

Tong Group Provides Immediate Service to Win Clients

Highly Recognized Ability

article by Tony Liu, Fastener World Inc. photos by Tong Group

Tong Group, worldwide renowned fastener business entity, possesses three subsidiaries including Tong Ming Enterprise Co. (China), Tong Heer Fasteners Co. (Malaysia) and Tong Heer (Thailand) all manufacturing and distributing main products such as stainless steel screws, nuts and thread rods. In addition, Tong Ming (China) also produces stainless steel wire products. In the past few years, Tong Group has strengthened its services to enhance its competitiveness and better its business performance.

Improved Service Impresses Clients

Owing to different competitive advantages, each subsidiary possesses its own main market, Tsai Pei-Chen, Tong Heer Fasteners Co., S/B, Managing Director pointed out that services have to be adjusted corresponding to different demands. "Since markets vary, every subsidiary should keep connection all the time so as to enhance our competitiveness." So far, Tong Ming mainly focuses on Chinese domestic market but few products are exported to South America, Australia and Africa,

while other two factories mainly focus on exports. Market distributions of Tong Heer Fasteners Co. (Malaysia) are in Europe and Asia while that of Tong Heer (Thailand) is in Americas.

Although each subsidiary is independently operated, a highly tight connection is well formed from directors down to employees, Tsai added. "Usually the communication was only between chief directors because of expensive charges of international calls; however, thanks to technology, every employee now is able to call up people in other subsidiaries through Skype after it was installed in every subsidiary in 2011. In



▲ Although Tong Group has strengthened its services, it remains high standard to its products quality. The picture shows a quality inspection personnel is monitoring products.

this way, it indeed drastically enhances every sector's efficiency and ability in dealing with any situations." In addition, to provide better services creating impression and business opportunities, employees must reply to clients' mails in limited time and regard clients as top priority all the time to change services to meet different demands. Adjusted services include package numbers, specialized marks and cartons based on needs from different clients so as to reduce customers' repackaging works of boxes, thus saving their labor, money and time.

Overseas Plant to Lower Risk of Trade Barrier

Regarding why Tong Group launched into these overseas plants, Tsai explained due to lack of bilateral trade agreements with other countries and of joining regional economic organizations, Taiwan has higher trade tariffs that



A view of the plant



▲ Tong Heer Fastener Co., Ltd.



Stainless steel screws, nuts and thread rods are main products of Tong Group.

Getting Rid of Old Computer System Makes Management Much Easier

China covers a big area; to provide better services and faster delivery, Tong Ming erected the first marketing subsidiary in China in 1999 and already has 32 subsidiaries widely distributing throughout China at present. Most products made by Tong Heer (Malaysia) and Tong Heer (Thailand) are sold to global leading importers. Tsai Yi-Ting, Tong Heer Resources Director stated from 2011, Tong Heer (Malaysia) replaced older computer system that had been used for over 20 years with the Oracle ERP system used by Tong Ming, which had spent two to three years to gradually replace the older system with the new one. Thanks to the experience from Tong Ming, it took less than one year from preparation to smoothly operation to successfully set up the system. Now, the replacement of the older computer system of Tong Heer (Thailand) is underway. "The new system allows us to have access to all relevant information and provides more functions and capacity that the older system could not provide", Tsai Yi-Ting further explained. In 2012, Tong Heer (Thailand) erected another factory in another industrial area, but it did not group another management team; from this, the indispensability of the new computer system that helps a single management team to manage two factories is obvious.

causes trade barriers. In addition, in early stage, overseas labor in China and Southeast Asia are intensive and cheap, which enables plants to efficiently lower costs and enhance competitiveness. What's more, in order to attract foreign investment, the governments in these countries provide various types of incentives helping Tong Group's operation expansions. "The first plant of Tong Group was set up in Penang, Malaysia since there are a lot of Chinese in the city and most of them can speak Taiwanese; moreover, its culture is comparatively close to ours that leads to smaller barriers and easier management." Screws made in Taiwan exported to several foreign main markets are usually imposed with import taxes and hence this lowered their competitiveness, Tsai added, while screws made in Malaysia and Thailand exported to many markets are with no tariffs. Moreover, besides exporting products to foreign countries with tax, Taiwan is not allowed to freely import Chinese stainless steel wire rods that are cheap and have a steady quality and therefore Tong Group launched subsidiaries overseas to lower risks of trade barriers.

