

Editors

Betty Hammond
b.hammond@kci-world.com
John Butterfield
j.butterfield@kci-world.com
Frank Wöbbeking
f.woebbeking@kci-world.com
Danielle Hinton
d.hinton@kci-world.com

Publishing Director

Donald Wiedemeyer
d.wiedemeyer@kci-world.com

Editorial Director

Sjef Roymans
Sjef.h.roymans@kci-world.com

Advertising

Ivan Gane
i.gane@kci-world.com
Robert-Jan á Campo
r.a.campo@kci-world.com
Karen Miller
k.miller@kci-world.com

Subscriptions

Erica Riethorst
e.riethorst@kci-world.com

Press contributions

Press.asn@kci-world.com

Design & Layout

Claire Smeets
claire.smeets@mediamixx.net

Production

Wright's Printing

Publishing House

KCI Publishing b.v.
P.O. Box 396
NL-7200 AJ Zutphen
The Netherlands
Tel: +31 575 585 270
Fax: +31 575 585 099

KCI GmbH

Tiergartenstraße 64
47533 Kleve, Germany
Tel: +49 2821 711 450
Fax: +49 2821 711 45 69
Kci-deutschland@kci-world.com

KCI Shanghai

Shanghai Ke Sheng Business
Consulting Company
Room 603, 6F, ChunShenJiang
Building,
#400 Zhejiang Mid. Road
Postcode 200001 Shanghai /
PR China
Tel: +86-21-6351 9609
Fax: +86-21-6351 9607
kci.shanghai@kci-world.com

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Spotlight On

Stainless Pipe & Fittings Australia From down under to the top: the rise of SPF, piping specialists

Since its birth in 1996, special stainless steel piping supplier SPF (Stainless Pipe and Fittings Australia) has been going from strength to strength. SPF has expanded without losing its personal touch or its regard for quality and excellent service. Confident of its future, the company moved into a purpose-built 40,000 square metre site including office, warehouse and distribution facilities in Jandakot, Western Australia. It is here that our team met Graham Yarker, Jeff Nicholas, Renee Hayes and Nathan Jones to learn more about how it all began, how they cope with the competition, what is the key to their success, and how they plan to strengthen their presence in the world beyond Australasia.

The central warehouse is massive – and it is one of only four on the premises. As we start our tour we observe the clearly visible markings showing where it is safe to walk, eluding the electrically driven forklift trucks that dash hither and thither to collect pipes, fittings and flanges for delivery to the packaging area in one corner of the hall. “It is built for the future,” Operations Manager Nathan Jones explains, as he escorts us past high racks, colour-coded according to the material that is stored in them. “We have more than enough room for expansion here.” This is an understatement. Apart from the four warehouses, there is a huge yard where pipes are stored, where even the largest trucks have no problems manoeuvring. Every now and then a small plane takes off from nearby Jandakot airfield.

In the beginning

Jeff Nicholas and Graham Yarker established SPF in 1996 after identifying the need for a specialist supplier of stainless and white-metal piping for the Australian market. “In those days, all the stainless suppliers were what we consider to be supermarkets,” Graham Yarker, Managing Director of SPF, told us. “They had a little bit of everything, flat rolled, coils, bar products, tubes, pipes,

fittings and so on, but they were not doing any one thing particularly well. We thought there was a niche in the market for a stainless piping specialist.”

“Our intention in the beginning was to be a project supplier and trader so that we could package project supply,” Graham explains. “Initially we did not intend to be a stockist or a distributor. We knew even then that we could count on customer support. The great unknown was whether we could gain the support of suppliers, stockists, and all of the mills and manufacturers around the world. People are aligned with others, have relationships with others, a past history with others against whom we were now going to compete!” It took only a few months, however, before their decision to break away was thoroughly vindicated. “We soon realised we had adequate support from the supplier network,” Graham tells us. “We were receiving so many enquiries that in 1997 we took the plunge and moved from our small office to a much larger one with a warehouse and some yard space. Five years later, we moved to an even larger office and warehousing facility then, in December 2008, we relocated to this world class facility custom-built for our needs.” As Renee points out, the 40,000 square metre



Inside the central warehouse at SPF's purpose built 40,000 sqm site at Jandakot, Western Australia.

complex is by far and away the largest specialist stockholding of stainless steel, duplex and super duplex in the southern hemisphere.

