprehensive inventory worth close to S\$45 million. If a particular piping component is not in stock, SOONSteel's team of professionals is ready to source externally and secure it to meet customer's specifications.

Besides stocking and distributing, SOONSteel also performs value-added customisation – even transforming existing products without changing their mechanical properties to suit specific construction requirements.

Moreover, the company constantly strives to seek for good suppliers from America, Europe and Asia in order to ensure that its customers continue to be served with top-quality products.

Leaving the Marketing Department Empty

Mr Thiang firmly believes that SOONSteel must earn its customers' trust by faithfully delivering high-quality products on time.

"We did not spend much on our marketing efforts; in fact, we do not have a marketing department. It is our reputation for providing high-quality products and delivering customised solutions that keeps customers coming back to us," said Mr Thiang. Trust has also brought in new customers, especially through word of mouth recommendations by their existing customers.

SOONSteel now has more than 400 customers operating in 23 countries. Approximately 70% of SOONSteel's business comes from overseas. Mr Thiang noted, "Repeat customers contribute a large portion of SOONSteel's annual revenue and we will continue to focus on building and earning our customers' trust in us in the days ahead."

We did not spend much on our marketing efforts; in fact, we do not have a marketing department.

Treasuring Successes and Investing in People

SOONSteel received its ISO 9002 certification in 1997, and went on to be certified with ISO 9001:2000 in 2003. It was also the first stockist of pipe-fittings to be qualified as an On-The-Job Training Centre by the Singapore Institute of Technical Education in 2001. SOONSteel was awarded the People Developer Standard in recognition of its investment in people and commitment to systematic staff development by SPRING Singapore in 2004. Solid financial records and business growth helped SOONSteel rank as an SME500 Company from 2005 through 2008. In 2008, SOONSteel also won the prestigious Singapore Enterprise 50 Award. And as one of the Singapore's most dynamic SMEs, It was awarded the SME Growth Excellence Recognition 2009 for Sales Turnover. These accolades celebrate SOONSteel's overall capabilities and successes.

Mr Thiang attributed these to his hard-working staff. He said, "SOONSteel's successes would not be possible without them."

Understanding that human resource is one of the most valuable assets of any organisation, SOONSteel places a strong emphasis on developing its people. Currently, the company has about 50 employees, with a good mix of local and foreign workers. "We provide them training through the Singapore Institute of Technical Education On-The-Job Training Scheme. We also have our own in-house designed training conducted by our own senior management," Mr Thiang added.

Advancing into the Future

Despite the increasingly stiff competition in the oil and gas piping market, Mr Thiang remains confident of SOONSteel's business model. "No two business models are the same in terms of strengths, weaknesses and focus. The key here is to utilise our strengths, overcome our weaknesses, and stay with our focus," he said.

Besides, Mr Thiang thinks competition is healthy. "Competition keeps everyone striving to improve themselves." He also expressed his belief in SOONSteel's ability to continue to create value for its customers and generate profits.

Mr Thiang remains optimistic despite the slowdown. "We are not much affected by the crisis as most of our contracts are long-term and secure. Instead, this downturn is also a time for us to restructure payments with our creditors as well as to rethink our business strategies so as to be ready to take up new opportunities when the economy recovers," he said.



SPECVISION HOLDINGS

Based in Singapore, Connected to the Region

Lee Ghim Meng Renny, Lim Boon How Alastair, Lim Swee Hon Robin

WITH its favourable geographical location and well-developed infrastructure, Singapore acts as an excellent regional logistics hub for companies targeting the Asia-Pacific market. Specvision Holdings Pte Ltd is among the companies taking advantage of this connectivity.

Originally established in 1989 as Spectra Innovations Inc. in the USA by its president Prasad Mamidanna, who is currently based in Bangalore, India. Specvision was incorporated in Singapore in 2004 to bring the company closer to its regional markets. Mr Kanwal Nain Sahney oversees its regional headquarters in Singapore as its managing director.

Specvision has two main businesses – a distribution arm which specialises in the distribution of Information Technology (IT), semiconductor and radio-frequency (RF) related components, and a services arm that provides management, marketing and finance solutions. The company's management team possesses extensive experience within the electronics and technology industries in the United States, India and Asia.

Incorporated only 5 years ago, what are the unique selling points that make the company so successful?



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Mr Sahney: He attributes the firm's viability to the value offered to both product manufacturers and resellers.

Aggregator between Technology Innovators and End Users

In the distribution business, Specvision plays the role of an intermediary between major product manufacturers and resellers scattered across the countries in the region. "Specvision consolidates purchase orders from many small resellers, obtains the products from the manufacturers and distributes them to the respective resellers," explains Mr Sahney.

From its regional headquarters in Singapore, Specvision has established an efficient supply chain management system to support the company's network of sales offices in Vietnam, India, Pakistan and Sri Lanka.

Centralising the company's warehousing and other logistics functions in Singapore allows Specvision to reduce cost by capitalising on economies of scale. "Almost 80% of the products we order from the manufacturers are shipped to our warehouse in Singapore for consolidation and kitting. This allows us to optimise container space and save on freight charges when we re-ship the products to our regional sales offices," explains Mr Sahney.

The company's finance and accounting functions are also centralised at Specvision's regional HQ in Singapore. An in-house enterprise resource planning system (ERP) provides real time recording and updating of transactions and shipment details for all the company's regional sales offices.

Specvision has a fast growing customer base with over 5,000 resellers worldwide and carrying products from 46 global manufacturers including Acer, Apple, HP, Hitachi IBM, Intel, Samsung and Mitsubishi.

In the Indian subcontinent, Specvision operates through its subsidiary Spectra Innovations Singapore which has grown to be amongst the top five semiconductor distribution companies in India, with a strong

footprint in the telecommunications, industrial automation, energy metering, lighting, automotive and defence industries catering to original design manufacturers (ODM), original equipment manufacturers (OEM) as well as contract equipment manufacturers (CEM).

Having a business presence in several emerging economies such as Vietnam and Pakistan also poses certain challenges for the company. Chief among them is managing the risk of currency fluctuations.

“It is easy to hedge currency risks if we were trading our products locally because Singapore is a developed economy as well as a financial hub. However, the same currency hedging platforms are often non-existent or exorbitantly costly in some of the emerging economies that Specvision does business in,” explained Mr Mahendran, Specvision’s financial controller.

These risks are offset by the potentially enormous market opportunities in such emerging economies. Knowledge of local market conditions also reduces the risk.

A Clear Business Value Proposition

An obvious threat to Specvision’s distribution business model is the possibility that product manufacturers can choose to deal directly with the resellers instead of having to go through an intermediary.

Mr Sahney, however, is not losing any sleep over this issue. He attributes the viability of Specvision’s distribution business model to the obvious value proposition which Specvision offers to both product manufacturers as well as resellers.

On the part of the product manufacturers, Specvision serves as a single point of contact which helps to eliminate the hassle of having to deal directly with many smaller resellers. This frees the product manufacturers to focus on their core business activities rather than diverting precious resources to develop their own in-house supply chain function.

More importantly, Specvision possesses in-depth market knowledge as well as a network of resellers connected to the company's regional sales offices. This intangible resource cannot be easily acquired by product manufacturers.

Resellers benefit by gaining access to the products of manufacturers, who may not have been willing to transact directly with smaller sized firms. Specvision consolidates the multiple purchase orders from individual resellers to make it economically viable for product manufacturers to cater to the combined demand.

Specvision also provides marketing support to the resellers by organising road shows or technical seminars to generate demand, particularly for new products. "Having a close working relationship with the product manufacturers gives us access to information about the latest technology or product available in the market. We, in turn, share this information with our resellers so that they are able to offer the best solutions to meet the needs of the end-consumers," explains Mr Deepak Jha, Specvision's business development manager.

New Products, New Markets, New Businesses

Although Specvision has established a credible reputation for its distribution business, the revenue from distributing individual products is limited and the company needs to attain a high overall volume to maintain a healthy profit margin.

To achieve this, Specvision constantly tries to add new product lines. Mr Jha is always on the look out for fresh business opportunities. "As long as there is a need for a particular product, we can provide the supply to meet that need," he says.

As long as there is a need for a particular product, we can provide the supply to meet that need.