However, Tsai noted, there have been some changes in government policies in these Southeast Asian countries; for instance, in Malaysia, incentives have been shifted from the traditional industries to high tech industries and the service sector and, because of labor shortage, high dependency on foreign labor and constant changes in the government's foreign labor policy, the presence of labor sometimes exhibits unstable. In 2012, Malaysian government is determined to adopt a minimum wage system, which further boosts the labor cost in the country, while, in Thailand, owing to the government attracts foreign investment actively, it encounters a problem that foreign labor is inevitably necessary even though its population is 2 or 3 times of that of Malaysia. Therefore, regarding setting up an overseas factory, an enterprise must take into consideration of the sufficient supply of labor and the stability in the government policies; in addition, customs and culture are also essentials needed to be pondered. All these factors will definitely affect long-term investment.

A Prominent Power You Won't Wish to Belittle

TYCN : An Eager Market Developer

article by Tony Liu, Fastener World Inc.

photos by Tycoons Corp.

Tycoons Worldwide Group (Thailand) Public Co., Ltd. (TYCN) has intensely and profoundly developed itself in Thailand for almost 16 years. With its successful vertical integration from middlestream to downstream production and the macroeconomic environment getting better in ASEAN, TYCN is equipped with the best advantages to develop its operation power to greatly increase its market share.

The World's One and Only Vertically Integrated Manufacturer

Established in Rayong, Thailand, TYCN (Thailand) is claimed as an oversea subsidiary of Tycoons Corp., which is a noted Taiwanese fastener enterprise. TYCN's major production includes wire rods, annealed wires, screws and bolts. The average output of its wire rods is 360,000 tons per year, 144,000 tons of annealed wires, and 36,000 tons of screws and bolts respectively. Among its various production lines, its fastener production yields the biggest supplier in Thailand, and its steel wire rods claim Thailand's second place. If including its steel bar production

portion, TYCN becomes the third largest in Thailand. TYCN is also the first Taiwan-invested company back to Taiwan to issue TDR.

TYCN is proud of being the world's one-and-only manufacturer that has successfully secured establishing vertical intergration of production lines from middlestream to downstream. At a time when the Western consuming market shrinks, TYCN, however, enjoys the benefits from being situated in the ASEAN region, embracing the preferential tariff policy exclusively for ASEAN members. Furthermore, TYCN holds the capacity to proportion its selling markets among Western and ASEAN markets, giving it the flexible advantage of choosing to be aggressive in the strong Western market or competitive in the ASEAN market.

Kenny Huang, President of TYCN indicates that to reach the yearly production of half million tons of billets, the company set up TY Steel Company Ltd., an electric furnace steel-making plant, in 2011 to ensure its goal is attainable. The production is scheduled to be in effect in Q4 2013. By then, TYCN will be fully integrated by adding in upstream production capacity, making it a perfect and unbeatable enterprise capable of offering integrated production from its upstream (billets), middlestream (wire rods, annealed wires) to downstream (screws, bolts). Therefore, with the high integration, TYCN can save hugely in its manufactory cost, which, in other words is directing TYCN into a profitable maker and a high margin business (precious alloy-steel rods



▲ President Huang believes TYCN's future outlook is very promising



◀ A corner of one of TYCN factories

and bar steel). Besides, since Taiwan Tycoons Corp.'s wire rod demand is completely supplied by TYCN, Tycoons Corp. will be benefited from the launch of TY Steel's operation with an increase of production efficiency.

