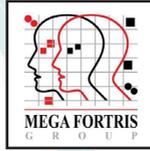


SEAL IT WITH QUALITY, INNOVATION AND OUTSTANDING SERVICE: A JOURNEY OF EXCELLENCE AT MEGA FORTRIS (M) SDN BHD



ABOUT THE COMPANY

Today, business operations have witnessed a considerable expansion of supply chains into international locations. Global supply chains are more risky than domestic ones due to numerous links interconnecting a wide network of firms. These links are prone to disruptions, breakdowns, piracy, theft and disasters leading to much higher risks.

As such, security has taken on an increasingly significant role in the global supply chain. Manufacturing, transporting and delivering goods safely and securely is as important and as complex as it has ever been. The focus on supply chain security will remain on top of mind for many big corporations and they turn to companies like Mega Fortris, whose products and services are designed and built for securing the global supply chain.

Mega Fortris (Malaysia) Sdn Bhd is a specialist designer and manufacturer of security seals, tamper-evident products and complete solutions for the securing of goods in transit. These are used to seal containers to avoid them being tampered with and to help detect theft or contamination, either accidental or deliberate. Mega Fortris is associated with industry leaders in the transport sectors on land, sea, rail and air. The effectiveness and versatility of its seals have secured customers in several different industries including chemicals, oil and gas, food and beverage, pharmaceuticals, ICT, hospitality, casinos, security companies, banks and manufacturing industries.

Mega Fortris offers a full range of quality security products that are innovative in design and advanced in security features at a very competitive price. The product offerings range from conventional mechanical security seals, RFID-enabled electronic seals and even to its new journey management and end-to-end monitoring systems for active RFID asset management and casino management. The purpose-built products and services under the product

categories of high security seals, security seals, indicative seals, boxes, pouches and bags, RPID seals, tamper evident labels and cargo securing products have never failed to satisfy the most discerning of customer requirements.

Innovation and commitment of design to quality are a winning combination that has propelled the company to be the preferred supplier for many leading companies around the world, consistent with its mission of “Passion and Commitment Towards Excellence.”

This article highlights Mega Fortris’ success story and shares its conspicuous initiatives in business excellence practices that has lead the company in achieving an exceptional business performance. Two outstanding business excellence practices that are visible at Mega Fortris are the focus on customer and management of process.

THE SUCCESS STORY

It has not been an overnight success story for Mega Fortris. It has been a journey filled with lessons, hardships, discipline, joys, celebration and special moments. It has moved from a rented shop floor that was not meant for manufacturing to a network of company-owned production facilities and offices around the world. Established in 1996, the headquarters at Kota Kemuning houses a purpose-built manufacturing plant. Other ISO 9001 certified regional production plants are located in North America, the United Kingdom, Hungary and China.

Mega Fortris has set up strategic business operations covering all the continents in Africa, China, Denmark, France, Hong Kong, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Thailand and the United Kingdom. Its presence in over 19 countries enables it to be close to its customers. Providing local service with a global reach marks Mega Fortris as a truly global company. Today it is recognised as one of the largest security seals manufacturers in the world.

Mega Fortris continues to grow from strength to strength. Excellent business results are clearly manifested through its financial and market performance. Revenue recorded sequential growth ranging from 4.3% to 29.4% from 2009 to 2013 at the company level. The company’s EBITDA (Earning Before Interest, Taxes, Depreciation, and Amortization) improved by 18.6% year over year, where the EBITDA margin peaked at 20% in 2013.

Meanwhile, the asset backing of the Group presented a healthy and growing trend over the 5 years since 2009. Mega Fortris has achieved more than 40% market share in Malaysia and 15% to 20% worldwide. The company continues to expand; for instance in December 2013, management set up a new subsidiary in South Africa to join the promising emerging market in Africa.

Excellent business results also transpired from the improvement trend in terms of human resource indicators. The speed and rate of company growth necessitates high employment frequency and in contrast, low frequency of resigning employees. Mega Fortris employees feel a great sense of loyalty to the company, with a sizeable percentage of employees having been with the company for 5 to 10 years and beyond.

Internal surveys indicate more than 85% of employees are satisfied with Mega Fortris as their employer and 95% of respondents intend to continue their employment there. Labour productivity has accelerated, ranging from 4% to 24%, and arises from the various learning, training, mentoring, coaching programs and incentive schemes.



Above: Mag Ng, the Corporate Affairs Manager, representing Mega Fortris in the sharing session on the “business Excellence” at the 21st Latin American Congress on Quality, held in Saltillo, Mexico in October 2014. She was accompanied by the president of Mega Fortris United States Office, as well as one of its biggest customer in Mexico.

“We bring the Malaysian-made products to the eye of the world. We compete among the best in the world. We offer high end products that are essential for an established local and international corporation. Mega Fortris has enjoyed exponential growth, noting its level of excellence in quality management, products and services that match local and international standards,” said Adrian Ng, CEO of Mega Fortris Group.

Business excellence standards are witnessed through the various accolades for Mega Fortris. With over 600 employees in over 20 countries all around the world and its manufacturing and business excellence, Mega Fortris was awarded the Manufacturer of the Year (Large Category) at the Federation of Malaysian Manufacturers’ Excellence Award (FMMEA) in 2012. Another victory was when Mega Fortris became the esteemed winner of the SIRIM Quality Award 2013. Mega Fortris was recognised by SIRIM Bhd to have achieved excellence in quality management, products and services at an outstanding international level. In 2014, Mega Fortris won the prestigious Industry Excellent Award under the Manufacturing Sector.

