



Constantly raising the bar

By KOH JOH TING



PHOTO: JAMIE KOH

WHEN it comes to running a business, the bosses of Lian Bee Metal have one rule: Keep the wives out of the picture even though they are also directors.

"Our company policy is that our wives do not make company changes or decisions," said Mr Toh Tiau Lai (above, left), 49, managing director of the 70-strong firm that supplies and fabricates reinforced steel bars. "We want no comparisons or arguments so we can concentrate on growing the business."

In what is a brutal environment for the construction sector, this policy has helped to keep the small family-owned company afloat despite yearly losses of between \$300,000 and \$500,000 from 1997 and 2001.

The demand for rebars (reinforced steel bars) for construction firms has been growing steadily since

2001, and Lian Bee is poised to record a net profit of \$2.5 million on a turnover of \$30 million for 2006, not to mention a coveted place on the Enterprise 50 for the first time. It is ranked 27.

Lian Bee currently produces about 35,000 tonnes of rebars a year and claims a respectable market share of between 4 and 4.5 per cent in Singapore.

To handle the increasing business, Lian Bee is spending \$3.5 million on a new cut-and-bend yard near their current yard in Sungei Kadut Avenue, where a fully automated production system will be implemented. Staff strength will also grow from the current 70 to 100 to deal with the expected growth in turnover to \$40 million for 2007.

Says Mr Toh: "It's such a difference from the days when turnover was just \$10 million and we only supplied 15,000 tonnes of rebars. We had to cut our salaries and work from 7.30am to 10pm to supervise production. We also had to sell property to tide us over. This Enterprise 50 listing means a lot to our reputation as many of our clients are listed companies. It gives us a better chance of securing better projects."

Mr Toh says Lian Bee has managed to stay ahead simply by being "small and flexible while controlling costs". It can deliver rebars customers want in 24 hours while its bigger competitors need three days, he says. And instead of relying on "verbal trust" which caused the company to lose money when clients went under, Lian Bee now uses formal contracts to protect against price movements. This is important as the supply of 10,000 tonnes can take place over

18 months.

Current clients include builders involved with the redevelopment of Pasir Labar camp and Changi Prison, the building of an interchange at Queensway, a private condominium at Mount Sophia, a five-storey facility at Nanyang Technological University, a chemical terminal at Jurong Island and upgrading works at Hougang.

The company, which used to deal in scrap metal, was started in 1989 by Mr Toh's elder brother, Mr Toh Tian Sze (above, right), 55, who is now the chairman.

The Tohs take pride in having loyal employees, as six in 10 workers have worked with Lian Bee for five years or more.

"We are fair and equal in our financial rewards," said the younger Mr Toh. "We also keep things stable for our foreign workers. They stay on the yard and we pay for the renewal of their work permits and their flights home."

Even his administrative manager has been with them for 17 years and used to watch over his eldest daughter when she came to the office after school. She is now 23 and doing a master's degree in engineering.

But the brothers are in no hurry to rope their children into the business.

"It is better for them to go out and learn to be reactive," he said. "Business cycles now change very fast. They will need good judgment that comes only with experience."