



## Bringing Value to Partners

Maha Chemicals Asia Pte Ltd (MahaChem) has its genesis in K.C. Pte Ltd, a raw material sourcing arm of a paint manufacturer company founded in 1975. At that time, brands like Nippon Paint have not made their way to Singapore, so the family concern was able to ply a comfortable trade. With the passage of time, a stagnating market – due to Singapore's limited size and the emergence of competitors – compelled the company to pivot to a B2B (business-to-business) practice. Instead of making the paint, it started providing the raw materials to the paint industry. The company has since expanded its capabilities to four business units (BUs) spanning products for Surface Technology, Engineering Materials, Living Sciences and Industrial Solutions, and three others to provide services, namely, Logistics, Laboratory and Innovative Services.

MahaChem's current numbers paint an impressive picture. It is a specialty chemicals and related equipment distributor with a strong Southeast Asia presence and network. Buoyed by a staff strength of more than 190 experts and specialists in 16 offices across 11 countries, the company provides a suite of products and innovative services to over 2,000 customers. It works with some 200 suppliers, has in excess of 1,000 SKUs (stock-keeping units or unique inventories), and operates or owns 14 warehouses and five application laboratories.

People, professionalism and partnerships are the pillars of the company's transformation and sustainability. Unlike some family businesses which tend to cling to the tried-and-tested formulae even when they become obsolete, MahaChem recognised that the dynamic business environment required a major rethink of its strategies. The impetus for change came about when Tan Seow Hoon, the founder's daughter, joined the family business in 1991. Ms Tan, who completed her university degree in the US, had worked four years in the banking sector and in trading positions.

As the company transited to a B2B model, it also kickstarted its expansion plans both geographically and in terms of product lines. In 1993, the company established its first overseas office, in Malaysia, to spearhead the company's reach into various industries.

In 1999, fresh out of university, Chew Chin Seong joined the company as an account executive. Two years later, he was asked by Chairman Ms Tan, now 55, to be part of the company's regionalisation team. Mr Chew, who has worked his way up to Managing Director (MD), narrates how he would fly into a country and cold-call on companies. "We would start by hiring one person at the home base. Once we get a customer base of, say, 10, 20 or 30, we would then look for an office to rent, and hire the staff." Although it takes a longer time to get an office up and running this way, the 45-year-old MD believes the endeavour enables the company to develop a deeper understanding of its markets and customers. "Our overseas offices are not joint ventures but greenfield projects," he qualifies.

At the same time as MahaChem was extending its footprint, it was restructuring internally. It reinforced its team with highly qualified professionals, formalised the organisational framework and streamlined its processes. It also worked hard to define, refine and strengthen its BUs.

The period between 2001 and 2019 was characterised by rapid expansion. The company was providing raw materials as well as representing its principals to market and distribute their products. But good-quality materials are expensive and customers are "always looking for something cheaper". This was why in 2016, the China office was set up, "not so much for selling as for achieving operational efficiency, such as buying from the source market and establishing a more efficient supply

chain”, reveals Mr Chew. The Korea office was set up in 2019 to take advantage of emerging mega trends that could power the company’s future growth.

### Riding on mega trends

Small and medium-sized enterprises (SMEs) may not have the extensive resources that multinational companies (MNCs) have, but they can still benefit from breakthroughs by riding on the coattails of the big boys, explains Mr Chew. The way he tells it, MNCs are the ones that “create the demand”, setting trends in Southeast Asia for the next eight to 10 years. But the SME, through its own research, would have spotted the trends too, and laid the groundwork that would convince customers that they, too, can be part of the growth story – if they partner MahaChem.

As a case in point, around seven years ago, the company’s Living Sciences BU was established to pursue nascent developments. At that time, the “green message” was beginning to gain traction in the western world as more global bodies, governments and corporations commit to a sustainability agenda. It was only a matter of time before the “green” trend made its way to Asia. MahaChem had initiated its “green” product line six years ago. Although sales were slow in the early years, when the green wave hit the region in the last three years, the company was already ahead of the curve and reaping the rewards.

“We are very sensitive to the business opportunities and are constantly on a lookout for viable prospects,” discloses the MD. He cites another example – of the burgeoning middle class in Asia, which wields a bulging purse for discretionary spending. Research suggests that the higher disposable income would be directed at segments straddling colour cosmetics, homecare, personal care, life care; and food and health. As Korea has made a name for itself as a premium supplier for such goods, MahaChem opened an office in Korea in 2019 to tap on the raw material supply opportunities, with an eye on the distribution potential in the Southeast Asian markets.

While the SME does not have the clout of an MNC, its smaller size allows it to be nimble in responding to market movements. Still, with competition everywhere, “what’s important is how to get customers to buy from you rather than the competition”, Mr Chew points out.

### Partners with benefits



**MahaChem’s Customer Day 2019** – The annual Customer Day is organised to show appreciation of its customers and to deepen relationships.

“MahaChem’s organic growth is built on the strength of its relationships with its customers,” he divulges. To this end, the company commits between three to five years to fully understand a customer and its needs. “We strive to strengthen the bond, develop ‘stickiness’ so that we’re not easily replaceable, and really optimise the value we bring. We provide ‘solutions’ and not just products.” Offering a context for his words, he says that while other companies may share their knowledge about impending trends, MahaChem will examine the impact of these trends on their customers, and find ways for their customers to get a slice of the lucrative pie.



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“We know the region better than our principals; we know what works and what doesn’t. With our established network, we can help our customers enter new markets and distribute their products,” he states simply.

Things changed drastically in 2020, when the solutions provider found itself severely challenged when the Covid-19 pandemic wreaked havoc on the world. Suddenly, business risks multiplied manifold. Forecasts were, at best, the most basic of guesswork. The cash conversion cycle stretched from three to six months or more, and even then, the company could not say with certainty if the raw materials it needs would be available from the suppliers, despite a three- or four-month lead time. And if they were available, there are a myriad of other hoops to jump through, from elevated costs to logistics disruptions and customer orders and payments. “The pandemic really shows us that we are in a vulnerable position with no say over supply and demand. At the same time, we are grateful for the opportunities where we can speed up developmental work in some mission-critical business units,” pronounces the MD.

### **Sustaining the core**

As part of its ongoing plans for the future, MahaChem is looking to modify its approach due to the rising cost of doing business in recent years, and the vulnerabilities in its business model. “Simply put, we want to have more control over the business and focus on our core products and services. Going forward, we will continue to build on our strengths, such as our extensive sales and marketing network,” conveys Mr Chew. The company’s 10-year plan will likely veer towards the manufacture of “green” proprietary products that have a wide range of applications across industries.

“Chemicals are the basic building blocks of life. They are used in everything we touch, eat and use,” he says. “We want to be in a position in the value chain to affect regional and global trade, and do our part in the transformation towards going green, for long-term sustainability.”



**Company event photos contributed by Team MahaChem**



**Christmas (2019)** – Partnerships go beyond external stakeholders. Internally, employees of different departments work together on different projects. A festive season like such calls for a “meeting” to celebrate the occasion together!



**Maha 45th Retro Party (2019)** - To celebrate its 45th anniversary, Maha organised a Retro-themed party! Maha’s success and transformation to date can be partially dedicated to its people!