The company also seeks to enter new market segments. For example, Specvision is currently exploring opportunities in the automobile, military and digital appliances segments.

Through its subsidiaries, Blue & Gray Pte Ltd and V5 Global Services Pvt Ltd, Specvision is also developing new capabilities in the area of providing outsourced management, marketing and finance solutions for companies. It has recently introduced the unique SPADER methodology which offers integrated marketing services and solutions for companies.

SPADER leverages on Specvision's established network of channels, end-users and markets to address the challenges faced by companies in their "Go-to-Market" strategies. It is being used by businesses in China, India and Singapore.

Specvision has also entered into a strategic partnership with Vector Scorecard Asia-Pacific (VSAPAC), a company funded by Spring Singapore, to offer inter-locked financial management services to businesses. VSAPAC is able to tap into Specvision's strong distribution network in South Asia.

"We aim to gradually increase the revenue stream from our services arm which generally enjoys a higher revenue margin as compared to the distribution business," explains Mr Sahney.

This strategy of new products offerings, new market segments and new business services helps Specvision to diversify the company's revenue streams and reduce reliance on the volatile distribution business.

Already the company is starting to reap the fruits of its strategy. Starting out with an initial start-up capital of only USD 2.5 million, Specvision generated more than USD 11 million of revenue for 2005. This figure has further multiplied by more than seven times in 2007. That same year also saw the company breaking the USD 1 million threshold in its operating profit before tax.

Looking to the Future

“Although the economic outlook has not been positive, Specvision will be able to ride through the storm because our fundamentals are strong. At the same time, we are also using this period as an opportunity for the company to examine its existing structure and how we can optimise our business performance,” says Mr Sahney.

As an example, the company is consolidating operations in its distribution business which is currently divided between two subsidiaries based on product categories – Spectra Innovations Singapore (semiconductors and RF) and Spectrum Global (IT components and peripherals).

As a single unit, Specvision’s distribution business achieve lower overhead costs. This ability to constantly reinvent itself will serve the company well.



STAR CONTROLS ENGINEERING

5-Star Performer

Lim Jun Lie Charles, Phua Fabian, Yue Rui Sheng

THE story of Mr Patrick Lim's business success is the stuff that dreams are made of for every aspiring entrepreneur. Starting off as a sales representative for a leading global supplier of process automation products, he strived to learn every detail about the company's business. Through countless dealings with clients, Mr Lim was also able to gain first-hand insights into the industry. As his experience grew, so did his desire to establish his own business. The defining moment came in 1995 when Mr Lim resigned from his job and started Star Controls Engineering Co Pte Ltd.

Flow of Success

Since then, Star Controls has surged ahead at a tremendous pace. While it continues to be headquartered in Singapore, much of the company's operations are now based in China, with offices in Shanghai, Chengdu, Wuhan, and Xiamen. From an initial staff strength of just eight employees, Star Controls has grown to its current strength of over 130 employees based in both Singapore and China.

Its sales figures are equally impressive. From a sales booking of US\$3 million in its first year of operations, Star Controls is now looking at close to US\$66 million for the 2008 financial year. In recognition of the company's impressive sales growth, Star Controls was lauded at the Enterprise 50 Awards last year. It marked the company's inaugural entry into this prestigious list.



Mr Lim: 'We are also currently exploring expansion options in other regions with process industries that will offer a greater opportunity for growth for Star Controls.'

Going for Big Fishes

Almost all of the company's business is derived from the distribution of an extensive range of valves and pumps to clients in the petrochemical and other process-related industries. Star Controls' clientele consists of long-standing customers and includes globally-renowned companies such as Exxon Mobil, Shell and British Petroleum. Mr Lim attributes his current extensive network of clients to the exclusive partnership arrangement between Star Controls and his former employer. Through this partnership, Star Controls was able to gain a headstart over its competitors in its early years by becoming the exclusive distributor for the Fisher brand of process automation products in various regions of China.

No matter how good your product may be, it does not matter unless you are actually able to sell it.

Star Factors

Mr Lim firmly believes that marketing is crucial. "No matter how good your product may be, it does not matter unless you are actually able to sell it." As such, it is no surprise that Star Controls' business strategy is built on the twin pillars of providing superior customer service throughout the sales process and building a strong closely-knit team.

This means having a top-notch sales team that is able to understand a client's needs and make the appropriate product recommendations. In this regard, Star Controls is a notch above its peers as its sales staff are actually trained engineers. The sales team thus provides a higher level of service to clients during the product purchase phase since it is able to give detailed explanations on product functions and make suggestions for alternative products that might better fit the client's needs.

After-sales service is also a strength of Star Controls. To cater to its clients across China, the company established its Shanghai Service Organisation a couple of years ago so as to provide ready accessibility to quality customer service. Mr Lim said: "Every product sold by Star Controls is accompanied by a one-time unconditional replacement guarantee. We make sure we replace any valve that is found faulty after purchase, even if we lose money by doing so."

In recognising the fact that human resource development is also of great importance, Star Controls pays close attention to the training and development of its employees.

Every year, the company allocates a substantial amount of the company's budget to the training of its employees. Such training takes the form of sales-related and engineering courses that equip employees with relevant industrial knowledge. Such efforts have paid dividends in the form of a pool of young management trainees who are ready to take on a larger leadership role in the company. However, the biggest benefit to the company has been the increased bonding that developed among its employees. "Everyone knows each other well so it is like one big team," said Mr Lim.

Cruising Through Crisis Control

In this current global recession and credit crunch, Star Controls is well prepared to tide through the crisis. Last October, the company's senior management initiated a strategic planning session and discussed various scenarios in planning for the future. "In one of our scenarios, we expected our overall sales revenue to drop by as much as 30 per cent. Having this figure, we can then proceed to work out ways in coping with this decrease in sales," explained Mr Lim. While business volume may drop, Star Controls remains careful in choosing its customers and orders. "We would rather not take an order than to take an order where we may not be able to collect our receivables," said Mr Lim.

Despite the gloomy forecast, Star Controls is not sitting idle and waiting for the upturn to come. The company remains active in innovating and increasing the depth of its product range.

It also intends to venture into the renewable power industry in the near future and is preparing itself for such an expansion through industry research and studies.

Mr Lim and his management team are optimistic about Star Controls' future and have ambitions to be the next Proctor & Gamble or Unilever in the industrial product sector. Casting the net wider than China, Mr Lim said: "We are also currently exploring expansion options in other regions with process industries that will offer a greater opportunity for growth for Star Controls."



SUPER STEEL

Building a Web of Steel

Liu Peihua, Ng Wan Ling, Tay Hong Li

THE Chinese idiom “Tong Zhou Gong Ji” literally means “Crossing a River in the Same Boat”. For Mr Ang De Yu, the founder and executive chairman of Super Steel Pte Ltd, the idiom means to overcome difficulties by putting aside differences so as to achieve the same goal. And Mr Ang has stood by this philosophy ever since he founded Super Steel in 2005. “When employees feel a sense of belonging to the company and are clearly aware of the goals we are heading towards, then can we advance together,” explains Mr Ang. These words of wisdom take on even greater importance during tough times.

Super Steel was ranked amongst the top 10 enterprises in the recent 2008 Enterprise 50 Awards. Super Steel is one of the largest steel distributors in Singapore in terms of volume, serving both the local and global markets. It purchases and stores steel products in bulk from the manufacturers. In turn, with ready stock on hand, Super Steel’s customers can easily purchase steel products within short lead times. Super Steel sold approximately 236,700 tons of steel between 2005 and 2008. This translates into a revenue turnover of some \$100 million per year.

Since steel is an essential building block of the modern economy, the demand for steel fluctuates according to the pace of economic development. This has made the value of steel largely subjected to the volatility of the global commodity market. The year 2008 saw a rollercoaster ride for steel prices, hitting many companies.



Mr Ang: 'When employees feel a sense of belonging to the company and are clearly aware of the goals we are heading towards, only then can we advance together.'

Mr Ang himself, who has been in the hardware trade for almost 30 years, has never seen such a steep surge and drop in steel prices. However, Super Steel managed to sail through the stormy waves relatively smoothly.

