

## Making a big splash across the region

Aik Moh's success lies in its experienced and forward-looking staff that cover the entire spectrum from management to production and sales, report **ABIGAIL CHONG YAN-LING, COLIN JEREMY LIM KEYUAN and AMANDA TAN YAN YING**

**S**TARTING with just five employees and a single paint and solvent distribution shop in the 1980s, Aik Moh Paints & Chemicals has come a long way, making its mark as a reputable chemical distributor and related-services provider. Today, Aik Moh has two factories in Singapore and one in Batam, and a strong market presence in many Asia-Pacific countries.

A milestone in the company's history is its winning last year of the Enterprise 50 Award, organised by *The Business Times* and KPMG LLP. In addition, the company is, for the third year running, in the Top 100 by Sales of the annual SME 500 Awards organised by DP Information Group.

Aik Moh's success lies in its experienced, competent and forward-looking teams that cover the entire spectrum from management to production and sales. It is through their shrewd foresight and capabilities that the company has evolved over time, changing and adapting its core businesses to maintain its relevance in the marketplace.

### Competitive edge

Executive director Roy Tan Keng Hong explains that Aik Moh adopts a simple yet unique distribution model. The company acquires chemicals in bulk directly from manufacturers, rather than from the spot trading market or chemical traders. These chemicals are subsequently repacked and mixed according to their customers' requests, and promptly delivered via the company's in-house fleet.

According to Mr Tan, the Singapore manufacturing sector faces huge competition from the emerging economies, and this has caused a decline in local demand for chemicals. In the face of such pressure, Aik Moh has demonstrated its ability to adapt and continually improve to remain competitive.

For example, the company has taken various steps to enhance its value chain. It is now no longer just another distributor; instead, the company has gone on to offer other value-added chemical-related services on top of its normal trading business. Such services include the blending of chemicals, warehousing and drumming.

Mr Tan acknowledges that with the decline in demand for industrial chemicals, the blending business will become an important source of revenue.

He explains that Aik Moh's target for such value-added services is multinational corporations (MNCs) that are looking to outsource their chemical operations function. With these services, Aik Moh can fit into different value chains as required by its customers.

"We can offer our products simply as a passive distributor, or provide the full service of producing, packing and storing the end-product and delivering the finished goods to the MNCs' end-consumers directly."

Product myopia has long been the bane of many a failed company and Aik Moh strives to avoid it by regularly re-



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viewing its strategic plans, taking a hard look at its product range and factoring market changes to ensure its products are updated to meet demand.

As an example, in order to meet the demands of the growing pharmaceutical and biomedical sectors in Singapore, the company has diversified its product offering to include laboratory-grade chemicals.

Similarly, in order to meet the demands of the growing solar energy industry in Singapore, the company has also introduced chemical products used in this area. According to Mr Tan, Aik Moh closely monitors this upcoming industry, and works with its suppliers to ensure that the company gets a head-start.

### Gearing for growth

Aik Moh also cuts no corners when it comes to maintaining and improving upon operation standards. Of special focus are the company's environmental and safety standards, as reflected in the Responsible Care initiative. Responsible Care is the chemical industry's global voluntary initiative under which companies, through the Singapore Chemical Industry Council, work together to continually improve operations in terms of health, safety and environmental standards.

In spite of the global downturn, Aik Moh does not believe in quick fixes during bad times and has therefore retained its staff. The company believes that it is their highly experienced and competent management, sales and production teams that will help Aik Moh to continue fulfilling customers' expectations and consequently ride out the recession.

In addition, it believes in building up capabilities for the upturn. Mr Tan says: "Aik Moh closely monitors market trends and is on the constant lookout to increase its portfolio to serve new initiatives, and to define the company's next phase of growth."

A prime example of Aik Moh's search for growth opportunities and expansion beyond its core businesses would be its recent venture into the clean energy industry via wholly owned subsidiary Advon Singapore Pte Ltd. Meeting the increasing demand for green initiatives, the company focuses on environmental products and services with the use of clean energy and new technologies.

Together with the National University of Singapore and two other Japanese universities, the company is in the midst of developing and commercialising the patented Adsorption Desalina-

tion system. Unlike conventional reverse osmosis systems, this method can be powered by solar energy or recycled waste heat from industrial plants.

With the support of Spring Singapore, the company is in the process of installing this absorption desalination prototype at a giant pharmaceutical facility in Singapore.

In March 2009, as recognition of its environmental efforts, Advon Singapore clinched the third prize in the Asia Forum for Clean Energy Financing. This was organised by the Climate Technology Initiative, which is part of the International Energy Agency, an intergovernmental organisation based in Paris.

### Forging ahead

Starting in the heartlands with its very first distribution shop in Jalan Besar, Aik Moh has made great strides in the past 20 years. Despite the current challenging times, the company is continually expanding, capturing unique windows of opportunities to remain innovative and ahead of the competition. It is this forward-looking planning and business acumen that prime Aik Moh for the future, moving the company straight from the heartlands into the world.

The writers are students of NUS Business School

**Staying competitive:** Aik Moh chairman Tan Kah Moh. Despite the current challenging times, Aik Moh is continually expanding, capturing unique windows of opportunities to remain innovative and ahead of the competition

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