

# Going places while looking ahead

Designer and manufacturer Elmich plans to further deepen its globalisation strategy

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MR ALAN LEE (LEFT)  
founder and  
executive chairman  
of Elmich

PHOTO: MARK CHILONG

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 being 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 is 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 into the waterproofing business,” he notes.

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.

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 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 include 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



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

PHOTOS: ELMICH

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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