The Right Mix of Business

Super Steel serves three main industrial sectors, namely the shipbuilding, oil rig and the construction industries. According to Mr Ang, the demand for steel in these three industries complements each other. He explains, "It is like a beam balance; based on my observations of historical performances, if the shipping sector is weak, the construction sector seems to be doing well. Without over-reliance on supplying to any single industrial sector, the company's business would not be impacted drastically should one sector underperform." Many companies prefer high returns, while overlooking the risk involved. However, Super Steel adopts a well-balanced portfolio approach that has helped to generate a steady return regardless of the overall market volatility.

This portfolio-based business model has enabled Mr Ang to spread Super Steel's business risk and consolidate at every step towards greater profit. For example, operational relatedness within the portfolio in terms of warehousing and transportation leads to economies of scale. Similarly, corporate relatedness in terms of common skills add to Super Steel's competitive advantage.

The Global Reach

Besides positioning itself as a leading supplier of steel products in Singapore, Super Steel has also been consciously expanding its reach in more than ten overseas markets. These include Russia, China, Japan, Thailand, Indonesia, and Malaysia. Ultimately, Super Steel aims to become 'the preferred global supplier of steel products.'

To achieve this vision, Super Steel places high priority in ensuring that the quality of its products complies with the industry standards. For example, it works only with well-recognised global steel suppliers. Separately, Mr Ang also ensures that steel shipments are delivered on time to customers. "There has been a recent spike in Somali piracy activities on the open seas and that has created a lot of uncertainties when it comes to shipment delivery dates. You'll never know if your shipment of goods has been hijacked on its way to the customers. Thus we have to take extra measures to minimise the possibility of it happening," explains Mr Ang.

Super Steel arranges its shipping routes to be as near to coastal areas as possible. Also, every Super Steel shipment is heavily insured against risk incidents. "This is something we cannot try to save money on. This is to protect our clients' interest as well as our own," Mr Ang says empathically.

Although Super Steel deals with global customers and global shipping routes, all orders are insured in Singapore. Mr Ang explains, "Even though shipping insurance policies from other countries may be relatively cheaper, we're not familiar with their insurance practices and this can put us at a disadvantage."

The Capable Workforce

Mr Ang wants to serve two sets of customers well: the external customers who buy Super Steel's products, and the internal customers who are Super Steel's employees. Mr Ang explains, "It is as essential to treat requests from internal customers with outstanding service, as it is to meet an external customer's request well. A satisfied internal customer will in turn satisfy your external customer."

Mr Ang wants to serve two sets of customers well: the external customers who buy Super Steel's products, and the internal customers who are Super Steel's employees.

Mr Ang often tells his people, "A happy customer tells four to five others about his positive experience while a dissatisfied customer tells nine to twelve others about how bad the service was."

Super Steel sends its staff for local and overseas seminars to improve their knowledge of new applications and developments in the steel industry. The company also conducts on-the-job training. Mr Ang believes that maintaining a high level of product knowledge will help Super Steel employees to better understand their customers' needs. Mr Ang explains further, "We also pay our employees very well. Even though the economy is not performing that well, we have yet to implement any pay cut or retrenchment." Instead, a happy work environment has been created and reinforced by a safety-conscious one. Apart from helping workers, this also makes them more productive for the company.

It is not difficult to see why the majority of Super Steel's employees have been with the company since it started. Despite a workforce of just over 20, Super Steel has generated a seven-fold increase in profit from \$2.4million in 2005 to \$15million in 2008.

The Move Forward

In the current gloomy context, Mr Ang adopts a cautious approach. "I believe the worst is yet to come; it is therefore important to ensure sufficient fund reserves in the company." However, Mr Ang also acknowledged the importance of maintaining a strong relationship with banks, especially for his business that requires high capital and liquidity at all times. "Credibility is very important – it is not something earned overnight. It has to be built and proven over the years. Super Steel has dutifully repaid its dues and has never once delayed its payments." Mr Ang explains further, "If you borrow and return punctually, it is not hard to borrow again."

Super Steel has recently doubled its factory space to provide more covered shelter for its products by raising the roof of the warehouse. This has facilitated the usage of four 20-tonnes cranes which will allow smoother and faster loading and unloading of products. This is especially critical in Super Steel's volume-based business; in fact, the daily amount of steel handled has increased by four times from 500 tons to 2000 tons. Looking ahead, Super Steel continues to source for a new location to allow its to increase factory space further and to widen its product range and volume.

The company is also enhancing its use of technology and the internet. "Currently, we are only able to provide our services from 8am to 5pm daily when our employees are around. We want to use technology to help make our services available 24/7 and accessible from anywhere. If we can do that, we'll be the first one to do so in the Singapore steel industry. In that case, we will be able to reduce our operating costs while being able to provide better convenience to customers in the various countries that we serve," explains Mr Ang. Super Steel is looking to build a web-based interface that will allow it to bring its interaction with customers to a new level.



SYNERGIC INDUSTRIAL MATERIALS & SERVICES (SIMS SINGAPORE)

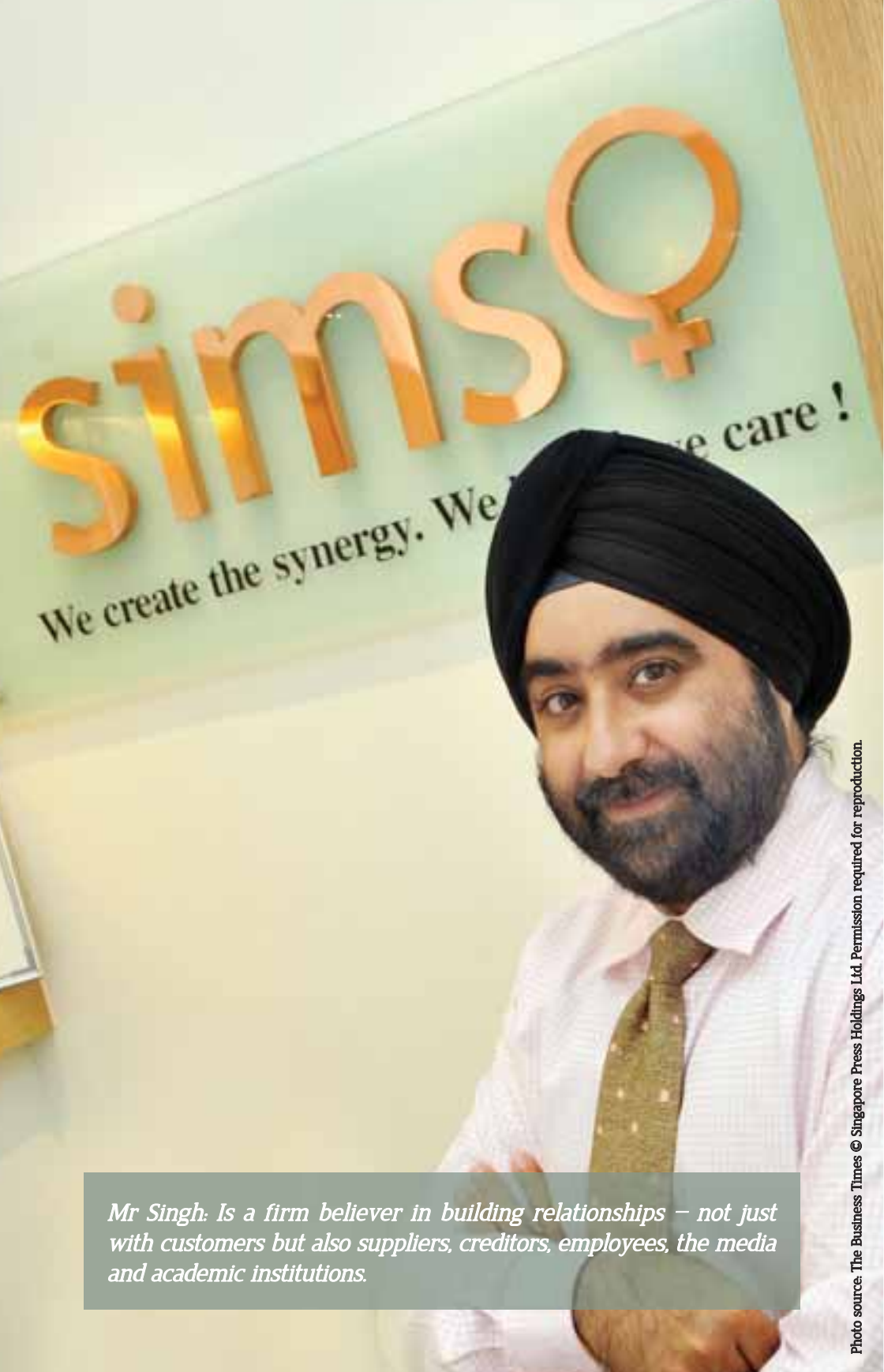
Valuing Relationships Core to Helping SIMS Singapore Prosper

Jiang Ruiming, Nguyen Tung Anh, Pham Quang Dat

MR Rajiv Singh, managing director of Synergic Industrial Materials & Services (SIMS Singapore) Pte Ltd, loves a catch-phrase and values relationships, be they with customers or with suppliers, creditors, employees and even academic institutions. As for the catch-phrase, Mr Singh proudly states, "SIMS stands for Sincerity + Integrity + Motivation = Success!" The business is conducted with sincerity and integrity. These factors, coupled with motivation among its employees, help SIMS Singapore achieve success.

