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Boltun Corporation

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ESKA[®]

Topnotch Fastener Brand

Boltun Group
President
Mark Wu

Innovative thinking and the brave attitude to take challenges have been the key factors for a company to have a big leap forward and have been also the important rules for a company to take the lead in the industry. Boltun Corp. established in 1988 facing fierce competition is such a leading role in the fastener industry. Over the past 28 years, Boltun has been very active in developing new markets and implementing various multi-facet integration of internal management, product R&D, marketing & promotion, and the introduction of technology, not only making it admired by many car manufacturers around the world, but also making global customers see the effort of Taiwanese fastener industry in increasing the added value of fasteners.

Facing the upcoming 2017, Boltun president Mark Wu spared some time especially for us to share with our readers the success of Boltun. He will also share with us his unique perspectives on the market trend of 2017, hoping to make them the reference for the industry and create a continuously improving fastener industry with bright future.

Q1. Would you please briefly talk about the background of the inception of Boltun? What is the mission statement of the company? Why did Boltun start the business of automotive fasteners? What is the current market deployment of the company and its revenue in recent years?

A. Since the inception of Boltun in 1988, we have been dedicated to the R&D and production of weld nuts. Starting a new business must of course consider market conditions; however, the most important part should be innovation, progress, and continuous effort. Weld nuts are mainly used in the automotive industry and you can even say that Boltun has devoted itself to the automotive industry since the 1st day of the inception. Global car manufacturers have strict requirements on the quality, delivery, cost, technology, and even financial status of suppliers and such requirements will become stricter and stricter due to the increasing demand from customers for safety, environmental protection, and efficiency.

Corporate culture is dynamic and may change with the environment year after year. That Boltun's corporate culture could be so well-developed was mainly due to the strict requirements and requests from customers. In the past 28 years, both the management and employees of Boltun worked really hard to develop new products, introduce new technology into the company, and never stopped improving the quality and yield rates of their products, which is for satisfying customers' demand and bringing the company to go further ahead. Owing to these changes day after day, Boltun's corporate culture became gradually mature and strengthened. The years of effort of all the employees in the growth and evolvement of the company as well as customers' long-term support helped Boltun make some progress in the supply to major car manufacturers in Europe, USA, China, and Japan. The combined revenue of Boltun and its affiliates was about USD 500 million. Taiwanese fastener industry is one of the influential powers in the global market and Boltun is also proud of being one of it. We should always hold the spirit of innovation, making progress, developing technology, expanding to new markets to introduce Taiwanese superior products to the world.



Q2. Would you please share with us your experience in the development of Boltun? What is your expectation and future plan for Boltun? How will you employ the capital and good talents?

A. The success of a company must rely on the accumulation of experience and continuous effort. When you slow down the process, you won't make improvement. Conversely, when you are too complacent, you will definitely fail in the end. Company owners should be practical at all times, construct a solid base, and carefully deal with challenges from the outside day after day. After that, they can have stable growth and sustainable operation.

After I made some research on the emergence and development history of major automotive fasteners manufacturers in Europe, USA, Japan, Korea, and China, I found that most of them had established close collaboration with car manufacturers in their own countries, which is why they could reach such a significant scale nowadays. The growth of a company must rely on stable orders. The growth of a big company must even rely on bigger customers. If the customer is not big enough, the number of customers will become very important. However, this may make the management of customers, products, and service become more difficult, which is not good to a company's growth. There is still no world-class local car manufacturer in Taiwan, so for Taiwanese fastener suppliers, they do not have a worldly-known local car manufacturer to collaborate with. Due to the lack of this advantage, Taiwanese companies should work harder to compete with big brands from other countries.

In the future, I think that we should have a deeper understanding of the global market development and the trend of industrial technology. We have to find out our advantageous conditions and see if it is still possible to improve them. Then, we can set up goals and make the most of resources in the company (incl. capital and good talents) and realize these goals. I expect my company to focus on the global market instead of being a traditional export-oriented company. We must not only use resources in Taiwan, but also integrate our advantages with those of Europe, USA, and Japan for completely grasping opportunities, creating new operating modes, and turning into a world-class company.



Q3. Would you please share with us your suggestion and thoughts about the future development of high value-added fasteners in Taiwan and the market trend?

A. The production value of Taiwanese fastener industry is in the 5th place in the world. As the future of the industry is very promising, the investment in R&D of high value-added fasteners should be definitely taken into account. The field of high value-added fasteners shows 3 features: (1) Technology for mass production of these products is not well-developed yet. (2) The certification of materials and manufacturing procedures takes a really long period of time. (3)

The market of these products usually shows higher entry barriers and is dominated by only a few suppliers. As a result, winning the trust of customers in this market could be a tough task. Therefore, before a company takes actions to invest in the development of high value-added fasteners, it has to seriously assess if the decision is good for the company and must determine the long-term direction and strategy in advance. It must understand that it will be a long period of “war” and it should carefully make any investment to make sure every resource is used in the right way and in the right place.



Q4. Would you please talk about why Boltun could be so successful in expanding business to so many industrial sectors?

A. The entry of Boltun to the business of fasteners for wind power generators could be traced back to a contingent quote inquiry from customers, which offered Boltun the opportunity to step into this field. Additionally, the business diversification is crucial to the development of a company and a company should prevent from concentrating on only one industry sector, as it would be very risky. Every time Boltun is offered the opportunity to develop products not for the automotive industry, it will make serious assessment. If the assessment reports “okay”, it will activate an R&D project and work hard on it. Moreover, all the R&D projects of Boltun have to be filed and tracked. Projects showing results as expected or more than expected will be invested with more resources to further enhance the results and vice versa.

