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AmBank BizRACE

THE SUSTAINABILITY CHAMPIONS OF SEGAMAT

By JACK CHUA
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SEGAMAT Panel Boards (SPB) is a household name among engineered wood panel manufacturers in Malaysia. Known for medium-density fibreboard (MDF), the company also actively embraces environmentally friendly technologies.

SPB now believes that the material of the future for Malaysia will be oil palm trunks (OPT) hence the newly-developed technology and investment.

In recent years, the company has developed new lines of products that cater to a wide variety of customer needs. SPB had acquired UC Gravure Sdn Bhd (UCG), and now produces high quality decorative printed paper.

SPB has also invested in semi-finished and value-added products as their new Prime Coating Line and High Gloss UV Lacquering Line commenced operations last year.

That same year, they developed the capacity to manufacture prime coated and melamine faced door skins.

Through its achievements, SPB clinched the first prize in the AmBank BizRACE 2018 challenge, beating close to 1,000 small- and medium-sized enterprises (SMEs) and startups in a competitive elimination process.

SPB'S EVOLUTION

This manufacturer of MDF has been around since 2002, with Shigetoyo Takeuchi taking over the business after his father's illness.

When it secured an 18-acre greenfield site in Segamat, Johor, the company needed someone with extensive industry experience to lead its operations.

Peter Fitch was chosen to fill the role of managing director, and 16 years later, he still holds that position.

A veteran in the industry, Fitch was the project director for a company in China before joining SPB. It was a time when China was transforming and industrialising at a very rapid rate.

Prior to working in China, he had been in Malaysia twice; first for the London International Group which produces dipped latex products and later for Takeuchi MDF. The call to return was good news to him.

"To be honest, my heart was still in Malaysia, so when the opportunity arose to return, it was an easy decision to make."

During the initial stages, the company faced many challenges from installation and operations, to sales and regulatory requirements.

Fitch credits the hard work and determination of his team as the reasons for the company's ability to overcome these challenges — completing the factory within eight months and a limited budget.

CONTINUAL CHANGE — THE ONLY CONSTANT

It is continued evolution that led the company through many challenges in the industry.

As Fitch puts it: "Continual change is the only constant."

Their initial business model was to produce quality thin panel MDF. At the time,



Segamat Panel Boards' management team



Fitch, managing director

these were more difficult to make and sold at a premium price. Although this pioneering move turned out to be profitable at first, they were soon forced to change.

"Like everything, when competitors see you doing well in a niche market they also want part of the action. Now 15 years later, this material has become commoditised and no longer commands any premium."

Adding to the dilemma, their raw material — rubberwood — is increasingly in short supply and local manufacturers are finding it very difficult to compete on cost with those in Thailand and Indonesia.

The 2008 financial crisis became another challenge. Demand collapsed in the traditional markets, leading to cost cuts and a scramble for new markets, ultimately forcing them to be "lean and flexible".

Things became troubling. Business cycles were getting shorter and they realised a few years ago that their business model was maturing. More crucially, it was in decline.

To overcome these challenges in the short term, SPB embarked on investing

in alternatives, namely semi-finished and value-added products — in other words, higher grade products manufactured from rough material. These tended to yield higher profit margins.

However, Fitch and his team knew this was not enough to sustain them in the long term.

"We needed a revolutionary breakthrough which was environmentally sound, sustainable, and something that the furniture and construction industries wanted."

Finally, they came up with the idea of converting palm trunks into engineered materials which were equivalent to — or better than — the properties of existing timber materials.

This fulfilled their need for an ideal solution; to use sustainable materials to produce a value proposition to the company's customers.

FOCUS ON THE CUSTOMERS

The key to SPB's success in the industry, according to Fitch, is the company's constant devotion to meeting customers' needs.

"To be honest, the personal relationship between customer and supplier is still the most valuable ingredient to our business strategy."

He said that this relationship was equally important with both suppliers and customers.

By engaging with business partners in an open, transparent, and ethical way they were able to overcome most of the challenges they had faced — to find a better and more efficient way to develop their business.

A GREENER FUTURE

An advocate of environmentally friendly solutions, Fitch said that the company is highly focused on making the

best use of OPT as the material of the future for two industries: furniture and construction.

Environmental and sustainability issues have always been at the forefront, but today, these are becoming an absolute necessity.

"Collectively we need to meet the consumption of a growing global population and fulfil lifestyle demands of developing countries in a sustainable and ethical way. In our company, we are always looking at ways to reduce waste, recycle, and turn otherwise waste material into something of value. We consider this our duty to society," Fitch says.

Aside from building a greener future, Fitch also sees how SPB can play a role for Malaysia. As Malaysia needs to compete on the global arena, Fitch expresses the need for the company to facilitate a more highly skilled, educated, and inclusive workforce.

"We see no reason why we cannot create a world class company here in Malaysia."

This is one of the reasons that when looking at new investments, they want to be ahead, in terms of technology and to embrace automation.

"Our success will have a beneficial multiplier effect for Malaysia starting from the plantation (sector) and progressing all the way through to the construction industry and the manufacturing of furniture and other related products."

"By engaging with business partners in an open, transparent, and ethical way they were able to overcome most of the challenges they had faced — to find a better and more efficient way to develop their business."