Beginning, Growth and Transformation

Mr Singh had been working in the base metals industry for ten years, and he went on to found SIMS Singapore in 2000. Initially, SIMS Singapore was modeled as a manufacturers' representative in copper, aluminum, zinc, lead and tin products. For example, SIMS Singapore helped in sourcing and shipping raw copper from Russia, Malaysia and Australia for manufacturers' production facilities in India and ASEAN. Mr Singh's experience and his contacts in the metals industry helped the company along.



Mr Singh: Is a firm believer in building relationships – not just with customers but also suppliers, creditors, employees, the media and academic institutions.

In 2002, a global shortage in copper presented SIMS Singapore with the opportunity to increase its net worth. "The global shortage of copper sent prices skyrocketing, and hence we were at the right place at the right time and were able to grow our business rapidly," explained Mr Singh.

In 2005, SIMS Singapore shifted its focus to concentrate solely on copper and has since seen phenomenal growth in its net worth, from S\$1 million in 2005 to S\$70 million in March 2009.

Today, SIMS Singapore is focused on supplying copper to the wire and cable industry in several parts of the region, including India, Malaysia, Indonesia and Singapore. It also provides risk management services to some clients with regard to price volatility, inventory management, foreign exchange exposure and cash flow planning. Mr Singh wants the company to be a recognised brand name in the copper industry not only in the local market, but internationally as well.

Synergy within SIMS

Although timing and opportunity were key to the rise of SIMS Singapore, there were other factors at play as well.

Mr Singh's team played a vital role. SIMS has a total of 18 dedicated staff, half of whom are in Singapore and the other half in the Malaysian office.

As a result, we get a synergised team which is very focused on meeting the vision of the company.

"We try to make sure we get the right people, provide them with the right training and reward them well," explained Mr Singh. "As a result, we get a synergised team which is very focused on meeting the vision of the company."

Mr Singh also implements several suggestions given to him by his employees and has managed to foster a culture where his staff grow together with the company.

To raise productivity, the support structure is important. The management system, for example, has migrated from a manual approach to the current version that is based on the Enterprise Resource Planning (ERP) system.

To help lower costs and to add value for their customers, SIMS Singapore is currently developing its own downstream manufacturing facility to process the copper in ways that better meet the needs of its customers, especially in the copper wires and cables market.

Strong Relationships Build Strong Businesses

Most of SIMS Singapore's revenue comes from its regular customer base. As such, Mr Singh places a lot of emphasis on trust when dealing with their customers.

Ditto with other partners. The copper supply industry faces extremely low profit margins; as a result, SIMS Singapore has to rely on huge volumes of copper to increase its revenue. Because the copper industry is such a specialised industry, there are only a limited number of suppliers who can provide SIMS Singapore with huge quantities of raw copper for its customers. Also, in the tight confines of the industry, any hint of impropriety gets around fast. It is therefore utterly crucial that SIMS Singapore maintains honest ties with suppliers as well.

Banks, too, have a key part to play. Mr Singh learnt the importance of capital when he suffered a dearth of it during the start-up stage of his company. SIMS Singapore was able to tide through those difficult times with the support of its partner banks, and was able to ride the tide of rising commodity prices in 2002 and turn a healthy profit for itself.

"Relationships with creditors are even more important today," Mr Singh added. "With the economic downturn, more and more businesses are finding it difficult to gain access to credit. Better mutual communication and understanding can help increase confidence between banks and SMEs, which will definitely be beneficial for both parties."

As part of his passion for communication, Mr Singh writes occasionally in *The Business Times* as well.

Looking Ahead

He has drafted a plan for SIMS Singapore which has two major components.

Firstly, SIMS Singapore is aiming for a larger foreign market share. Using Singapore as a base, SIMS Singapore is poised to establish its presence in the global market, not limited only to the region such as Malaysia and Indonesia, but even as far away as the Indian subcontinent and the Middle East.

The economic downturn has helped the company establish itself in the international market. "Such times produce many good opportunities to expand," he says. By gaining a foothold in the foreign markets today, SIMS Singapore will be ready to seize the opportunities once the world economy starts to recover.

Secondly, SIMS Singapore aims to provide more value-add to SIMS' line of products and services. Given the low profit margins, Mr Singh is convinced that the only way to move ahead is to increase the volume of the business and tap into new business areas.

As such, SIMS Singapore is looking to take a more central role in the upstream and downstream manufacturing of copper products. This way, instead of simply providing raw materials, its will be able to tap into a larger market with its increased portfolio of products such as providing copper cathodes, rods, wires and piping.

At the end of the day, Mr Singh strongly believes that businesses are run by people and for people – and the emphasis on relationships will help the company survive and thrive.



TAIPEI INDUSTRIES

Moving Up the Value Chain

Ng Meiyen Teresa, Ong Wei Liang Desmond,
Stefanie Indradewi Suryoputro, Laura Tanuwidjaja

FROM a distributor of Taiwanese machine tools to an established machine tools manufacturer and automation service provider: that is how Taipei Industries Pte Ltd has evolved over 27 years of its operations. Operating as a Singapore holding company, Taipei Industries manufactures and markets its products under the “Troop” brand. It has operations spread across North America, Europe, the Asia Pacific Region and Greater China with a total of 7,500 Troop machines installed worldwide. Some of Taipei Industries’ customers include MNCs such as General Electric, Danaher, Valeo and SGX-listed companies such as Meiban, Memtech and Amtek.

By having control in each process of adding value for customers, Taipei Industries can meet their requirements fast and flexibly.

The key to moving up the value chain lies in Taipei Industries’ ability to provide fully-integrated solutions for its customers, starting from designing the solution, manufacturing the machine tool, delivering the final product to providing after-sales service. By having control in each process of adding value for customers, Taipei Industries can meet their requirements fast and flexibly. Indeed, Taipei Industries is the only local tool manufacturer with such a highly vertically-integrated operation. Mr Douglas Yang,



Photo source: Taipei Industries. Permission required for reproduction.

With nine patents and three copyrights on its product, Taipei Industries positions itself as being technically unique in the field.

the son of the founder who is also finance director of the company, elaborated, "In contrast, our competitors are only involved in one part of the whole value chain. By outsourcing the remaining processes, they are sometimes unable to meet customers' demand in a timely and consistent manner due to the need for additional manufacturing and communication processes."

This point of differentiation is further strengthened by its customer-oriented business model. The company is able to customise its products and provide end-to-end solutions for automated production according to the specific needs of customers.

Keeping the Edge

Taipei Industries places a lot of importance on maintaining its product competitiveness and protecting the technology employed in its production system.

The company has been investing heavily in research. On average, it reinvests 5% of its revenue in R&D and involves some 20% of its employees in actual R&D activities. This strategy provides the platform for Taipei Industries to build up its product competitiveness. With nine patents and three copyrights on its products, Taipei Industries positions itself as being technically unique in the field.

In line with this emphasis, the company has been working closely with research institutes based in the National University of Singapore and Nanyang Technological University, as well as with government agencies such as A*Star and SPRING Singapore. Building such partnerships and joint ventures allows Taipei Industries to improve on its research capabilities and expand its business network.