All in all, a company should be flexible while making decisions. It has to figure out the best decision and still keep the balance among various options. A company will definitely face favorable circumstances and difficulties in its development, which is normal. So, the decision maker of a company should try his best to make the best decision in every process of the development.



Q5. In terms of the global market, what do you think is the competitiveness and potential of the global fastener market? If you have to choose 3 markets and industries you consider the most valuable and potential, what will be your answers and why them?

A. This is a good but big question. The key points are “the right time” and “the right place.” Someone once asked the “Oracle of Omaha”, Warren Buffet, about the key factors of his success. Mr. Buffet said artfully, “I was born at the right time and in the right place- USA.” This means: If he was born in Africa, he would never succeed even he was gifted and worked really hard. If a company wants to succeed, it not only has to work hard, but also has to grasp any opportunities, because when opportunities are gone, they are gone forever. The key point is “the right timing”. Whether opportunities could be turned into successful results or not must be dependent upon “the trend.” Opportunities do not guarantee success. It takes the requisites for success to make that possible. “Trend” means the market trend, namely the competition. Only with both competition and opportunities can you succeed in the end.

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The top 5 countries with the highest fastener production values are the U.S., China, Japan, Germany, and Taiwan in sequence. If ranked by technical level, the top 5 are Germany, Japan, the U.S., Taiwan and China. In the past few decades, the development of Taiwanese fastener industry was based on its mass production technology, good quality and lower cost. To judge from market competitiveness and development potential, Europe, the U.S. and Japan remain the most worthwhile target markets for Taiwanese fastener industry. As long as we continue to improve our technology, we are definitely able to transfer additional business orders to ours. As for which industry we should tap into, I don't have an exact answer, because we have to choose the correct one according to individual corporate conditions.



Q6. It is already the yearend of 2016, and the market as a whole shows minor demand decrease and growth slowdown. What is your thought about this result? Looking ahead for 2017, what is your thought about the development of the global automotive fastener industry? What will be the new challenge for 2017? How will you adjust your production and sales proportions as well as your focus on marketing? How will you arrange for your investment and its scale?

A. The global economic status this year is indeed tough to Taiwanese companies, and the fastener industry cannot exclude itself from it, either. I think the market condition in 2017 will be similar to that in 2016, and I expect the year of 2018 to come out of the dark clouds. At the time of recession, companies should go for operation improvement and process optimization, investing resources in developing advanced technologies to accumulate growth momentum for the future. When the market booms, they will be able to grow with the timely trend.

In recent years Boltun continues to work on the improvement project for overall equipment effectiveness (OEE), re-organizing product manufacturing configuration and optimizing/upgrading equipment based on the idea to manufacture products with specialized factories and production lines. This is an extremely successful example of us. As for the investment in advanced technologies, we introduced Industry 4.0 and set up a new automated light alloy fastener plant in Germany, which increased our capacity by folds. In the meantime, we introduced advanced technology and equipment from our German subsidiary and replicated the German plant in China as the first professional and localized aluminum alloy bolt maker. Additionally, we co-developed the next-generation high-performance engine crank/cam with clients and introduced warm forming technology and equipment in addition to our existing cold/hot forging technology for continuously improving our technology and manufacturing capabilities.

In terms of our focus on marketing, we've shown many successful results in China these years and the acquisition of our current German subsidiary also boosted our revenue in Europe. Our overall revenue proportions are as follows: 37% from Europe, 31% from Asia, and only 32% from Americas. This is still a few miles away from the real status of market demand. It means that we still have much room for improvement and a lot of work to do in the Americas, especially N. America. In the future, we will enhance our investment and proportion in this region. Besides marketing enhancement, local inventory expansion, prompt delivery and engineering service capability, we will actively correspond to clients' needs and we do not rule out the possibility to set up a plant in North America to further complete our supply and service ability.



Q7. How do you think the SMEs and large companies in Taiwan should collaborate with each other and make the most of work division to retain their competitiveness in the world? Do you think it is feasible to retain it through acquisitions?

A. Companies in the U.S. and Europe often regard companies as tradable merchandise that can be sold or acquired as long as there is profit. In contrast, most owners in Taiwan regard their companies as a life-time business that can be passed down to the next generation. When facing hard time, they still strive to make it through and selling their business is only the last option. This, in turn, results in difficulties in industrial integration and leads to the existence of a great number of companies in Taiwan.

With the impact from technological advancement, knowledge economy and globalization, we see the continuous development of M-shaped industrial structure. To a company seeking survival and development, what it has to do should be seeking resources, scale-up, globalization, or possessing special skills to develop niche markets and survive by doing specialized business. Companies not that big and not that small continue to face fierce competition from large and small companies and this is the dilemma for these companies in the M-shaped industrial structure.

If we view the industry as a whole, the competitiveness of a single company does not completely originate from its internal resources. In fact, competitiveness is collectively comprised of the company and external ones from the up/middle/down streams. Global industrial competition does not just mean competition among companies but also competition among supply chains. However, the key to enhancing competitiveness is not just increasing the volumes, but mostly importantly, quality improvement. If we only focus on capacity expansion, it will usually result in price cutting competition which is not favorable to the investment and the final profit. Therefore, we must think about how to create differentiation, come out of homogenous competition and choose our own different way.

As far as I'm concerned, acquisition, strategic alliance, work division and integration, and other ways of collaboration are all options and tools companies can opt for. The key point of improving competitiveness is to intensify business owners' ambition, commitment and passion for the industry. The competitiveness of a company will not be greatly increased just because of a single acquisition. Moreover, the competitiveness you have got does not guarantee it will still work tomorrow. Competition is dynamic and changes with the environment. Improving competitiveness is a type of attitude and corporate culture that is cultivated bits by bits with deliberation. There is no shortcut to developing competitiveness. The fastener industry only thrives on continuous effort. As you sow, so will you reap. ■