

Feinmetall finds finesse in lean management

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BEING a small company with limited resources, lean management does not come easily for Feinmetall. This is where the spirit of innovation plays a pivotal role in making lean management a reality, ensuring the company's success.

As a company that provides testing for semiconductor chips, Feinmetall Singapore Pte Ltd has become a leading industry player in South-east Asia. With over eight years of precision engineering experience, it has earned the trust of its customers through delivering superior wafer probe cards and related supporting services. The three Enterprise 50 Awards won previously are the best testament of Feinmetall Singapore's commitment to be the best in its field.

In 2007, the German company, Feinmetall GmbH, saw much potential in the Asian market for wafer probe cards and set up a local joint venture named Feinmetall Singapore. With a small team of five employees, Sam Chee Wah, general manager of Feinmetall Singapore, started out mainly focused on the repair and maintenance of wafer probe cards. Today, it has grown to become a full service solution provider for the design, manufacture, test and delivery of probe cards in the region.

Mr Sam says: "I firmly believe that our major core competency is that we deliver consistent good service to our customers."

With product innovation and outstanding services, Feinmetall Singapore is able to expand into international markets, with a significant portion of sales revenue coming from Thailand and the Philippines.

Feinmetall worked through significant obstacles in its journey to become recognised as the most respectable probe card solution provider in South-east Asia.

Small and medium enterprises (SMEs) such as Feinmetall are more susceptible to amplified swings in market conditions. The tightening of the foreign labour market has also affected businesses in Singapore, especially the SMEs. Coupled with increasing wage pressure and high rentals, many SMEs have to resort to retrenchment and downsizing to stay afloat. Multinational corporations (MNCs) are unfazed by such problems because of their better access to resources. Without deep pockets, Feinmetall Singapore has to consistently implement creative ways to cope with the external systemic pressures.



Mr Sam (standing) says: "In Feinmetall, we believe we build our people and they will build our business."

Despite the myriad challenges, Feinmetall strives to fulfil its vision of becoming the most respected probe card solution provider. The company has not only managed the challenges well, but has also learnt and improved itself in the process.

Feinmetall's success can be attributed to its sleek lean management strategy implemented throughout the company. Mr Sam recognises that continual improvement and innovation are the keys to future growth and success, and he has relentlessly advocated this approach in his production facility and across his office environment.

In the production facility, it is clear that innovation and productivity are inseparable. For instance, Feinmetall introduced an automated needle-bending machine to replace the previously manual and arduous process. The machine performed not only much faster but also much more accurately than any human can. Mr Sam notes: "Previously, we needed four people to accomplish this task manually. With the needle-bending machine, it certainly increases our productivity and less dependent on manual labour."

Bearing in mind the mantra of zero resource wastage, Feinmetall's operations also revolve around minimising idling and maximising productivity, down to the smallest detail. The lean management approach undertaken is simple yet effective. A cleverly designed filing system to retrieve information promptly, a purposefully arranged work desk for swift identification of tools, and the innovative machine highlighted earlier that replaces manual labour - these are clever ways Feinmetall implements that lead to resource optimisation. Mr Sam is fully aware that even small alterations to usual procedures can result in major time and cost savings.

Mr Sam also understands that ideas for improvements and innovations do not come only from within the

walls of its facilities. One of the most successful innovations is the Budget Probe Card, which arose from customer feedback.

Mr Sam says: "Some of Feinmetall's customers indicated that they do not require all the functions and features provided for in the Vertical Probe Card."

From this, he discovered the potential of a simpler probe card with only essential functions, leading to the production of the more cost effective Budget Probe Card. The Budget Probe Card opened new markets for Feinmetall and has contributed to its profitability quite substantially.

Improving the office environment is also one of Feinmetall's keys to success. The usual first impression of Feinmetall's Marsiling facility is that of a sterile whitewashed semi-conductor laboratory filled with various sophisticated machines. In the production area, the workers decked out in white lab coats hardly talk to one another. To motivate the workers in a seemingly cold environment, Mr Sam set up a space dedicated to encourage bonding among his workers.

This specially designed pantry area where the furniture reminds one of an old traditional Singapore coffee shop, with carefully selected tables, is where the workers and staff can comfortably sit around for conversations over beverages during work breaks. The foosball table included in the pantry area also provides convenient entertainment through some game time to take the workers' minds off work for a while.

Mr Sam adds: "In Feinmetall, we believe we build our people and they will build our business."

The addition of such human touch in the pantry not only livens up the facility, but also lifts the mood of the workers, which leads to higher levels of productivity.

Despite the innovative lean management strategy, Feinmetall will continue to face more challenges in the future. Mr Sam sees rising wages to be

the first of these challenges. A comprehensive remuneration package is essential in recruiting and retaining the best talents, and this is especially pertinent in the semiconductor industry, where skilled workers do not come by easily. While quality comes at a price, Mr Sam does not shy away from rewarding employees who possess the right attitudes and skills. With the macro pressure of wage increases, Feinmetall is prepared to pay more for workers of the highest calibre.

Mr Sam also recognises that the Singapore market is too small and limited. Most of Feinmetall's customers are located in neighbouring countries, including MNCs that are setting up regional manufacturing facilities to take advantage of the cheaper labour and property cost. Although the overseas markets look promising and are slated to expand, they expose Feinmetall to market volatility.

Lastly, the dynamics of the semiconductor industry also poses a challenge for Feinmetall. Advancements in technology will mean a rapid growth of creative novel electronic gadgets at an unprecedented pace. At the same time, old technologies are being obsoleted and need to be phased out quickly. Feinmetall clients' needs will only become more diverse. In order to cope with such market trends, Feinmetall has to innovate and improve upon its products, processes and technologies at an even more rapid pace. This means that its lean management strategy will not only become more relevant, but it will also be more difficult to implement.

This three-pronged challenge of wage pressure, small domestic market and the fast changing industry dynamics will buffet Feinmetall. However, given Mr Sam's leadership, a dedicated team of employees and a proven lean management approach, Feinmetall will rise to the challenge.

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