As a result of its focus on R&D, Taipei Industries was re-designated as a Hi-Tech Enterprise by the Shanghai Municipal Government in 2009. This accreditation gives Taipei Industries recognition as a reliable

machine tool manufacturer in the industry, giving it a competitive advantage over its competitors.

Employees at the Top

For Taipei Industries, its employees are an integral part of the effort to move up the value chain. It sees the need to continually upgrade its human resources and equip its staff with better technical and management skills. Taipei Industries has instituted a weekly mandatory in-house training programme for employees from various levels of management. The training menu ranges from courses on engineering, technical skills, sales and marketing techniques to courses teaching business English and corporate governance.

In addition to the company's emphasis on skills development, Taipei Industries also pays careful attention to its employees' welfare. Mr Yang explained, "We provide a relaxed and flexible work environment to help our people in living out a balanced lifestyle. This way, we can retain our valued people, especially as the company grows."

Moving Ahead

In the wake of the current economic crisis, Taipei Industries is maintaining a positive attitude. As various companies move from labour intensive to capital intensive operations, employing automated machine tools can be their preferred choice. "Taipei Industries would be the ideal business partner for such companies to reengineer their production processes," said Mr Yang with confidence. He expects the company's revenue to continue to grow at 10-15% even in the current economic downturn.

Despite the unfavorable conditions, Taipei Industries is continuing with its investments and has just expanded its China headquarters in Shanghai. In addition to the newly expanded 7,000m² manufacturing facility that allows the company to meet the anticipated increase in

business volume, a new customer application centre has also been set up to train customers to effectively operate and maintain the machines. This new centre is also where potential customers can visit and learn more about Taipei Industries and its products.

Currently, Taipei Industries also plans to extend its Singapore global headquarters functions from finance, marketing, general administration and research to include logistics, manufacturing and assembly. This will reposition the headquarters from simply performing a trading function into providing integrated automation solutions and machine tool systems. With this, the Singapore headquarters will be able to serve the global market better.

Taipei Industries definitely has what it takes to move up the value chain. “We look forward to the day when Taipei Industries is publicly listed. This would be a huge milestone for the company,” Mr Yang said with a smile.



TEAMBUILD CONSTRUCTION

Building Forward

Kwek Li En Lynn, Nguyen Bao Thu Ivy, Nur Khairah Binte Abdul Rahim,
Vo Hoang Dung

TEAMBUILD Construction Pte Ltd is no ordinary construction company. It has been amongst the 50 best Enterprises in Singapore for the past five consecutive years. For this outstanding achievement, Teambuild was presented the Enterprise 50 Special Five Year Award in 2008.

The driving force behind this exceptional company, which was founded in 1992, are its managing director Seow Seng Wei and executive director Tang Hee Sungy. Their friendship started during their university days in the United States where they graduated in Civil Engineering. Years later, over “a cup of coffee”, they decided to set up a business venture of their own. By then, each had accumulated some seven years of experience in the construction industry.

Hungry for Talent

Right from the start, both men paid special attention to recruiting the right talent for the company. “As a small start-up company, we had to convince those who joined us that they had the potential to progress along with us,” said Mr Seow. Some of Teambuild’s pioneering staff left their jobs at well-established firms to join the company and have stayed with it till this day.



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Looking forward, Teambuild Construction has set its sights beyond the shores of Singapore.

The war for talent in the construction industry is fierce. Because of this, Teambuild's human resource department has moved beyond its administrative role to take on a more strategic one where it pays special attention to helping the company's employees actualise their career aspirations.

For example, a people management team was specially set up to look into the welfare of the staff as well as to be the voice of the employees. Benefits, compensations and reward schemes were all revised to meet the expectations of the employees. At the same time, HR analysed training needs to equip employees better. These measures have helped the company to keep turnover rate low and to retain its finest talents.

Leveraging on a Support Network

Mr Seow and Mr Tang acknowledge that their former employers and even fellow contractors have supported their company from the start.

"I believe it was the trust that we were able to develop while working with our former bosses and other contractors that enabled us to grow to what we are today. We are fortunate to have quite a number of friends who trusted and supported us with recommendations, as well as projects," said Mr Seow.

Little things go a long way in the industry. As its suppliers deliver materials on time and customers are prompt with their payments, the company has been able to lower its credit risk and maintain a healthy cash flow. This in turn enables Teambuild to pay its creditors more readily.

Such support is no accident. The company consciously looks to work with new partners while strengthening existing relationships. It has a strategic alliance team that was set up specifically to form alliances and launch joint ventures with reputable consultants, developers, contractors and specialist suppliers. Leveraging on these

It has a strategic alliance team that was set up specifically to form alliances and launch joint ventures with reputable consultants, developers, contractors and specialist suppliers.

partners' business networks and operations has enabled Teambuild to develop more efficient designs and build at a more competitive cost.

Because of this, the company has had many repeat customers from both the public and private sectors. Teambuild is now a regular player in the Lift Upgrading Programme (LUP) for the Housing and Development Board as well as in the construction of schools for the Ministry of Education. Teambuild's major projects here include LUP 6, 9 & 17, Meridian Junior College, Pingyi Secondary School and NTU's School of Art, Design & Media. In the private sector, Teambuild has been involved in the construction of Ecoville at Balestier Road, Valvista at Chuan View and Chuan Terrace and upgrading of Botanic Gardens Mansion at Taman Serasi.

Receiving Accolades

With the hard years behind it, Teambuild is now reaping success. Financially, it achieved a revenue turnover of S\$150 million in 2008. Awards and recognition have also come its way. These range from commercial awards, such as the E50, the Singapore SME500 and Singapore 1000, to technical ones, such as the Building and Construction Authority (BCA) Construction Excellence Award, the HDB Quality Award and the HDB Construction Safety Excellence Award.

“The E50 Awards gave us stronger recognition in the commercial world, especially in the financial sector. Banks are now more willing to support and provide financial assistance to further the company’s growth,” Mr Seow explained. He said the other awards from BCA and HDB were “bread and butter” recognition that paves the way for business.

Soaring Above the Current Global Crisis

Teambuild believes that it is well fortified to face the current economic crisis. Most of the projects it has undertaken are on track. However, Mr Seow and Mr Tang do foresee tougher competition within the industry. They plan to use this time to improve on the company’s capabilities so as to better meet the expected surge in demand once the economy picks up.

Teambuild has set itself the goal of doubling its revenue within 5 years and Mr Seow remains optimistic about achieving it.

Looking forward, Teambuild Construction has set its sights beyond the shores of Singapore. It has completed a large scale apartment project valued at \$32.1 million in Batu Pahat.

Mr Seow and Mr Tang crystallised for us their formula for success: “It still boils down to people. The ability to have the right people working together to serve the customers is critical,” Mr Seow said. It sounds a simple and effective way to build towards success.



TENGAH ENGINEERING AND HARDWARE

The Nuts and Bolts of Success

Choo Ming Jiao, Gan Puay Tin Felicia, Loh Dong Yun Jonathan

AS its name suggests, Tengah Engineering and Hardware Pte Ltd is primarily a distributor of building and hardware materials ranging from construction equipment and industrial safety tools to office furniture, power tools and sundry items such as nuts and bolts. However, beyond its core business, Tengah also has a diversified array of subsidiary businesses such as maritime engineering services, shipbuilding and even new media platforms on the internet.

Born in a Storm

Tengah was founded in 1997 by Mr Ng Boon Chwee and Mr Ong Bok Cheng. Before they joined hands, Mr Ng was a lecturer at Singapore Polytechnic with a specialty in microprocessors while Mr Ong was with a leading industrial engineering firm.

So why did they choose to start their venture during the stormy economic conditions of the Asian financial crisis? Baffling as it might seem, Mr Ng believes that was the perfect moment to start their enterprise.

“During the ’97 slowdown, the Asian market fell to its knees, rental rates plummeted, wage expectations shifted as retrenchments grew,” he explained. “We therefore took advantage of the cheaper operational and start-up costs to begin our business”.



Photo source: The Business Times © Singapore Press Holdings Ltd. Permission required for reproduction.

Customer-oriented: Ong Bok Cheng (left), chairman of Tengah Engineering and Hardware Pte Ltd, and Ng Boon Chwee, managing director, founded the distributor of building and hardware materials in 1997.

