Sailing into the future

Nordic Flow Control’s success can be attributed to its effective leadership

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WHAT started out as a five-strong outfit that gave after-sales services has grown into a 210-strong automation systems integration solutions provider for the marine and offshore oil and gas industries.

Incorporated on Nov 13, 1998 by founder Eric Lin, Nordic Flow Control achieved a breakthrough in 2004 when it acquired Avitos (S) Pte Ltd as its manufacturing arm, thereby allowing it to manufacture hydraulic actuators for its customers’ use in their vessels.

Within the same year, Nordic Flow Control incorporated Avitos Suzhou to substantially take over the manufacturing operations carried out by Avitos (S) Pte Ltd. This enabled Nordic Flow Control to optimise its resources and provide a cost-effective supply of products to its customers.

It was that year too that Chang Yeh Hong, a veteran of the financial industry, came on board as managing director. He is the team of Mr Chang and executive directors Mr Lin and Doreas Te that has grown the company into what it is today. The company, which has achieved ISO9001 accreditation, has now extended its product range so much that Mr Chang says that “any vessel that floats on water can benefit from our solutions”.

However, Nordic Flow Control is not resting on its laurels as it continues to pursue strategies to remain competitive in the global marine and offshore oil and gas industries. With the help of the company’s senior management, it will embark on a learning journey to understand its business processes that have been set in place to guide it through the uncharted waters that lie ahead.

The success of Nordic Flow Control can be attributed to its effective leadership. Over the years, this leadership has put in place stringent operational and sound business processes. Nordic Flow Control’s leadership enabled the company to build up a strong financial position, which in turn has helped the company survive the 2008 financial crisis. The marine and offshore oil and gas industries were financially affected as banks tightened their credit lines.

The company’s leadership responded quickly by going on a road show to shore up the banks’ confidence in the continued viability of the company’s business. Nordic Flow Control is already looking ahead, with the implementation of new corporate objectives and strategic initiatives for the year 2010.

The leadership encourages its employees and steers them in the right direction with clear vision, mission and core values. This fosters a performance-oriented environment by rewarding successes and learning from failures through the implementation of a Key Performance Indicator reporting process. Effective communication is also highly valued as the leadership organises a monthly lunch meeting where floor employees meet the managing director for an informal dialogue session.

A strong culture of innovation is instilled in every employee, resulting in vast research and development improvements. An example of constant product innovation is the progressive reduction in the size of actuators which are more cost effective and environmentally friendly. Actuators are one of the most critical components among its product offerings. Furthermore, Nordic Flow Control has innovatively implemented a knowledge management platform aptly named Click (Central Library for Information, Communication and Knowledge).

Continuous learning is reinforced by the institutionalisation of employees’ knowledge and the enhanced capability to disseminate information across geographical boundaries. All these activities have contributed significantly to cost reduction as well as product differentiation.

The Nordic Flow Control brand represents its strong reputation for reliability, quality and excellent customer service. The company takes customer care very seriously by gather regular feedback and ensuring prompt responses to onsite complaints from customers.

With service standards firmly in place, a loyalty programme and regular e-newsletters also strengthen ties with existing customers to encourage repeat purchases. To further enhance its brand image, Nordic Flow Control is making socially responsible efforts in response to increasing concerns regarding ocean environmental protection.

Nordic Flow Control recognises that it has over 1,000 vessels that it can service by capitalising on the good relationships it has built with its existing customers. The maintenance, repair and overhaul (MRO) segment currently constitutes 9.8 per cent of the company’s total revenue.

In 2009 and Nordic Flow Control is well-positioned to take advantage of its existing customer base and extend MRO services to them. This market presents a huge potential and rewarding challenge to the company due to the high barrier of entry and specialised knowledge required to succeed in this business segment.

Moreover, with its comprehensive range of control systems, Nordic Flow Control provides a fully customisable automation solution. The company constantly reviews merger and acquisition opportunities in order to expand its range of control sub-systems.

The company is determined to expand internationally as it powers ahead with an aggressive sales strategy in China to capture the full potential of its most important market. “The China market represents a huge potential,” explains Mr Chang. “Presently, there is an estimated 900 shipyards within Nordic Flow Control’s area of service and we aim to serve more of these shipyards in future.”

Some examples of such major shipyard customers in China include Qingdao Beihai Shipbuilding and Yangzhou Dayang Shipbuilding. In fact in 2006, Nordic Flow Control replaced its sales strategy of using local agents in China with a direct sales force instead. As a result, its China sales increased substantially in 2008. Beyond China, Nordic Flow Control also serves other customers such as Keppel Singmarine in Singapore, STX Offshore and Shipbuilding in South Korea, Clipper Marine Services in Denmark, Modec International in Japan as well as Lukoil in Russia. It has also begun looking at opportunities in emerging markets. The shipyards’ students of NUS Business School