From trader to stockist

SPF soon became Australasia's largest stockist for piping in all shapes and sizes, in a wide variety of grades of stainless steel and, as they came on the market, duplex and super duplex. Graham explains what happened next. “Unintentionally, SPF had evolved into being a master distributor. And we became very comfortable in that environment, where we were selling to resellers and everybody knew what they wanted. We didn't have to advise anybody or sell anything, as our customers al-

ready knew what they wanted to buy. However, over a period of time, we started to feel quite vulnerable trading with potential competitors. We felt the best way to secure our future was to move directly into the market, to let the end buyers know who SPF was, where their product was coming from. That came about a few years ago when Renee joined us. We started to develop the SPF brand to support our push towards being a direct supplier to the market,” he explains.

Evidence of SPF's rapid growth can be seen in the number of its facilities: six locations in Australia, additional locations in South Korea, Indonesia, Thailand, Europe, the UK, a sales office in

Dubai and a warehouse on the way. The company is rapidly taking on personnel, recruiting another 25 people in the last year, bringing the total up to 120, of whom 75 are based in Perth.

Markets

SPF stocks a wide range of products in stainless steel catering to a number of process industries. Oil and gas applications generally account for 50% of turnover, but the largest project SPF has ever supplied is a nickel processing plant, Ambatovy, currently under construction in Madagascar. At present around half of products are shipped to Australia, half overseas. However, the company has ambitious plans to boost its exports into the Middle East, Europe and North America.

Sourcing

Given that there are no Australia manufacturers, where does SPF source its products? Graham says, “We buy mostly from the big names in Western Europe and Japan, also from Canada, Korea and Taiwan. It is important to maintain SPF as a recognised quality supplier of fully certified, fully approved product. . . . Whatever the source or certification requirement, each product is subjected to a careful inspection and quality check.”



The exterior of SPF's West Australian site including office, warehouse and distribution facilities.

Spotlight On

Unique selling points

Apart from quality, Graham shares the company's unique selling points. "Our whole company is centred on our customers and our sales operation, and as a customer-centric organisation service is our priority. Our project supply capabilities are second to none, in terms of our project packaging and warehousing, contract and logistical expertise and operational support," he says.

Jeff adds, "We have a customized software system that enables us to monitor our service levels and maintain exceptionally high standards. Plus, here in the southern hemisphere there are not many companies with the wide range of alloys and

stantaneous, allowing orders to be processed quickly. This software investment is a crucial element in the company's drive to become active all over the globe on a "24/7" basis.

Going the extra mile

SPF is aiming high, confident about achieving its aim of spreading across the globe within five years. "We're in the final stages of developing two expansionary opportunities in Europe which we anticipate announcing in the first quarter of 2010," explains Graham. Jeff adds, "We're also planning the construction of a large stock holding facility in the Middle East which is due to be fully functional by early 2011."

Hands-on involvement

SPF is privately owned, with Jeff responsible for sales and Graham in charge of the support functions. This informal structure has clear advantages. "We are very flexible," says Graham, "so decision-making can be very fast. We don't have a board of directors we need to discuss plans

only is employee wellbeing paramount, but they are also confident their people are the best of the best. Graham comments, "I'd put our people up against anybody in any company, in any market. We invest heavily in our people and staff retentions are excellent. We understand that people are our most important asset and the key to SPF's success."

Performance and prospects

A clear sign of confidence is that SPF felt able to take on extra staff in the teeth of a severe recession. "The financial crisis affected us only in a very small way," says Graham. "Australia is still performing as the second strongest economy in the world, after China. The market was flat during the second half of 2008, but then picked up again in the first half of 2009. We were still able to increase our revenue by 20 per cent last year! Our real challenge was not reduced revenue or lower profitability. It was really about how you manage 35 million dollars of inventory when the prices just dropped by half in terms of the fallen materials price and also because of the strong Australian dollar. But, we were quite sheltered here. We went into the crisis in a position of great strength, and we had a very large order book that carried us

through those difficult times."

Looking to the future, the company has grounds for optimism. The order book for 2010 and 2011 is quite large. For example, a new desalination plant is being built in Sydney, for which SPF is supplying all stainless steel, duplex and super duplex piping; and the company has recently won the stainless steel piping package for Zamzama LNG Gas Plant in Pakistan. But perhaps the most important ingredient in the company's success is its directors' determination to keep ahead of the game in terms of quality, service and facilities.

"It's a continuous improvement process," says Graham. This brings us back to the warehouse. Graham re-

ported by the head of office in logistics and contract support.