An Unrivalled Partner for Importers

Apart from the Thai market, TYCN also secures the Taiwanese, Middle Eastern, ASEAN and neighboring markets like India. As the West claims to be the world's major industry manufacturer, TYCN earns 15-20% of its revenue from the West. Among them, the screws and bolts weigh a substantial amount of the achievement. In addition, because China's withdrawal from the market due to EU's anti-dumping duties (26.5-85%) effective since 2011, the number of gradually increasing transferred orders has made TYCN become a reliable supplier to the EU market. Huang believes TYCN is the best choice to the West market because of the solid and stable supply TYCN sustains. With its continuously record high sales volume from its Western customers, TYCN, no doubt, plays the best partner to them and earns their best credits and favor.

Huang suggests that owing to Taiwan's present policy of the embargo on wire rod imports from China, and the transferred orders from China where the manufacturing cost of screws, bolts and nuts are hiking up, the domestic demand of Taiwan for wire rods surges. With no burden from the amortized cost of the furnace steel-making plant, Tycoons Corp. is hoping to aggressively develop its domestic wire rod market through a flexible credit line. In addition, with the help from the vertical integration and Thailand's support of wire rods, Tycoons Corp. is able to secure business opportunities in Taiwan, meet the domestic demand for wire rods in the fastener industry, and reinforce TYCN's output and capacity utilization rate.

In the future, TYCN will continuously take advantage of the preferential tariff policy and the favorable geographical position of ASEAN to strengthen the vertical integration and live up

to its three guarantees: Early Delivery, Elite Quality and Competitive Price. With the stability of Thailand's political status and its immense investment in public infrastructure and irrigation system, the advancement of automated technology industry, which accelerates the demand for machine tools, and the strong growth of GDP in Asian countries, which will further lead to a home appliance replacement trend, TYCN will take the most advantage of these situations to expand its market share. Meanwhile, TYCN is ready to embrace new business opportunities and to be a significant player in the industry.

▼ TYCN, the best fastener provider in the Western market



▲ TYCN factories

Heading to Vietnam

Homn Reen's New Plant Will Launch Production in 2014

article by Tony Liu, Fastener World Inc.

photo by Fastener World Inc. and Homn Reen



▼ Computer simulation chart -The Vietnam new plant is a 5-phase project. It is forecasted to be totally completed by 2014.

Once creating the record of exporting 1,400 tons of self-drilling screws in a single month in Taiwan, Homn Reen Enterprise Co., Ltd, a Taiwanese manufacturer with the greatest production capacity of self-drilling screws, began new plant construction in Vietnam covering 10.5 hectares in 2010. The first phase of the plant building construction has finished and launched the production; moreover, the second phase is expected to be completed by the end of 2012. The whole new plant is scheduled to be completed in 2014. It will focus on the production of carbon steel small screws of basic and middle levels for achieving the target of monthly production capacity of 2,000 tons.

Consistent Production Process 100% Quality Assurance

To develop the potential ASEAN market and reduce the risk (of anti-dumping duty and import duty), Homn Reen was determined to invest largely in Vietnam, expecting to create another peak. Jack Lin, the President of Homn Reen stated that the Vietnam new plant is planned to be a production base for entering ASEAN market. When the new plant is totally completed, it will have a comprehensive production line including wire drawing, heading, heat treatment, plating and packaging, etc. which will lead to realize the targets of consistent production process and efficiently control products' quality and schedule. "In this way, we are able to control costs precisely and 100% reach the goal of quality assurance," emphasized Lin.

The Vietnam new plant is a 5-phase project. In the first phase, covering 9,917 square meters, the plant building whose monthly production capacity reaches 500 tons has finished and put into production. In the second phase, allowing to expand 4,298 square meters after the construction completion, the plant building whose monthly production capacity reaches 1,000 tons is expected to be



▼ A corner of the Vietnam new plant



▲ The Vietnam new plant will focus on the production of collated screws which need intensive labor.

◀ Jack Lin, the President of Homn Reen, indicated that clear market orientation and consistent R&D innovation are the unchangeable philosophies to confront the competitive market.

completed by the end of 2012. The other three phases will start one after another and get completed by 2014 when the plant will have 200 sets of production equipment and the overall capacity will be amounted to 2,000 tons per month.

