

THE BUSINESS TIMES

SME Inc

Tuesday, January 11, 2011 **sph** A SINGAPORE PRESS HOLDINGS PUBLICATION

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Towering growth in a short time

Stolz enjoys 35% share of industrial sector and 20% market share in commercial sector, says **LINETTE LIM**

AT 35, Mark Tan pipped competitors decades older to win the Rotary-ASME's Entrepreneur of the Year Award in 2010. His heating, ventilating and air conditioning (HVAC) company - Stolz Engineering - has been in existence for only three years, but it already commands an impressive 35 per cent share of the industrial sector and enjoys a 20 per cent market share in the commercial sector.

Stolz (pronounced as Stoiz) supplies HVAC and industrial equipment such as cooling towers, pumps and valves to customers from the petrochemical, pharmaceutical, semiconductor and district cooling sectors. Mr Tan said he chose the name Stolz - which means "pride" in German - because it underscored his belief in doing things with pride.

"I always tell my employees never to start by chasing money," he said. "By doing things well and with pride, money will chase you."

The mechanical engineering graduate from Nanyang Technological University majored in thermodynamics and has been familiar with cooling systems since an early age, as his father ran a business selling cooling towers to the commercial sector.

After graduation, Mr Tan joined a consulting firm, where he designed cooling towers. Working with the contractors on the ground, Mr Tan quickly realised that he lacked practical experience in building the towers. This prompted him to join a multinational corporation (MNC) as project manager.

Subsequently, he joined another MNC - a chiller manufacturer - to get himself involved in the sales side of things.

Finally, before starting Stolz, he had a stint at his father's company, where he learnt the ropes of managing a business.

Mr Tan might have gone through four different jobs in the eight years before he became an entrepreneur, he told BT that he took on these different roles consciously, with the end vision that he would blaze his own trail eventually.

And true enough, the eight years he spent as an employee gave him a holistic understanding of the industry and invaluable industry contacts. As a result, even before he started his company in August 2007, he had won several contracts. The company - with an initial start-up capital of \$50,000 - also broke even in less than a year.

This also says much about the demand for highly complex, high-end premium HVAC products, which was driven by the large number of factories, refineries and commercial areas being developed then. "The timing was right," said Mr Tan.

The business has grown from an initial headcount of seven to some 40 employees. It has since been diversified to include Stolz Holdings, Stolz Tradings and Stolz Logistics & Transportation. Mr Tan has also expanded operations to East Malaysia and intends to enter China and Vietnam, where there is a demand for cooling systems in nuclear plants.

The Stolz group raked in \$15 million in revenue in 2009. Its engineering division is the main revenue driver, accounting for \$12 million.

Mr Tan's methodical and well-planned rise to the top can be put down to vision, experience and discipline. He had a vision of start-



Pillars of strength: From left, Stolz Engineering sales manager Johnny Ong, Mr Tan, application engineer Cheryl Chew and operations manager Khong Weng Yew. Seen in the background is the cooling tower at One Raffles Quay

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- Mr Tan

ing a company which would serve an unmet need.

"Some people start a supply and look for a demand," he said. "But I believe in finding the demand and starting a supply."

His experience enabled him to nail down where exactly that demand was coming from - and how best to serve it.

"If you fail to plan, you plan to fail," said Mr Tan, who bided his time as an employee in the HVAC industry so that he would have a solid grounding. "I wanted my business to stand on a firm foundation."

Next, he is disciplined and unrelenting in picking up and incorporating best practices from various places.

At the MNCs, he learnt about team-building and training. This led to much of Stolz's profits being ploughed back into staff training and ISO certification.

In the military, where he served as an officer during national service, he learnt that "rank is what you wear, but respect is what you earn". With that in mind, he sought to become hands-on in every aspect of his business. "The contractors aren't able to cheat me because they are aware that I know the business well."

Mr Tan also differentiates himself from the competition by focusing on after-sales service, maintenance and repair. He has a team that works round the clock in order to respond swiftly to customer needs.

For example, when a petrochemical plant broke down and was losing \$60,000 an hour in its downtime, Stolz repaired the damage in 36 hours. Mr Tan said the plant had ap-

proached other companies but Stolz was the only one that could get it up and running in the shortest possible time.

"Cooling equipment is not just for air-conditioning and cooling needs, it supports processes within the building," said Mr Tan. "In the example of the oil refinery, it supports the critical systems and processes within the plant."

As Stolz is the only local SME in the HVAC sector, it is constantly up against the MNCs. Mr Tan fends off the competition by staying ahead of the technological curve.

"One thing we do is introduce new trends and technology," he said. "We also collaborate with international federations and associations like the Professional Engineers Board, Singapore."

Through introducing new technology to the industry, many a time Stolz becomes the distributor for these new products.

Stolz's journey from start-up to major player is not over. Next, Mr Tan plans to include vertical and horizontal acquisitions and an IPO listing.

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