



BRIGHT SPARKS LIGHT THE WAY

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THE trade conflict has captured headlines this year as global superpowers tussle over perceptions of unfair practices and distrust, with protectionism and anti-globalisation sentiments on the rise. This has led to increased uncertainty in trade, affecting business confidence around the world and potentially taking a toll on future economic growth. Amid the doom and gloom, there are some forward-looking companies in Singapore that are lighting the way. The winners of this year's Enterprise 50 (E50) Awards demonstrate that they have what it takes to transform and grow in today's disruptive and volatile business climate. With an innovative mindset and a sound strategy in place, these bright sparks have shown that there are still pockets of opportunity out there for businesses to capitalise on.

This year's theme, "Accelerating Growth, Innovating for Tomorrow", is an apt description of how enterprising firms are taking aim at the future even as they maintain a firm grip on present issues. A prime example of such a company is Expand Construction, which jumped from third place last year to become the top winner of the E50 Awards 2018.

It is a testament that the business is on the right track, especially since the construction industry as a whole is still going through tough times.

Von Lee Yong Miang, founder and executive

chairman of Expand Construction, says that the business is constantly building up its capability and capacity in order to break new ground.

Aside from its traditional expertise in building projects, it is now zooming in on civil infrastructure works as another engine of growth.

And while construction is usually quite a localised business, Expand is also looking abroad to widen its horizons by investing in the development of a hotel overseas. Unlike before, where Expand played the role of a building contractor, the company now acts more like a developer.

Venturing abroad is a direction that more small and medium-sized enterprises (SMEs) are looking to move towards, as the Singapore market is too small to sustain greater growth.

One firm that has a global footprint is first-time entrant Explomo Technical Services, a Singapore-based company that provides land remediation services, civil defence shelter services and defence-related material disposal. Since 1988, the company has been helping a slew of clients from Taiwan to Kuwait to Iran.

Explomo's CEO Anthony Lye saw a need for such services overseas and seized the opportunity. Niche businesses such as Explomo go where the need takes them, he says. After many years in the business, the company's reputation speaks for itself. Explomo often gets invited to tender for projects and its solid reputation has helped it land jobs internationally.

With its strong presence overseas, Explomo

is the 2018 winner of the E50 Special Recognition Award – Internationalisation. This is the third year since the accolade was launched to reward excellence in a company's overseas and expansion strategy.

One new award this year is the Special Recognition Award – Enterprise Transformation to recognise businesses which have managed to transform themselves to be innovative and future-ready.

The inaugural winner is new entrant Elmich, which specialises in urban landscaping, waterproofing and drainage solutions.

While business transformation seems daunting to many SMEs, Elmich's founder and executive chairman Alan Lee says that it is about a series of gradual steps to steer the firm in the right direction, rather than a single, huge process.

Some steps it took to transform itself include the decision to focus on the overseas market as well as to prioritise research and development.

These are just some of the firms which are stepping up to innovate, grow and venture abroad. In the next few pages, winners of the E50 Awards share their stories and what they plan to do going forward.

The E50 Awards is jointly organised by *The Business Times* and KPMG in Singapore. OCBC returns as sponsor for the 13th year, and supporters for the awards include Enterprise Singapore, Singapore Business Federation, and the Singapore Exchange.

— BY VIVIEN SHIAO

ENTERPRISE TRANSFORMATION AWARD



"I believe that if we make anything here, we have all the advantages – quicker delivery, savings in manufacturing costs and more. Even if we make an equally good product, we can already do it cheaper."

Mr Lee (left)

BT PHOTO: MARK CHEONG

Going places while looking ahead

With its eye on innovation and potential for growth, designer and manufacturer Elmich plans to further deepen its globalisation strategy. **BY VIVIEN SHIAO**

BUSINESS transformation might sound like a daunting endeavour for many small and medium-sized enterprises (SMEs), but it does not always have to be a single big-bang process, according to Alan Lee, founder and executive chairman of homegrown firm Elmich.

Looking back, Mr Lee remarks that there has been "nothing major" when it comes to revolutionising the business – instead, it is about an ongoing series of small steps to steer the firm in the right direction.

"I would say it's more gradual, like shifting our focus from the local to international market," he tells *The Business Times*.

"Rather than going cheap, we decided to focus on quality and went upmarket. We suffer in the sense that we lose market share locally, but we gain access to overseas markets."

This strategy has paid off in spades: since the company began in 1985, it has shifted from a distributor to a designer and manufacturer of its own trademarked products with a presence in more than 30 countries.

It is this foresight that has led the firm to clinch this year's inaugural Special Recognition Award – Enterprise Transformation, part of the E50 Awards to recognise companies that have successfully evolved by innovating and staying future-ready.

PLANTING SEEDS

How Elmich came about was in a sense a mixture of serendipity and opportunity. Prior to starting the business, Mr Lee worked for a Soviet fishing company in the early 1980s, when he travelled to exotic places such as Somalia and South Yemen.

"It was exciting when you are young, but you get jaded (because of the dangers involved)," he says wryly, recounting instances when he almost got shot in the line of work.

But it was this lesson in self-reliance and adaptability that sowed the seeds for his future business.