Clear Orientation of Taiwan and Vietnam Plants for Grand Prospects

To avoid the market conflicts, Lin noted, the Vietnam plant will produce small-packaged, labor intensive, basic and middle levels' small screws and collated screws for Southeast Asian countries, while Taiwanese plant will concentrate on R&D, and production of high value-

added fasteners, such as long size screws, self-drilling screws and bi-metal screws (carbon steel plus stainless steel) primarily for American and European countries. "By this policy, we expect to make the two plants clearly orientated, equip them with sharp competition advantage in the market and expand our market share," Lin further stated.

Continual R&D innovation and clear orientation are key factors to flourish in the severely competitive market. The philosophy is nothing new to Lin. Devoting himself to this industry for 20 some years, Lin would review the development strategies for the company within a period of time. By flexible organization management and powerful R&D teamwork, he searched out the niche products for the company. On the other hand, the clear market segmentation, complete system and distinct strategy from others enable the company to successfully weather the int'l financial storm and hand in a remarkable statement of even increased income.

From the development of self-drilling screws and bi-metal screws to the Vietnam investment, Lin showed his high self-demand and sharp sense of the market trend. As Lin often says, "Know your strength first, then you see your way to survive." The Vietnam plant will go its own way under the policies of unifying production and marketing, with the brand name and channels as its guiding strategies.

Creating Its Own SKT Brand Name

Taiwan Shan Yin Focuses on R&D to Sweep in Orders

article and photos by Tony Liu



President of Taiwan Shan Yin, Jack Su's open and trustful attitude enables the whole staff to increase sales in a concerted effort

In industry, the economic depression does not matter as much as your endeavor does." This saying impresses deeply on Jack Su, President of Taiwan Shan Yin International Co., Ltd. It makes him rack his brains to search for the way to live through the keen competition. Now having five bases at home and abroad, Taiwan Shan Yin has taken a leading role in the industry in Taiwan, and on the other hand, aggressively expands global market share by flexible business strategies and energetic R&D, under its own brand name SKT.

Taiwan and Malaysia Plants Join Hands to Boost Business

Based in Kaohsiung, Taiwan Shan Yin was founded in 1984 as a producer of various types of screws, supplying to building, automobile, electronics and machinery sectors. To get close to customers and to meet the market demand, it set up Sofasco Ind. (M) Sdn. Bhd. in Penang, Malaysia in 1989. Orders are contracted in Taiwan while products are shipped from the two plants. "It is buyer's market nowadays; changing to keep up with the buyer's requirement is a sure trend," says Su. More and more trade hurdles, e.g. anti-dumping duty, have been brought up. In order to cope with the various requirements of the customers, Taiwan Shan Yin agilely assigns the export deals to the two plants. By means of this strategy, it helps its customers save a lot of cost and becomes more advantageous than its competitors in landing orders.

Three years ago the Malaysia plant started transforming, including digitalization of internal systems, and adoption of bar code system in production line. The project is planned to finish in early next year. "We duplicate the successful experience of digitalization in Taiwan plant to Malaysia plant in the hope of improving the Malaysia plant's production and service efficiency," says Su. The Malaysia plant is a battle comrade with Taiwan plant; they

hold weekly long distance conferences on the Internet to share information, conduct trainings, business reports and technical workshops. "Today the Malaysia plant has reached the same level as Taiwan plant in product class and quality, winning much of recognition and reliance of its customers." Su is very confident of the quality of the Malaysia plant, "It is no less good than Taiwan plant at all."

