

Congrats! TFTA's New Chairman Mr. Jimmy Chang: Taiwan Fastener Industry Needs to Go for Upgrade and Lean Manufacturing

by Dean Tseng, *Fastener World*

Jimmy's Business Model of Success: Export, Marketing, Customer Orientation

Following our report on the annual assembly of TFTA (Taiwan Fastener Trading Association), Fastener World news team paid a visit to Special Rivets Corp. (SRC) for an in-depth interview with Jimmy Chang, president of SRC and new chairman of TFTA, in hopes of learning about the blueprint he has for TFTA. As known by the industry, SRC is a world renowned rivet giant with over 600 clients in 5 continents across the world, producing as many as 500 million rivets per month that are sold to over 100 countries. We expect very much that Chairman Chang's model of success will bring in a fresh look for TFTA!

During the interview, Jimmy shared with us his SRC model of success and words on his term as new chairman. Back in 1976, Jimmy operated as a trader importing Australian rivets to Taiwan. During the operation he found substantial market opportunities with rivets, so he invested and set up a plant, adopting brand new specified equipment for rivets mass production that opened up his grand business empire. By now you would be curious to know how SRC managed to reach a business scale of 500 million rivets per month. As he pointed out, SRC focuses on export and brings his brand rivets and rivet tools across many countries in the world through long-term exhibition attendance and advertising. Furthermore, he stressed that most importantly SRC has shifted its focus to clients, "Formerly, we put our emphasis on peer competition, but the future competition does not count on how much you win the opponents. It is those who cater more to customers that will outlast." To put it another way, he managed to scale up his business through the business model of "emphasis on marketing", "corporate image management" and "customer orientation", even boosting his American clients proportion from 10% to 40%. The chairman reminded, "There is no end ever to low price competition because there is always someone who can offer cheaper prices than you! Therefore, the point is not lower prices, but rather to create the irreplaceability for the com-



pany and products, to enhance customer-oriented peripheral services, and to create your own values, building your irreplaceability by getting the clients to count on you."

When it comes to Chang's business principles for TFTA, he said the TFTA's activities for the past year have brought many contributions to the fastener industry. Particularly with the 2nd-generation delegation formed by TFTA, he expressed the exchange and visits between domestic and overseas 2nd generation have opened their eyes and sparked the drive for mutual co-opetition, bringing refreshment to the new generation of fastener trading as well. Additionally, he learnt that TFTA has a lot more functions to exert, so he is willing to take on his new position as the head of TFTA. He said he will pass on the foundation of success brought by former chairmen, and practically fulfill the mission statement of the association— "Foster industrial harmony. Prevent vicious competition. Co-create business opportunities". He will actively open up a new path for Taiwan's fastener industry with full dedication.



TFTA Visiting Osaka Rashi



On Transformation and Upgrade of Fastener Industry

Taiwan fastener industry is continually going high end. There are already companies that continue to improve quality and technology while grabbing orders from high-end fastener markets such as automobile, aerospace and medical industries. This trend does not just occur in Taiwan but also is emerging on the global scale. We asked the chairman about his opinion toward this trend during the interview. He took his visit to Osaka Rashi Mfg. Co., Ltd. for example and said, “I saw them spare no effort in purchasing equipment. Their whole plant adopts highly-efficient machines made by National Machinery. They not only make their own dies, but also have their own dies development team. To Taiwan fastener industry, I think what’s more important for now is to upgrade, because transformation requires a perfect timing but upgrade can be done anytime. We can learn ‘lean manufacturing’ from Toyota. The competence of upgrade is achieved through continuous improvement of in-plant manufacturing procedures, reducing waste in every process, and reasonable labor deployment.” As indicated by the chairman, the keyword for the future Taiwan fastener industry will be Upgrade and Lean Manufacturing.

On the Trend of Being a Trader and Manufacturer

Over the past few years, quite a few fastener traders also played an additional role as manufacturers. As far as TFTA is concerned, over 70% of its members play the additional role as manufacturers, some of whom chose to set up fastener production plants in Southeast Asia. Speaking on this phenomenon, Chang said the market has turned its orientation to “client needs”. Furthermore, more and more clients would like to see the manufacturing process of fasteners, so that traders become also manufacturers is an inevitable trend in his opinion. Conversely, he thinks manufacturers being also traders will bring great advantages to themselves as well. Therefore, besides looking forward to TFTA members setting up production plants, he also thinks fastener makers are welcome to establish trade divisions in the future to open up domestic and overseas sales channels for Taiwan fastener industry.

On the Overseas Market: “Crisis is a Turning Point for Taiwan Fastener Industry!”

In the U.S., “America First” policy has boosted domestic demand for local infrastructure. In China, the goal of “full range upgrade to well-off society” is expected to drive exponential growth in consumption and construction. In Southeast Asia, the automotive market is expected to grow. First commenting on Southeast Asia, Chang said local labor cost is almost catching up with that of China, and he recommended rooting and setting up plants in Taiwan, but this would require enough support from the government. “Although Taiwan fastener industry is already highly-automated, there is still room for improvement when it comes to the government’s administrative efficiency on land acquisition. Difficulty in ac-

quiring land will definitely affect the willingness to invest in equipment.” Regarding China, he said its local GDP keeps breaking records, and that some provinces in China have GDPs higher than other countries’. “Rather than see China as a single economic entity of 32 provinces, we should see it as a land of opportunities with 32 various individual economies and cultures. Besides, China’s rectification measures like restrictions on steel production will narrow down the livelihood of local small plants, but in turn will provide Taiwanese companies with chances to tap into China and even the global market.” Regarding advanced countries in Europe and the U.S., he thinks the local industries will continue to grow which will therefore be the target for Taiwanese fastener companies. Finally, the chairman mentioned, “Overseas investment will definitely drive the next prosperity for companies. For example, Japan’s and South Korea’s investments, by the investors such as automobile/component/accessory/equipment makers and daily merchandise makers, are thoroughly organized under the leadership of their governments. On the contrary, we have neither diplomatic ties with most countries nor support from the government. We have to fight on our own or form a group of several collaborative companies. We have to pay extra caution and effort.”



Jimmy Chang presenting a gift to Daido Steel Co., Ltd.

Taiwan Fastener Summit in 2018!

At the end of the interview, we got an exclusive scoop on the chairman’s critical arrangements for the association and the industry for 2018. The first notably is the plan to hold a fastener summit inviting fastener professionals to talk about the trend and the future. He also stressed he will continue close interaction and exchange with the American and European fastener distributors associations. Additionally, in February 2018 TFTA will hold a national large-scale Spring member assembly inviting Taiwanese renowned financial experts to give lectures. Finally, Chang particularly mentioned the Sweden fastener association and he will plan to make contact and establish regular exchange with them. 2018 will certainly be a busy and fruitful year for TFTA. Let us look forward to the chairman for writing a new chapter for TFTA! ■