When he returned to Singapore, Mr Lee chanced upon an opportunity to provide bitumen waterproof coatings for a relative's construction company, thanks to his contacts in the oil industry during his fishery days. The coatings were meant to waterproof residential buildings' re-roofing projects.

"One of the most common problems in buildings is waterproofing due to leakages," he explains.

Because of that, he became a distributor – but with only one customer, he laughs.

Following that, Mr Lee was requested by contractors in the late 1980s to source for an alternative waterproofing product for the then Woodbridge Hospital, now the Institute of Mental Health.

"It gave Elmich a chance to work with new products, to move away from selling bitumen coatings... This was my breakthrough in getting into the waterproofing business," he notes.



Two projects Elmich has been involved in are ITE Headquarters and College Central in Singapore (left) and New Orleans Botanical Gardens in the US (below).

It was after that when Elmich started building up its supply of waterproof membranes – or pre-formed sheets – for roofs and basements, on top of waterproof coatings. These products were bought from Australia and Germany due to their quality.

After starting out in waterproofing solutions, Mr Lee started to notice an interest in urban greenery in the early 1990s. It was then that his partner in landscaping company Nature Landscapes (in which Mr Lee owns a 30 per cent stake) suggested that Elmich look into the design and manufacture of drainage cells for landscaping.

Drainage cells are plastic structures placed under turf to help drain water away and prevent pooling of water.

According to Mr Lee, Elmich became one of the first companies to do so, using recycled plastic. The designs are owned by the company, but production is done in factories across the Causeway, which they keep a tight control of, to ensure standards are met, he says.

To date, it has supplied more than seven million square metres of drainage cells across the world.

The company continued to expand its range of products: from drainage cells, it then led to other products such as grass pavers and plastic pedestals to provide raised flooring while enabling surface drainage at the same time.

Today, its main products sold globally in-



clude pedestals, drainage systems and roof gardens.

UNIQUE FEATURES

When asked where he gets the ideas from, Mr Lee replies: "Very often, the ideas come from customers' requests or suggestions from distributors and partners. We look around to see what's available in the market and we see how we can do it as well or better."

He explains that when similar products are bought from Europe, they would inevitably be more expensive due to shipping costs. "I believe that if we make anything here, we have all the advantages – quicker delivery, savings in manufacturing costs and more. Even if we make an equally good product, we can already do it cheaper."

Furthermore, products developed overseas may not be perfectly suited for local conditions. For instance, a pedestal that was brought over from Europe used to trap water, he pointed out.

Elmich designed its pedestals with holes so that water can drain out. And because the nature of plastic is such that there will be wobbling because of shrinkage, it introduced the idea of a locking ring to hold the pedestal steady.

"There are a lot of unique features in our products... the advantage we have is that we are very strong in engineering. We have about five or six engineers in our midst," Mr Lee says.

The company takes innovation seriously, with over 140 patents and design registrations granted and pending.

The firm has also invested over S\$10,000 in 3D printers to create product prototypes for its own research and development (R&D). It has also spared no expense to invest in the latest software to do more complex designs.

But even the fanciest technology will not mean much without the right talent to handle it, Mr Lee points out. As such, Elmich regularly sends its staff for training to be properly equipped.

Some of its latest developments include fire-resistant green walls and pedestals. Such products do not drip when they catch fire. Instead, they foam up. They also do not give out toxic gases or excessive smoke and conform

to some of the highest European standards, according to Mr Lee.

These are all examples of Elmich's emphasis on quality and continuous innovation, backed by a strong engineering base.

BIGGEST IMPACT

Perhaps, out of all the changes over the course of Elmich's transformation journey, it is the decision to focus on internationalisation that seemed to have made the biggest impact.

Today, it has fully owned subsidiaries in Australia, Malaysia and a representative office in the United States. It has a presence in more than 30 countries altogether.

In fact, it first ventured into Australia back in 1991, when the business was still relatively young. "We cannot just depend on the Singapore market. If you design something just for the Singapore market, you will have limited scope to grow. We design things that can be shipped overseas," Mr Lee says.

"The overseas market gives us much better margins," he adds, as customers from Europe and the US are more prepared to pay premium prices for quality.

The share of the pie from overseas revenue has only grown throughout the years. Now, sales from abroad make up about 60 per cent, with potential for further growth.

Looking forward, the company intends to further deepen its globalisation strategy, with Singapore remaining as the headquarters, and only manufacturing goods that are in demand globally. For example, with pedestals gaining popularity, Elmich is considering moving operations closer to customers in the respective countries through joint ventures, especially in the European Union and the US.

This will not only make it more economical for the firm in terms of costs and supply chain capability, but also reduces the carbon footprint made by exporting goods overseas.

It also aims to target more countries as well as deepen its presence in existing ones, with countries on its hit list including the US, Indonesia, Thailand and Europe.

Even as the firm continues to look abroad for future growth, Mr Lee notes that the local market still remains important for the business. However, he feels that many customers are more cost-conscious and "prepared to settle for lower-quality products".

With the appearance of more similar products in the market, he acknowledges that Elmich also needs to constantly sharpen its edge by innovating to stay one step ahead of the rest.

"One challenge I have is to convince consultants that our products can be as good or even better than imported ones," adds Mr Lee. "Some have the mindset that imported might be better – it's not always the case."

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■ The E50 Special Recognition Award – Enterprise Transformation is supported by the Future Economy Council