Seiko’s 2Cs for success

MD looks for commitment and capability in his management team

By CHEONG QIN XUE, LIM DAO CHANG and YUAN YE

Commitment and capability are the two key traits which Rodney Cheong, managing director of Seiko Architectural Wall Systems (Seiko), looks for in building his management team. In the demanding business of building façade engineering, having good project management and design/engineering teams are essential in ensuring successful execution of projects.

Which is why at Seiko, human resources form the cornerstone of the whole enterprise. "We need talented and committed managers to oversee every step of the work process, from the initial tendering, design and engineering stage, through to the purchasing, production, and finally to the installation stage," says Mr Cheong.

This emphasis on recruiting committed and capable people has been instrumental in the development of its reputation for delivering high-quality products on time. Seiko is recognised locally as a niche specialist façade contractor providing design and engineering, fabrication and installation services to property developers, architects and main-contractors who demand more challenging and unique designs for their buildings.

The company specialises in the provision of aluminium architectural products such as curtain wall, aluminium cladding, louvres and sunshades, windows and doors systems for facade façades. Other than Singapore, where it employs some 150 staff, it also has a subsidiary, Seko-tech Architectural Components, in Malaysia with a painting and fabrication plant, as well as a representative office in Shanghai.

Established in 1978 under the name Seiko Glass and Aluminium Ltd, it was originally a glass fabricator and exporter. It was co-founded by Mr Cheong’s father and the late Yan Chi Kong, the previous MD. The company shifted its business focus to fabricating and exporting aluminium cladding after a few years when Mr Yan realised that it offered better profit margins.

"When I took over as MD in 2001, I realised that the company could no longer compete with Chinese suppliers for business in Hong Kong," Mr Cheong recalled.

Consequently, he switched the company’s business model to focus on the ‘softer’ skills of design/ engineering and project management expertise, instead of offering purely physical goods. The original export business model had to be discarded as it was no longer viable.

In addition to its involvement in the contracting business, the company also extends fabrication and painting-only services to companies without or needing extra, production facilities in Singapore, Malaysia and Japan. This helps to mitigate its risk profile and provides an additional revenue stream.

Mr Cheong stresses that establishing good relationship with clients by consistently delivering high-quality products and professional and reliable service help to ensure a steady and repeat flow of business for the company.

Cut-throat industry

In the cut-throat construction industry, where the lowest-cost tender typically wins the contract, Seiko has managed to carve out a niche market for itself by offering custom-made design capabilities. The business is aligned with projects that demand high-performance facade products, such as those with stringent specifications for acoustics, aesthetics and energy-efficiency.

Hence, instead of competing on cost, the company is able to utilise its profit margins through product differentiation, which manifests itself in two main areas.

Firstly, Seiko excels in design and engineering, at great risk," says Mr Cheong. "Seiko serves to minimise problems with product quality, which is the standard of excellence achieved that the company has won PSB ISO 9000 and BCA accreditation for quality management.

Secondly, significant resources are spent on project planning and work process management to eliminate problems in the construction process and end-product. This is the ‘trickiest part of the business’, Mr Cheong emphasises, where tight project deadlines and long raw material lead-times leave little room for error.

His business philosophy is simple: Get a good team together first before bidding for a contract. "Have good people in all parts of the work process. I like to think of it as a relay team, he muses. "If one part drops down, the whole project gets delayed.”

In line with this philosophy, Seiko invests heavily in human capital. One of its key initiatives is to recruit and retain good people by rewarding key team members with better-than-market bonuses when the company performs well.

Mr Cheong also avoids unnecessary business risks. All contracts are treated as a liability until completion of the project. He believes in focusing on a few selected projects, so as to perform and service our clients well. It is unwise to overstretch our resources, because it puts the company’s reputation and bottom line at risk.

"The result is that the company is able to deliver work with the same standard of quality with less high-maintenance work,” says Mr Cheong.

This conservation has resulted in the company building up a substantial amount of cash reserves, which may be used for the financing of future expansion and for “rainy” days. Things have not always been smooth sailing for Seko, the company faced a major hurdle in 2003 due to cash flow problems which were a result of not managing its projects properly.

In the midst of clamour from other shareholders to close down the company, Mr Cheong stuck with his game plan and was determined to revive the company by going around negotiating for extra financing from the banks. With the support of his management team, he laboured to turn the situation around, and has never looked back since.

Mr Cheong credits the crisis for influencing his personal work philosophy, which is defined by a few choice quotes: “Nothing falls from the sky,” “Never leave your fate in anyone’s hands,” “See for yourself”.

This emphasis on honest hard work and adopting a hands-on approach to work manifests itself in his six-and-a half day working week. Given that he does not own any shares in the company, Mr Cheong is proud of the fact that as a professional manager, he is able to demonstrate his passion for the business. He strongly believes that hard work is necessary for, but does not guarantee, success.

This commitment and passion for work has rubbed off on the staff and become part of the working culture at Seiko. Yet, at the same time, this emphasis has also “made it hard to recruit talented graduates, who are attracted to the more glamorous financial sector which offers shorter and more stable working hours without the grind and dirt of the construction industry,” Mr Cheong laments. Looking to the future, the team at Seiko is well aware of the demands and changes in the construction industry driven by the impact of global warming. The company is exploring ways to incorporate energy-efficient devices and designs into its products, such as high performance glazing, twin-skin facades, as it positions itself to make the most of these new opportunities.

The writers are students from NUS Business School.