CONCLUSION

When asked about the future of the company, Fitch had this to say: "We have been fortunate enough to be in business for 15 years and have had many successes. In my opinion our biggest success is still awaiting us in the future."



The Plus Solar team.

By JACK CHUA
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KO Chuan Zhen followed the path of many who desired a stable, well-paying career — he had gone into engineering, but felt unfulfilled by what the field had to offer. Like many, he trudged through the university course to the final year.

This changed when he took a job as an engineering intern in a Taiwanese university's renewable energy lab which specialises in solar technology. There, he met his passion.

At the same time, Al Gore's *An Inconvenient Truth* made the public pay more attention to the threat of global warming.

Ko, the executive director of Plus Solar Systems Sdn Bhd, felt that he was always looking at ways to reduce waste, recycle, and turn otherwise waste material into something of value. We consider this our duty to society," Fitch says.

His excitement for solar technology led him to spend four years at Sharp, which was by 2008 the top producer of solar panels in the world. He amassed a vast amount of industry experience while travelling the globe to set up solar power plants.

In 2012, he met up with friends from high school and university — Ryan Oh and Poh Tyng Huei — and founded a consultancy firm specialising in clean energy called Leaf Energy.

They would later become the co-founders of Plus Solar Systems — or +SOLAR — a company providing total energy solutions that recently won second place in the AmBank BizRACE 2018 challenge, ahead of nearly 1,000 SMEs and startups in a competitive elimination process.

Plus Solar says it has a better solution — that decentralised and individualised power generation is a great alternative to better conserve energy.

According to Ko, clean energy today has developed tremendously over the years. Plus Solar looks forward to the day when every household would have their own clean energy farms, and rely less on centralised energy sources.

Technological developments in storing energy will also allow solar panel owners to not only generate their own power but store and trade it via blockchain, a trend that Ko sees as already being practical in countries like Singapore.

Malaysia may head in that direction soon, and Plus Solar seeks to be an industry leader.

To tackle contemporary energy problems, his company has devised the Energy Trilogy concept which comprises energy generation, efficiency, and storage.

They aim to help clients optimise these three aspects as part of their holistic energy programme.

A BRIGHTER FUTURE WITH PLUS SOLAR



Ko, executive director and co-founder

ble corporations — such as Ikea, IJM, Elken and Top Glove — as well as SMEs and startups.

Plus Solar has set up solar farms, and PV systems in offices and industrial areas. They have made their mark across Malaysia.

Some of their early successes include the KLIA Solar Car Park, covering 64 acres of land. It is said to be capable of generating 13,000MWh of energy.

They provide consultation to clients who need to assess how much power they are using, and how much they can save by adopting more optimal strategies for power-usage.

With the +TRACK app they provide, clients can even track their own energy usage and plan accordingly.

"The problem with traditional ways of generating power is that it is centralised. This makes supplying power to homes and other buildings quite inefficient and costly," says Ko.

department by advising companies on the financial and technical aspects of clean energy.

When asked what makes customers come back to Plus Solar, Ko firmly believes it is about how the company values integrity and results.

Their non-nonsense, results-oriented way of solving problems is crucial to their business success, despite being relatively new players in the industry.

Ko believes that the key to how his business keeps getting attention from great clients is how they put customers first.

Plus Solar has a sales team made up completely of personnel with engineering backgrounds, who are deeply passionate about improving lives through clean energy.

They undergo three to six months of training, in which they master both the commercial and technological sides of the business.

This gives them the advantage of having business development personnel who can provide precise and effective solutions to customers, often tailoring the products to a customer's specific problems.

The company also has a diverse set of products, each catering to the different needs of clients.

Having the technical know-how enables their team to present a detailed and personalised energy diagnosis for each client.

SHINING A LIGHT ON THE NEXT GENERATION

Aside from its commercial arm, Plus Solar also aims to garner more long-term changes to the industry.

Seeing that many engineering courses in universities seem to lag behind latest developments in the industry, Plus Solar has a corporate social responsibility arm called Plus Solar Academy — or +SOLAR Academy — that provides training and hands-on exposure (via internships and workshops) to engineering students.

This aims to garner interest among students and build a fresh talent pool for the industry. Ko, a firm believer in the saying "teaching a man to fish", states that the academy has trained more than 3,200 students to date.

Although it has won many awards such as the Sin Chew Business Award, Nanyang Golden Eagle Award, and The Star Outstanding Business Award, Ko feels that the trophies are not the only reason which keeps Plus Solar going.

The most important success story in the eyes of its co-founder is its ongoing mission to reshape how energy is generated and conserved, one community at a time.

In its early years, it has convinced organisations both large and small to embrace solar energy, and it will continue to prove to those who are unaware that clean energy is practical, efficient, and profitable.

THE GLEAMING YEARS AHEAD

According to Ko, in an innovation-filled industry, "founders need to disrupt their own mindset, before someone else disrupts them".

That is why he regularly travels to acquire knowledge about the latest developments in the field and seeks good mentors to keep himself well-informed.

In his words: "The greatest limitation for a company comes from the founder's mindset."

The mindset is what puts the brakes on growth. Plus Solar seeks to grow more aggressively in the coming years, with plans to expand more thoroughly throughout the different states in Malaysia, in addition to plans to set foot in Thailand, Vietnam and the Philippines.