Technical Potential and Brand Benefit

Taiwan Shan Yin set up its R&D department in 1998 for the purpose of producing customized screws of middle and high class. It underwent many years of hard work before it succeeded in several patented screws. "We put in a lot of capital and hard work but could not have a good harvest during the first few years. Really difficult," says Su. Many thanks to the enthusiasm at that time, so that the company could keep on and have some results now. It has 10 master engineers now. With project management and 3 dimensional simulation computer program, Taiwan Shan Yin can improve efficiency and capability of R&D, link up with customers' requirement and win their satisfaction, and go toward the higher class of screws. This not only saves time, but also cuts down the product developing cost by 20%. Su often tells his employees the example of running a restaurant. "Did you see a chef of a restaurant who cannot cook the orders of the guests? How can he run a restaurant and act as a chef?" What Su tries to

► Taiwan Shan Yin created its own brand screws; the photo shows the SKT series



say is, if you want to enter the field of high class fasteners, you must have the technical capability. Otherwise, how can you take orders?

Taiwan Shan Yin obtains a lot of orders by supplying custom-made screws and comes up with its own brand SKT. Now SKT screws have developed to 10th generations. "SKT starts with logo recognition and then focuses on good quality and good service," says Su. It started with the enhancement of the performance, (not cracking after screws driving in), then progressed to the close connection of screws and sheets, then to the flat and smooth surface after screws driving in. "Product's requirements are changing, and SKT screws have to follow closely at their heels." Whenever Taiwan Shan Yin has a new product, it will offer the upgrade

service to its customers without request. "This is a win-win policy; why don't we do it?" According to Su, as long as their customers sell well, they will sell well, too. When the brand loyalty is established, customers will not buy elsewhere.

Extending to Medical Device Market

Taiwan Shan Yin reported NTD800-something million in total sales volume last year; its main market is Europe and the US, accounting for 85% of its total sales. It supplies standard and customized screws, making a good example of one-stop shopping to its customers. Taiwan still has a great potential to develop in the fastener market. Su adds, "Because Taiwan has just got to the middle and high class market, there is a lot of room

for us to grow." To develop new market in the old market place and to renew old products are the directions for Taiwan Shan Yin to move on in. "We will strengthen our service in customized field, continue input to R&D, and extend the range of our products." Su foresees the big companies will always dominate the industry, so they have to become a physical sound company to survive in this field.

Taiwan Shan Yin also decides to enter the medical device market. Five years ago, it started the development of dental implant. It starts to sell the product in Taiwan market now. The sales channels to foreign markets are under work. Su notes they are working with a semiofficial company, through whose assistance they hope they can sell this dental implant to global markets in Taiwan's brand name. The company is optimistic about the future. ■

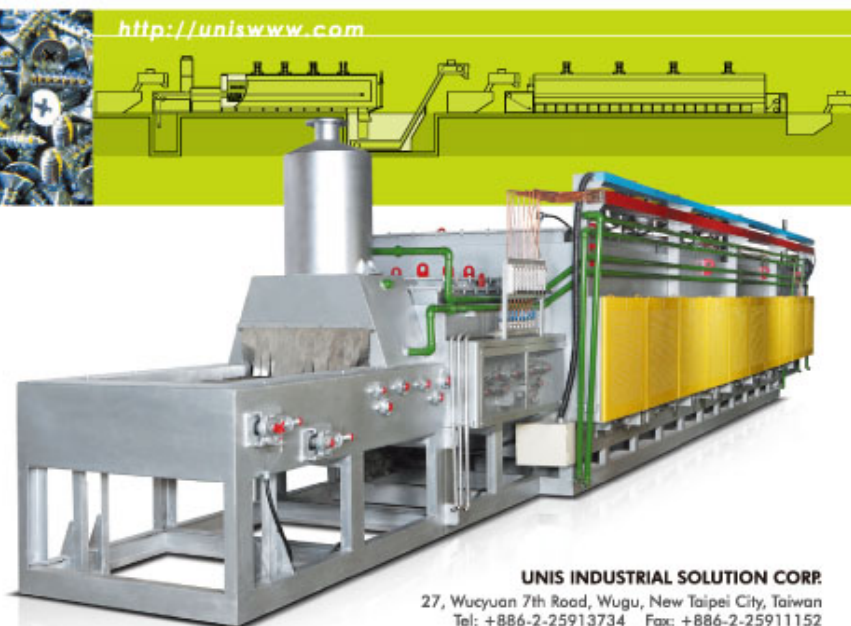
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