Their very first office was located in Bukit Batok because the rent there was low. Initially the founders had to do everything themselves: from physical delivery of goods to clinching deals with their customers and suppliers. This gave them a solid foundation in the minute details of managing a business. In 1998, their big break came in the form of a contract with pharmaceutical giant Adventis. Tengah delivered and this paved the way for subsequent growth.

In 1999, Tengah officially became a registered company. Today Tengah is recognised as one of the major players in the hardware & industrial equipment distribution industry. In the last four years, Tengah has turned in an average year-on-year revenue growth of some 40%. Tengah has also garnered various SME 500 Awards before winning its inaugural Enterprise 50 Award in 2008, a clear recognition of its success.

It's All About the Customer

Tengah prides itself on its customer-oriented business model. Its goal is to serve the customers – by providing a one-stop procurement solution by making a wide range of products available. This is convenient and saves time, especially for customers who prioritise value and efficiency above all else.

With a fleet of vehicles ready to deliver any time, a wide range of high-quality products and a well-trained sales team, Tengah is in good shape to handle customer inquiries and orders.

The company is also constantly looking for ways to make prices more affordable and add value to its offerings.

Cost Management First

The limitations presented by the various economic crises that it has ridden were excellent learning opportunities for Tengah. Among other things, its founders used them to put in place an effective and efficient cost management system.

Tengah's staff works together in close clusters and teams, occasionally even undertaking concurrent roles and responsibilities during peak periods. The Tengah workforce has thus remained lean throughout.

The company has also resisted the temptation to purchase its operating premises even at favorable valuations at different times of its history, as the large capital outlay would have inhibited its strategic goal of growing its business.

You want it, Tengah has it

Today, Tengah is able to deliver not just hardware tools and safety equipment but also a comprehensive portfolio of products ranging from basic building equipment and materials to construction grade sand and aggregate cement.

Over the years, Tengah has also consciously built up a group of wholly owned subsidiaries and affiliated companies, including a scaffolding services company, a maritime engineering services company and an oil and gas rigs engineering services firm.

This diversified portfolio has helped to offset the seasonal variations in demand, thereby allowing Tengah to mitigate its overall business risk. It has also allowed the company to stay one step ahead of the competition as it moves towards its vision of being a one-stop product and service provider in the many related business and industries.

So today, Tengah's customers can be in the light-manufacturing business or the general civil construction business and, in either case, Tengah will be able to serve them. It will suit up workers, provide them with its popular Nitti safety shoes, arm them with the latest handheld Makita tools and then deliver the fencing, bricks, cement and sand required by customers at their work sites. Tengah's associated companies can also construct the scaffolding needed at these sites as well. This seamless business model has served both customers and Tengah well.

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Looking Ahead

The current global economic downturn has affected many companies around and Tengah has not been spared. While its business has not reduced drastically because of the ongoing construction projects that began before the downturn, Tengah's customers have clearly taken more care in selecting the right products that fit their shrinking budgets.

However, with the government's stimulus efforts which will see the acceleration of public building projects, together with its cost containment practices and its wide stable of products and customers, Tengah looks set to ride out the downturn quite comfortably.

Its founders have put together the nuts and bolts of success for Tengah. We anticipate the day when Tengah goes public with its ticker symbol TNG on the Singapore Stock Exchange.



TRU-MARINE

Building a Brand Based on Trust

Jiang Ruiming, Nguyen Tung Anh, Pham Quang Dat

TRU-MARINE Pte Ltd, having just won its fourth Enterprise 50 Award in 2008, is an impressive SME with more than 30 years of experience specialising in the servicing of turbochargers. Its customer-centric service with a mobile team of 200 trained service engineers and technicians is headquartered in Singapore with links to an expanding network of offices in Shanghai, Tianjin, Guangzhou, Sharjah, Mumbai, Haiphong and Rotterdam. David Loke, the group managing director, shared some of the key philosophies and strategies that have made Tru-Marine a global brand name.

Provide Precise Focus

After finishing his A levels, Mr Loke started his career at sea when he joined and served the Singapore Navy for six years. He then worked for Watt & Akkermans in precision product manufacturing.

In 1977, Mr Loke, together with a few friends, started up Tru-Marine. Tru-Marine was initially set up as a general ship repairer. However, it was not easy at that time as the company faced stiff competition in the general ship repair business. In 1985, Mr Loke decided to change the focus of his business. From that time on, Tru-Marine began focusing its resources on turbocharger repair and servicing, which is a very precise niche market requiring deep knowledge and expertise in technology.



Mr Loke: 'Tru-Marine is centred around one simple value proposition - high dependability.'

Clearly, Mr Loke's stint with the Navy and his exposure to precision manufacturing at Watt & Akkermans prepared him to make this shift. Since then, Tru-Marine has continually improved its service capabilities, expanding facilities overseas, and training its engineers to stay ahead of the curve in the industry.

Tru-Marine now takes pride in its in-house competencies to overhaul and service all makes and models of turbochargers. Its specialised repairs include dynamic balancing of turbocharger rotors, turbine blade repairs, rotor shaft repairs, reconditioning of bearings and lubricating oil pumps, and reclamation of worn cover rings.

Create a Trustworthy Brand

Tru-Marine tries to differentiate itself by building a brand based on trust. The company focuses on delivering value in the form of timeliness and high quality of work.

"Speed and timing are essential in the shipping industry due to the perishable nature of some of the products and the tight schedules of every player in the logistics loop," said Mr Loke. "It is therefore very important to have a well-trained team as well as fully equipped service stations to perform critical turbocharger repairs to minimise vessel downtimes."

Accordingly, Tru-Marine focuses on providing value for its customers rather than simply manipulating prices. Correct pricing is Tru-Marine's policy in building reputation. "It is also a sign of your respect for your customers," said Mr Loke.

Tru-Marine focuses on providing value for its customers rather than simply manipulating prices. Correct pricing is Tru-Marine's policy in building reputation.

Tru-Marine's business model is based on trust. "We have consistently conducted and portrayed ourselves as an honest business that our customers can depend on. We ensure that information flows freely within our organisation to empower every team player in his or her job function, and outward to our stakeholders. We treat our customers, suppliers, employees and shareholders with the same trust and respect," explained Mr Loke. "Tru-Marine is prepared to decline business with parties who do not honour this value."

Get Right Customers, Suppliers

Tru-Marine serves the shipping, offshore, power plant and locomotive industries, getting its customers mostly through word of mouth. Customers are selected very carefully based on criteria such as contract volume, value of business and creditworthiness. Once Tru-Marine has accepted a particular contract with a customer, it will spare no effort to ensure that only the best is given to such selected clientele, including regular visits, aimed at building long-term relationships.

As a result, Tru-Marine's regular customers contribute up to 80 per cent of the company's revenue. And many of these are from overseas, as these contribute approximately 70 per cent of total revenue. Similarly, Tru-Marine carefully selects its suppliers. Such valued suppliers are given the same kind of attention as the customers.

Tru-Marine has paid a lot of attention to training and developing its people's skills. About 3-4 per cent of its annual revenue is spent on training, including sending engineers overseas for specialised workshops.

Tru-Marine's employees are paid and promoted based on their work performance. "Everyone has the right to succeed and at Tru-Marine we want to help you to succeed," said Mr Loke. Every employee has the right to voice his or her opinion as well, regardless of rank or

title. Recently, the company implemented 30-minute weekly Kaizen meetings, in which anyone can raise his or her voice regarding any issue, with the aim of making continuous improvement to his or her working environment.

Tru-Marine has 75 employees based in Singapore and about 250 employees worldwide. However, as Mr Loke said, "A person is in Tru-Marine if and only if he or she delivers value to the customer."

In the current economic downturn, Mr Loke has received support from Spring Singapore. "Spring has provided project grants and helped SMEs with improvement projects that are otherwise beyond reach," he said. In particular, Mr Loke is greatly appreciative of Spring's initiative in getting the bosses of SMEs back to school to learn new skills and develop new perspectives.

Work Hard, Save More

Tru-Marine is particularly cautious about cost control and efficiency. Decisions are made carefully to cut unnecessary costs without affecting productivity. Retrenchment is avoided where possible in order to maintain employees' morale.

Mr Loke's belief is that "during good times, we should work hard and save so that during bad times, we have money to invest and fall back on".

