

# Turning obstacles into opportunities

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**N**OW in its 18th year of operations, Oilfield Services & Supplies Pte Ltd (OSS) is a Singapore company that manufactures, services and provides rental of tools and components for the oil, gas and mining exploration and production industries.

Founded by Peter Ong in 1999, the company started out as a humble rented machine workshop in Loyang. The year before, when oil prices were low, he had seized the opportunity to start his own business with the experience he picked up from his previous job in a multinational service company, after having realised that barriers to entry to this niche industry were low.

Mr Ong has since passed on.

Today, his family runs the operations in an 86,000 sq ft built-up space in Tuas. His nephew Kay Ong is the managing director; son Ong Chu Ping is a sales engineer; daughter Diana Ong is the corporate development manager, and his son-in-law Kenneth Loh, the business development manager.

OSS prides itself on its operational flexibility and tightly-knit company culture.

Commercially, its robust manufacturing capabilities and efficient decision-making provide its customers with innovative solutions.

Culturally, the company promotes bonding through its flat hierarchy, which enables the management and employees to communicate openly, thus building significant trust up and down the ranks. The lack of departmental silos fosters internal collaboration and creative problem solving, which in turn increases productivity and creates business value.

The company counts these corporate values as being critical to its being able to find a strong foothold in its niche market segment.

## Strategic planning

OSS, mindful of the potential pitfalls of other highly leveraged companies, practises prudence when using debt to finance its investments and operating expenditure.

However, whenever opportunities arise, it

does not hesitate to seize them. In 2001, it set up its first overseas workshop in Thailand. Six years later, it ventured into India, and two years after, into China.

Today, with eight workshops in the region, OSS is looking at setting up its ninth one in Myanmar. This is a culmination of a long-term expansion strategy to be closer to its customers.

Doing this enables it to achieve faster turnaround, minimise customers' downtime, and generally respond more swiftly to its customers. It has thus earned their recognition for its quality tools and timely delivery of orders.

Mr Kay Ong said: "Customers always joke with us, saying, 'Hey, by the time you have delivered our products, your competitors are still preparing their quote!'"

## Operational excellence

The company's current strategic objective is to create an uncontested market by championing growth through operational excellence, developing competencies, regional expansion and product diversification.

To this end, OSS's Singapore head office is undertaking extensive research and development (R&D) to develop more value-added services and spearheading the company's transition from a value-adding to a value-creating enterprise.

OSS advocates a fun, inclusive environment in which employees are viewed as valuable assets of the firm.

Mr Loh said: "The company wouldn't be where it is now without its employees. So I think it's very important to make them feel empowered and have a sense of belonging to the company."

OSS organises frequent get-togethers for meals between management and staff to provide an informal setting to better understand their needs; this practice is replicated across all the workshops in the region, and has built an open culture embraced by all employees.

OSS believes that such get-togethers foster closer camaraderie and better work-life balance for its employees.

As a result, employee morale has been good, and the attrition rate, low. The average length of service is seven years.

Being a family-run business, OSS has implemented various key internal controls to en-

sure that proper procedures are in place to prevent mismanagement and potential conflict of interest.

For good corporate governance, the posts of financial controller, human resource and administrative manager and general manager are filled by hires from outside the family.

On top of that, all cheques require two signatures, one by a family member and the other, a non-family member.

OSS prides itself on being a professionally run family business with checks and balances, such as segregation of duties and delegation of authority, similar to that of a multi-national corporation.

As OSS looks ahead to the future, it has identified several key priorities.

In the past, its operations were mainly basic turnkey manufacturing, repair and rental. The recent economic downturn, however, presented an opportunity for OSS to offer an asset management scheme to salvage and re-purpose customers' scrap tools into operable assets.

As a machine shop, it has the expertise and capability to upcycle something that would otherwise have ended in the scrapyards. By assessing and identifying tools that can be salvaged or re-machined into useful tools, OSS has helped its customers achieve cost efficiency, a higher return on assets and space optimisation.

## A green company

Not only is doing this environmentally friendly, it has also generated additional revenue for OSS.

In addition, OSS is able to reduce the time spent on sourcing and procuring raw materials – which form the bulk of the cost of goods – translating to greater efficiency and cost savings for customers. With the first-mover advantage in this new business of asset management, OSS has an immediate edge over its competitors.

Through R&D, OSS discovered that the application of tungsten carbide, which is approximately twice as stiff as steel, to the surface of its tools strengthens them and prolongs their lifespan.

It is also exploring the use of tungsten carbide to other highly abrasive surfaces and been in talks with local transportation and



Kay Ong is managing director of Oilfield Services & Supplies Pte Ltd (OSS). The company prides itself on its operational flexibility and flat hierarchy.

marine offshore companies, and thus looking to identify industrial applications beyond the O&G industry; it has identified two potential customers and is running trials.

Moving up the value chain, OSS is now designing tools that it can market as its own. It has been collaborating with researchers and tool designers in Australia since the second quarter of this year, and is studying market feasibility.

Being cognizant of the multi-faceted challenges of the O&G industry, OSS has sought to look for and seize new opportunities, and thus strengthen its competitive edge. Seeking silver linings in times of adversity has enabled the company to step out of its comfort zone and leverage on previously overlooked markets.

Mr Loh said: "In good times, we were slightly complacent. We didn't need to go around looking for orders as they just flowed in. So in this downturn, we innovated our business model and, at the same time, augmented our internal capabilities for sustainable growth. We are adapting on various fronts to remain relevant in these dynamic market conditions."

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