SPF Scanfit Limited

As part of the company's continuing growth plan, SPF purchased Scanfit International Limited, located in Norwich, United Kingdom, in June of this year. Scanfit, a well established stockist and master distributor, maintains a comprehensive inventory of European manufactured brand pipe fittings and flanges in stainless, duplex and super duplex. Now known as SPF Scanfit Limited, this addition to the SPF team is a good fit in terms of stock range and capabilities. Scanfit has a wide variety of products, carrying in stock in excess of 7,500 product lines. Currently, Scanfit works



Electrically driven forklift trucks collect pipes, fittings and flanges for delivery to the packaging area.

sizes we've got, so we're a natural attraction for anyone in this market. For Australia, the only place to come for stainless piping is SPF; from anywhere else it is logistically impossible. Even in Asia there's no stockist with the range of duplex and super duplex we've got. We ship out to Singapore, that's five days away over water. Not so far, compared with shipping it from Europe!"

A significant portion of the goods SPF trades are not physically exported from Australia. "We cross-trade a lot of product," explains Jeff. "We source package in Europe, Asia and North America and ship the product to wherever the end destination is. We've got well resourced contracts, purchasing and logistics teams here to support that type of business, and our sales teams are constantly on the move, visiting suppliers and customers."

In the last year the company has invested heavily in software systems that operate in multiple languages and currencies. Trans-continental communication and data processing is in-

Are they scared about competing internationally? Graham starts, "In the beginning, it was daunting to compete against well established companies, but history has shown that we can compete anywhere. In recent years we have secured large volumes of business in direct competition with international players. One of our major successes was a couple of years ago in Canada, where we secured a multi-million dollar contract, which is still ongoing, against international competition." Jeff adds, "They are extremely happy with us. Almost 2,000 tonnes of product was shipped to Perth, project managed, warehoused, documented, inspected, colour-coded and tested all on-site here, and then distributed according to the project's requirements."

"Not many people can offer that level of service and quality," says Renee. It is by going that extra mile – for instance offering tailor-made packaging from its own in-house export packaging facility – that SPF can maintain the edge on its competitors.

with. We just have a beer and talk about it, and say, yes, it's a good idea, let's do it."

Talking to Jeff and Graham, it is clear that their enthusiasm for piping from an early age is what makes them tick. Graham says, "We're still learning, we're still very passionate about what we do."

This life-long commitment extends to their sense of responsibility towards their staff. Not

Facts

Facilities:	Six locations in Australia (Perth, Melbourne, Brisbane, Townsville, Adelaide and Sydney), Europe, Indonesia, South Korea, Thailand, UAE and UK.
Products:	pipe, pipe fittings and flanges,
Materials:	various stainless steel grades, including duplex and super duplex; nickel and titanium alloys; special carbon steels.
Key markets:	oil & gas, mining and mineral processing, water treatment and desalination, (petro)chemical.
Geographical markets:	Australia (55%), South East Asia (15%), East Asia (10%), Middle East (10%), Europe (10%).
Certification:	ISO9001, ISO14001 and AS4801
Turnover:	USD 170M (2009)
Employees:	140
Website:	www.spfa.com.au

New Locations

SPF Scanfit Limited (UK)

Stockist and master distributor of brand pipe fittings and flanges in stainless, duplex and super duplex.

SPF Europe (Italy)

New SPF office established for improved customer services and company representation in European and the Mediterranean regions.

counts the visit of a health and safety official, who commented that it was "probably the best that we have seen in the country for industrial product in terms of its safety, procedures and standards."

SPF Europe

SPF recently opened SPF Europe in Italy in order to expand the company's activities in the region and to meet growing European and Mediterranean demands. Since representatives are in the same time zone as clients, the new office allows for superior customer service. SPF team members in these regions have a superior understanding of customers' individual requirements. To supply these orders SPF will draw stock from its locations such as the UK and Australia. In addition, the sales teams at the European location will continue to be sup-

ported by the head of office in logistics and contract support. mostly in the UK, however, they deal with all European countries as well as some customers in the Middle East and in South East Asia. With the combination of resources, real benefits and opportunities are presented for customers and suppliers of both companies.

SPF ethos

In conclusion, the directors' restless and enthusiastic desire to stay ahead of the competition is matched by what they call the SPF ethos. Graham explains, "We have something very special: quality people, quality products, quality service. We'll never be the biggest - we just want to be the best. We just need to take that and apply it in other markets as well. I'm sure we'll be able to remain on top and be seen as a high-end supplier in any market that we go into – that's the intention."