Furthermore, Mr Loke is not entirely pessimistic regarding this economic downturn. "It is the time to rethink the business in a prudent manner and to look into training people, investing in other companies, technologies and facilities. If this is done well, we will be in a very good position to capitalise on the market when the economy starts to recover. Of course, the critical condition is that there should be sufficient cash reserves to last through this tough time," explained Mr Loke.

Observe and Learn

Observing other companies is very important, according to Mr Loke. "We are constantly monitoring our competitors, the industry as well as the best practices outside the shipping industry." Observing the government's actions is another key. "Managing a country is like managing a firm, the only difference is in size," Mr Loke said.

Winning the third-place ranking in the 2008 Singapore Enterprise 50 Award is significant evidence of the overall success of Tru-Marine's business model. It is never about the destination, but everything about the journey that Tru-Marine has embarked upon. Still, it is noteworthy that Tru-Marine has been heading for success which is grounded on the trust it has built with its customers, suppliers and employees.



VIKING AIRTECH

Sailing the Corporate Seas

Chan Jiawei Adeline, Ngai Si Min, Poh Ming Yan Favian

LIKE its fabled Scandinavian explorer namesakes, Viking Airtech is steering through uncharted, albeit not untamed waters, having won itself a place as one of the top 50 most enterprising privately-held local companies in 2008 for the first time.

Since its inception in 1994 as part of the Viking Engineering Group, Viking Airtech was incorporated to serve the Marine & Offshore industry, providing an integrated set of HVACR (heating, ventilating, air-conditioning and refrigeration) solutions, working through gatekeepers such as shipyards with customers such as ship and rig owners. Viking Airtech has since established itself as one of the leaders in the Asian HVACR market space. From a total of 18 Marine & Offshore projects in 1997, Viking Airtech handled 179 Marine & Offshore projects in 2007, a near tenfold increase. Its financials have been rock-solid as well, with its operating profits having doubled in each year since 2005.

A Commitment to Service and Quality

The company's executive director, Mr Ong Choo Guan, puts its success down to an inherent understanding of customer needs and its holistic suite of products and services. "Comfort and quality of living are important to our customers, and we do our best to provide them," says Mr Ong. "At the same time, we do not just compete on price or quality, but also on service levels and customer experience."



The company's executive director, Mr Ong Choo Guan, puts its success down to an inherent understanding of customer needs and its holistic suite of products and services.

Viking puts its money where its mouth is. It constantly upgrades and converts existing systems, while leveraging on its global service network to ensure short lead times for maintenance of its installations. A quality assurance department also acts as an internal check to ensure quality standards. The ISO-9001-certified company offers a comprehensive range of refrigeration systems of various cooling methods and sizes. It also acts as a turnkey contractor and apart from designing and installing HVACR systems, it can upgrade and convert existing ones.

Viking Airtech's customer-centric philosophy has allowed it to win projects from large shipyards and ship owners such as Keppel FELS Ltd, the world's leading offshore rigs and marine structure manufacturer, Jurong Shipyard, PPL Shipyard, Dry Dock World, BP Shipping and Front Lines Norway. It has made a name for itself among Singapore shipyards and approximately of 60% of Viking Airtech's revenues come from Singapore and Batam.

Viking Airtech is also the sole authorised dealer of marine equipment in Singapore for Carrier Corporation, the world leader in HVAC system components. Viking is also an authorised service agent of Carrier, with access to Carrier's worldwide service network. The prestige attached to being an accredited Carrier distributor helps Viking in entering new markets.

Riding the Economic Storm

For now, the proverbial red sky in the morning looms ever larger for Viking Airtech as the recession seems set to hit the marine & offshore industry. Its technical and management strengths may cushion the blow for Viking, but Mr Ong strongly believes that the company must steel itself to weather the storm. "Since the marine & offshore industry boom in 2005, and due to Viking's operational excellence, the company's order books are full until 2011. We haven't felt the heat that badly yet, but it may come, and we must be prepared."

Mr Ong should know – before joining Viking Airtech on a full-time basis in November 2003, he had already accrued 23 years of experience in the Viking Group, and was acting as a director within the Viking Group when Viking Airtech was officially incorporated in 2003. He expects a rise in order cancellations from the Chinese market, and believes that there may be a backlogged deficit of orders from 2011 onwards. Viking Airtech then has to adapt to stay afloat. “In the past, we used to reject certain smaller-scale jobs that did not yield good profit margins. Now, we not only have to step our marketing efforts up, but also have to look closely at every possible job, while accepting lower margins.”

In line with its marketing efforts, Viking Airtech also employs and utilises a range of localised agents to act as points of contact for ship-owners in foreign countries. This allows Viking Airtech to make personal contact with the actual people behind the various deals, tenders and inquiries. This sometimes helps clinch first-time deals. Quality of work, as always, is upheld by the company regardless of who the end user is or the scope of a project. Viking Airtech thus takes a two-pronged approach towards battling the economic recession – improving its relationship maintenance while maintaining the quality of its services.

Putting Its Eggs into Different Baskets

According to Mr Ong, Viking Airtech also takes a portfolio approach to its operations, having a wholly-owned subsidiary in Yantai and a representative company in Shanghai. This expansion also stems from Viking Airtech’s pursuit of service excellence and the need to expand to larger markets.

“Viking needs to have a presence in China, not just as a platform to provide services and to maintain a toehold in China’s growing marine industry, but also to ensure cost efficiency for the company as well,” he

says. “Of course, taking a localised and decentralised approach to certain business aspects also allows Viking Airtech to be more flexible.”

Indeed, Viking Airtech’s Yantai subsidiary is the result of backward integration by the company, to ensure a constant supply of raw materials at a time when commodity prices and supply are volatile. Since its acquisition in July 2007, the Yantai subsidiary has created strong cost benefits when it comes to raw materials and equipment production, allowing cost savings to be passed on to the Singapore branch. Meanwhile, the Shanghai-based representative company was set up in 2003, is manned by locals, and exists for the locals. The Shanghai team manages customer relationships, deal sourcing and China-based business development. All in all, the move to China has allowed Viking Airtech to fine-tune its competitiveness, while increasing its service offerings in China.

Of course, taking a localised and decentralised approach to certain business aspects also allows Viking Airtech to be more flexible.

Building the Viking Airtech Family

Despite the difficult times, Mr Ong believes in continued investment in his employees. He attributes the firm’s success to its pool of dedicated staff and plans to continue training and improvement programmes to raise the quality of its staff. This leads to a greater understanding of the company’s vision, and is a cornerstone of the company’s success.

“Conflicts of interests may be problems for typical decentralised companies, but the shared vision and passion of Viking Airtech’s employees ensures that such problems are minimised,” says Mr Raymond Goh Tian Choo, Viking Airtech’s Assistant General Manager, adding that a strong esprit de corps is the glue that holds the company together. Mr

Ong echoes the sentiments of his assistant general manager. "The quality of our staff has been the reason for our success, and the E50 award is a product of that success. Hopefully, this will alert future customers of our quality, and allow us to expand our reach in the Middle East, Western Europe and North America."

In the meantime, Viking Airtech's recent success gives Mr Ong cause to be optimistic about the company's vision. "Our short to medium term vision is to continue improving our systems and services and enter new markets, while striving to maintain our leadership position in the HVACR industry. For the longer term, we are considering diversifying into related industrial sectors," he says.



WEE TIONG

Steaming Hot

Chen Zhaonan Tobias, Kay Chew Min Joyce, Lim Wei Xiang Ervin

AS one enters the offices Wee Tiong Pte Ltd to interview Mr Tan Wee Beng, co-director of the Singapore-based rice and sugar trading firm, one sees a sign on the front door that reads: "Please Remove Footwear". Inside is a conference room filled with towering stacks of filed invoices and papers. Mr Tan sheepishly apologises for the mess, explaining that auditors have just completed their work. The words 'easy-going' spring to mind.

Relationship Management Hits the Sweet Spot

The policy to remove footwear is part of an effort by Wee Tiong to make staff and customers feel at home. After all, as Mr Tan says, Wee Tiong's corporate culture revolves around trust and familiarity.

These are two traits highly regarded in the commodities trading industry. His words are underpinned by the fact that most of his employees have been with the company for a long time as full-timers and his major customers and suppliers have been doing business with Wee Tiong for many years.

