

Thriving in adversity, finding path to growth by leveraging core competencies

By Nitin Pangarkar

CAN a company grow and thrive, despite a decade-long slump in its industry? It would certainly seem counterintuitive. Just as we assume that in good times a rising tide will lift all boats, most managers would think it challenging at best for a business to do well in an industry in the midst of long running decline.

It's unlikely, yes, but it is possible – as I found from a recent meeting with Singapore-based marine supplies SME Amos International. Amos has seen its revenues grow manifold between 2008 and 2016, the same timeframe that the shipping industry, its key customer, suffered a prolonged downturn. It's a challenge that has seen many of Amos's rivals shut down or scale back radically.

So what formula underlies this story of growth in the face of the odds?

It boils down to two simple strategies: leveraging existing competencies and developing new ones closely related to existing competencies, thus further cementing the firm's competitive advantage.

Amos traces its roots back to 2004, when founder Danny Lien set up operations as a supplier to the offshore and marine industries. From the start, Mr Lien's relations in the marine industry – built up from his previous employer – served his business well, allowing Amos to secure contracts from customers, sometimes beating out larger and better-known rivals.

Timely and reliable service helped further strengthen these relationships, as did Amos's expansion to other Asian ports – a ship owner from the US and Europe would prefer a supplier that could supply it across several ports.

In the early days, Amos's main business was supplying third party spares with the firm serving simply as a supply chain specialist. Over time, it supplemented competence in customer relationships with a lean and mean procurement and supply chain infrastructure – through extensive adoption of information technology and automation, reducing human errors and saving costs because of better tracking and lower wastage.

UNDERLYING STRENGTHS

Generating deep insights into its own process flow as well as those of its customers helped develop a highly efficient IT system, laying the groundwork for Amos to become the first company in the Singapore shipping supplies industry to attain all five ISO certifications. One of these, the Food Safety Management Series (22000) certification, allowed Amos to diversify into supplying food products. Supplying a wider range of parts and even capital equipment was a natural progression for Amos because it already had established customer relations and also the relevant infrastructure and systems in place.

Amos's move into managing food supplies has proved a critical step in its success, despite the many challenges facing the marine industry as a whole.

The firm saw the opportunity that managing stocks of food supplies was important for ship owners, having a significant impact on crew satisfaction and morale, as well as being an area where much wastage occurred. This was due to several reasons, including inadequate monitoring, perishability and regular crew changes leading to demands for different meals.

With information systems, infrastructure and customer relationships already in place, Amos was able to apply its established services to manage the food supply needs for customers. This business has been so successful that it now accounts for about half of Amos's revenues.

While this diversification from supplying engineering spares and equipment to food items might seem a stretch at first glance, it becomes more logical when viewed from the perspective of competencies that underlie the different businesses. These include customer relationships, infrastructure and systems that can enable a company to be a lean and mean supplier.

Armed with this experience, Amos is continuing to expand its operation. It now boasts of offering "maritime fleet and offshore oil and gas operators a turnkey range of service and supply solutions, all through a single-point-of contact". The firm has five regional offices across strategic ports in Asia and in 2014 it received an investment from ShawKwei and Partners, a private equity firm headquartered in Hong Kong. Last year it acquired World Hand Shipping, a Hong Kong ship chandlery supplier, and it is now looking at other acquisitions to widen its capability and/or geographic presence.

Sometimes, while pursuing growth through diversification, SMEs can veer away from their competencies, thus leading to higher risks of failure. The example of Amos International shows how an in-depth understanding of a firm's core competencies can open the way to opportunities for growth that are not immediately obvious, even when an industry as a whole is experiencing challenging times.

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