

Going with the flow of business

Specialist distributor of marine and industrial valves, Aik Soon Hardware, keeps its manpower lean to be more agile in seizing opportunities

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STARTING with a single desk in borrowed office space and just one telephone line, Aik Soon Hardware has grown from a general hardware dealer to a specialist distributor of marine and industrial valves, garnering the Enterprise 50 award in 2017.

Founded in 1982 by Quek Bok Teck, today the family-owned business is in the hands of a second generation with two of Mr Quek's four children and a son-in-law forming Aik Soon's management team. They continue to run Aik Soon with the same company values and principles of customer-centrism that Mr Quek has practised since its inception.

When Mr Quek first started the company, he believed that the key to sustainable competitive advantage was to move away from conventional price competition, and instead differentiate its product offering through quality service and customer focus, while remaining affordable.

A lean organisational structure was adopted to efficiently meet various customer demands by streamlining key processes while using fewer resources. Shifting its business focus

from general hardware to valves was the first step that allowed Aik Soon to focus its efforts in excelling in a specific industry segment.

The firm's flat management structure enables seamless business operations and quick decision-making required to efficiently fulfil customer demands. All of Aik Soon's nine staff members take on multiple roles within a service process. For example, its warehouse supervisor can fill in for its machinist by drilling the flanges for valves should the latter be unavailable.

Sales staff also help with delivery whenever needed. Company staff may even board vessels to check on the measurements, instead of waiting for a third party. The long-term friendships among staff have enabled better internal interaction, communication and understanding within the team without the hindrance of red tape.

The lack of bureaucracy and the empowerment of staff to make ad-hoc decisions with external suppliers also helps to facilitate the fulfilment of customer orders. Aik Soon has progressed from indenting goods for inventories through middlemen to being the distributor for major brands, and is able to retrieve components from suppliers directly

whenever needed. This gives Aik Soon the ability to deliver an order to its customers as soon as the next day, if stocks are available, calling up the relevant suppliers to deliver urgent goods. Customers are always reassured that their needs can be efficiently met.

Complementary services offered by Aik Soon include the likes of valve modification and valve automation with electric and pneumatic actuators, fitted through in-house assembly and testing. It also offers complimentary visits to the clients' vessels during

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dry dockings to check if replacement is needed, and regularly calls up clients to ask if they have any other issues. This focus on relationship management ensures high retention of existing customers, while increasing its customer base through positive word of mouth.

Aik Soon also differentiates itself through continuous incremental innovation. The integration of accounting and inventory functions onto Tradpac in 2008 allowed the company to save time and effort in stock-keeping, keep inventory minimal, while simultaneously providing excellent services.

The Global Positioning System was integrated with delivery vans to maximise efficiency.

Aik Soon's next project is to fully automate its office and boost its storage management efficiency through a new tracking system, which will enable automatic tracking of inventory, save time and manpower, and utilise limited space to the fullest. As current company director Lee Chin Ann puts it, "We have never been discouraged from being late adopters of innovation as we progress and reap from incremental innovative ideas."

In 2016, Aik Soon projected a substantial fall in revenue for the subsequent two years due to stagnation

in the local valves market. With a pickup in international oil prices, Aik Soon decided to seek opportunities in the overseas oil & gas, and marine industry targeting Malaysia, Indonesia and Myanmar for their growing potential in these industries.

Over the past three decades, Aik Soon has established close relationships with reputable and trustworthy suppliers and is looking to adopt joint ventures to capitalise on its local knowledge. In this way, Aik Soon would be able to piggyback on established Singapore companies to venture abroad when opportunities arise.

Going forward, its expansion is divided into three stages: By 2018, the company aims to establish its joint venture in Malaysia; by 2019, the company will leverage previous experience to enter the Indonesian market; and within three years it hopes to establish a business presence in these countries.

Aik Soon's push into overseas markets is further enhanced with its distributorship of two leading valve brands – Powell and Showa. The company believes that the overseas expansion will become the new inflection point of growth, with overseas sales amounting to 30 per cent of total turnover after three years, eventually surpassing that of the Singapore mar-

ket.

As it grows, Aik Soon also expects its overseas expansion to synchronise organically with its Singapore operation, which would not only act as headquarters, but also as an integrated coordination centre for functions such as training, logistics and marketing.

Founder Mr Quek once described Aik Soon's core principle as: "Treat others with sincerity, integrity, and kindness, and stay grounded". With that in mind, Aik Soon today is also strong supporter of education, having contributed to various programmes, scholarships and funds in local universities. It also actively helps the disadvantaged in its corporate social initiatives.

The combination of these values, coupled with an adventurous yet prudent entrepreneurship, has led Aik Soon to rise from a rented office to what it is today. As Mr Lee says: "The amount of time it takes to build ideas into our successes can be discouraging at times, but moving forward with a positive attitude and hard work, success will definitely come."

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