While cultivating long-term full-time employees is fairly straightforward, managing customer and supplier relationships is comparatively more contentious. Asked to share his secret for handling tricky relationships, Mr Tan says there's no "home-grown secret formula" but a continuous effort to understand the needs of customers and suppliers. "To do so," explained Mr Tan, "redesigning our traditional business model was a must."



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Adding more value: Mr Tan Wee Beng (right) and his brother Tan Wee Tiong, both directors of Wee Tiong, are planning to open a sugar refinery in Indonesia in partnership with the company's major sugar suppliers.

Wee Tiong: On a Different Diet

One major change that Wee Tiong has made to its business model was incorporating up-to-date financial tools, enabling the company to make accurate business decisions.

The need for this redesign stemmed from the shortcomings of its old business model. In the past, the lack of information made it difficult for retailers and manufacturers of rice and sugar products to establish connections with suppliers. Wee Tiong was able to leverage on its established reputation as a trustworthy intermediary, and its business prospered.

However, with the onset of the internet, this form of “Guan Xi” became less important because data, prices and contact information could easily be obtained. This threatened Wee Tiong’s position as a middleman. Furthermore, the large influx of cash coming from the financial markets into the commodities market made the prices of commodities more volatile, giving rise to a new problem of customers and suppliers backing out of the contracts when the agreed-upon prices were no longer favourable.

One major change that Wee Tiong has made to its business model was incorporating up-to-date financial tools.

In order to bring fresh ideas into the company Mr Tan, an electrical engineering graduate from Nanyang Technological University, was roped into the family business by his father and brother in 2002.

After the first few months, Mr Tan soon realised that for Wee Tiong to remain competitive, there was a need for it to take positions in both the futures and physical commodities market. He took several night classes to improve his knowledge about the commodities market and the financial systems.

Six months later, armed with up-to-date financial tools, Mr Tan formed a team of traders to conduct extensive research into the global supply and demand conditions for commodities – specifically rice, sugar and flour.

The trading team allowed Wee Tiong to supply with value-added information to customers and suppliers and helped the company to remain relevant.

Mr Tan said that the information generated by the trading team was often conveyed to major suppliers and customers for free. The information helps the customers and suppliers make informed decisions to buy or sell. He also added that the information is invaluable because the “financial markets in developing countries where trade is conducted are not as robust as Singapore’s” and most of their major customers and suppliers do not have the access to such value-added analysis.

This service has allowed Wee Tiong to help strengthen its relationships with its customers and suppliers.

Reaping What Wee Tiong Sowed

The purpose of the trading team is not just to provide value-added advice to the customers and suppliers. It has also been key in helping Wee Tiong maintain its reputation in the industry as a trustworthy and reliable company. This is especially pertinent in the face of wide fluctuations in commodity prices.

Price fluctuations often lead to suppliers and customers renegeing on contracts because the contractually agreed price point is no longer in their favour. As a trustworthy middleman, Wee Tiong has always, at all costs, upheld its contractual agreement to both suppliers and customers. This is a huge financial commitment for the company because if a supplier backs out of a contract, Wee Tiong would have to source in the open market to honour its agreement with the customer. Sometimes, this

can result in losses running into millions of dollars but Mr Tan still insists that maintaining Wee Tiong's reputation is paramount.

The trading team helps to hedge Wee Tiong against potential losses due to contractual defaults by taking up active positions in the commodity options and futures market. Mr Tan said that this hedging has allowed Wee Tiong to significantly cut down on losses and hence increase its profits.

As a result of the redesign of its business model to incorporate financial tools, the company's yearly turnover for the past 10 years has averaged between S\$200 million to S\$300 million, and has won Wee Tiong recognition as one of the top 50 enterprises in Singapore.

In addition to the prestigious Enterprise 50 award, Wee Tiong is also a member of the Global Trader Programme and the Refined Sugar Association based in London, both of which require consistent good trading performance as a prerequisite to membership.

What's on the Back-Burner?

Mr Tan acknowledged that value-added information does not provide a large enough bargaining chip to maintain supplier and customer relationships, and that more needs to be done.

He added that in order for Wee Tiong to remain competitive in the South-East Asian market, the company would need to move either up or down the value chain. Mr Tan hinted at plans to open a sugar refinery in Indonesia in partnership with the company's major sugar suppliers. Mr Tan believes that this endeavour would mean wider profit margins and greater control over the supply of sugar.

Applying modern techniques to traditional business models in a bid to remain relevant was an eye-opener. And for this company, the future promises to be exciting, too.



XIN MING HUA

Engines, Generators & Beyond

Cao Ye, Wu Bin, Xu Ke

IN 1981, Mr Elvin Tan inherited a small machinery maintenance shop from his father. Today, he has transformed Xin Ming Hua Pte Ltd into a multinational company that distributes marine and industrial engines and generators. The company represents giant global manufacturers in the industry, including brand names such as Mitsubishi, Hyundai, Doosan, Weichai and Sol .

Recognition has followed, too. The company has won Mitsubishi's World-wide Biggest Distributor Award every year since 2004 and Dong-I's Best Distributor Award in 2007. Xin Ming Hua has also won three consecutive Enterprise 50 Awards since 2006 and SME 500 Award in 2009 with a Ranking of 44 by sales revenue overall and Ranking of 1 by sales revenue on machinery distribution.

But it is not all smooth sailing. When Xin Ming Hua participated in the recent Asian Shipping & Work Boat 2009 exhibition, the visitor turnout at Suntec was low. This was not entirely unexpected. Founded in 1955, the company has seen its share of economic downturns, including the 1997 Asian financial crisis, and the 2003 SARS scare. None of them, however, can be compared to the current global economic crisis, say Mr Tan, the managing director and Mr Sam Chua, the company's general manager.



Elvin Tan, MD, Xin Ming Hua: 'Our business model is adaptable. As a company, we have been able to provide quick responses to the dynamic changes in market conditions.'

Challenges & Growth

Challenges are not new to the company. When Xin Ming Hua first entered the distribution market in the early 1980s, there was already a pool of strong existing players in the field. The company had to be resourceful. It sought out new procurement sources and customers through many channels such as embassies, networks, exhibitions, and trade missions.

These efforts paid off handsomely. Xin Ming Hua saw its market share increase and its footprint widened across 30 different countries through the 1990s.

Business Model

“Our business model is adaptable,” Mr Elvin Tan says. “As a company, we have been able to provide quick responses to the dynamic changes in market conditions. This allows us to penetrate into varied offshore markets.”

More recently Xin Ming Hua has seized another opportunity. Apart from banking on organic growth through pure distributorships, it has become a genset assembler as well. By stepping up in research and development capabilities, Xin Ming Hua has also developed its own brand of generator products named “e-Gen”. The product was launched in 1999 to provide customised solutions to customers’ needs.

Apart from banking on organic growth through pure distributorships, it has become a genset assembler as well.

“Instead of sourcing for different engines and generators, customers can now find a customised package from us,” Mr Tan explains. He believes that the ability of the company to offer a wide product/service mix could give it an edge over the competition. Xin Ming Hua now aims to be a one stop service provider that designs, sources, integrates and supplies complete engineering systems for its customers.

Corporate Responsibility

The company believes in sharing its fortune with society as well as its staff. It has a profit sharing scheme with its employees. This helps them feel a part of the Xin Ming Hua family. The company also engages in regular team-building activities. "It is important that every single staff stands by the company at this downturn," says Mr Tan.

The company also believes in being socially responsible and continues to give to the needy and make donations within Singapore and the region.

This good-hearted approach pays off. The employees themselves have come up with many suggestions to cut costs, which the company has implemented. This puts it in a strong position to ride out the current economic crisis.

Visions of the Future

Speaking of the future, Mr Tan mentions his ambition for Xin Ming Hua to become an engine manufacturer. "We have preserved our internal resources for strategic investment and rapid expansion rather than relying on funding," he says. This conservatism and prudence is now paying off.

Xin Ming Hua is also using this window to carry out some internal restructuring and to provide more training for its staff to prepare for future business growth.

"A visionary leader must dare to dream beyond Singapore," says Mr Tan. He sees the crisis as an opportunity to explore new potential markets while remaining a dependable total customised solution provider.