FROM SURVIVAL INSTINCT TO BUSINESS EXCELLENT PRACTICES

The entrepreneurial spirit is both innate and to be nurtured. Two brothers with hardly any manufacturing knowhow dared to venture into the security seal manufacturing business. In the face of major challenges, they achieved significant successes. Reflecting on Mega Fortris’ earlier business journey, the business flair, discipline and hard work were only driven by the survival instinct and the “Rule of The Day” principle.



Above: Dato’ Dr. Nick Ng, the Executive Chairman and Mr. Adrian Ng, the Group Chief Executive Officer

As the business matured, the firm realized that “Rule of The Day” and survival instincts are concepts no longer compatible with the requirements for growing a contemporary, flourishing business. Mega Fortris started to introduce and maintain uniform standards of procedure (SOP), key performance indicators (KPIs) and other business measurements.

“No customer means no business” was the first remark made by Adrian when asked about his view on Mega Fortris’ best practice in terms of customer management. As a leading supplier and partner to customers in the supply chain, Mega Fortris cultivates and prioritizes close relationships with its customers. Through the high level of attention to the needs and requirements of its customers, Mega Fortris has consistently designed products, services and solutions to improve customer experiences.

Adrian commented further: “Putting the customer first has led us to where we are today. Always striving to provide our best service at all times, we always seek to better understand, surpass and anticipate our customer’s needs to stay one step ahead of competition and to safeguard our customer’s best interest.”

Meanwhile, business excellence practices in terms of work process management and improvements are observed through the adoption and compliance of various national and international standards. Mega Fortris is certified with ISO 9001:2008 quality management systems for the manufacturing of its security seals. Committed to social responsibility and environmental causes, Mega Fortris’ manufacturing plant is ISO 14001:2004 certified for the design, manufacture and supply of its security seals.

The manufacturing operations are ISO 17712:2013 compliant for the manufacturing of its high security bolt seals and cable seals. Having met requirements set by Microsoft, Mega Fortris was awarded and continues to consistently hold the status of Microsoft Gold Certified Partner since first qualifying in 2009. As a member of ISMA, Mega Fortris is committed to a code of ethics with regards to its business practices and the consistent high quality of its security seals.

LISTENING TO THE VOICE OF CUSTOMERS

Serving diverse and varied customer segments from different industries is inherent in its nature. Clients involved in different stages of the supply chain from manufacturing to logistics and distribution pose added challenges to Mega Fortris. All designated industries have their own defined requirements for the application of physical security seals and tamper-evident products for the protection and security of their goods. Identifying customer requirements using well defined approaches has been especially important for Mega Fortris to successfully cater to different industry requirements across the region.

Comparison at a Glance

Banking and Finance



Requirements

- Tamper-evident indicative plastic seals
- Tamper-evident bags, reusable bags

Freight and Transportation



Requirements

- High security metal seals
- To seal cargo and high-value goods in transit

Above: Identifying Customer Requirements Using Well-Defined Approached

Mega Fortris addresses customer enquiries through the structured and clear flow of a customer enquiry and marketing framework and a customer order framework. Its pool of customers is segregated by different territories and country requirements such as differences in tax rates, market demand and identified regulations. For each industry, Mega Fortris identifies the current requirements and explores the future requirements in the industry. In this way, Mega Fortris can anticipate and adapt fast to changing customer requirements for more efficient and cost effective products, services and solutions.

“Close relationships and rapport are essential for us to understand and cater to customer needs and expectations,” emphasized Adrian. Another best practice at Mega Fortris is incorporating customer requirements into strategies and improvement plans. Based on customer feedback, Mega Fortris will innovate and improve its products with the latest technology and designs to add value to customers. The production of an improved award-winning container bolt seal, Klicker 2k, is the manifestation of Mega Fortris’ dedicated efforts to improve products with customer feedback.

Upon receiving feedback and suggestions from customers in the freight, logistics and transportation sectors, Mega Fortris set out to improve its range of container bolt seals for better identification, scanning and operational efficiency. To satisfy these needs, it embarked on a mission to manufacture the first two-coloured bolt seal in the world. “Through customer requirements, we are able to do something different,” added Adrian.

The task begun to improve the seal entailed the company’s technological innovation. Mega Fortris designed and invested in a machine that happens to be the first in the industry to inject two colour body sealant (in Klicker 2k). The revolutionary design, initially meant to avoid counterfeit products of the bolt seal, resulted in more clarity in marking and improved the security level for customers. What made it more exciting (according to Adrian) was when the Klicker 2k won the SIRIM Quality Awards 2013 for its product category.

Mega Fortris’s determination in fulfilling customer and market requirements reverberates through the production of the RFID-enabled Mega Casino Box. Customers in the casino and gaming industry had explicitly requested the additional security features to be incorporated in Mega Fortris’ existing products. The company listened and delivered. Its Design and Development department compiled the customer’s exact requirements and devised a solution for their RFID systems, incorporating designated RFID-fitting spaces in its new product moulds.

“At Mega Fortris, our customers are our priority. Addressing customer concerns and honouring our working relationships are the focus in our organization. We review customer complaints and take the required steps to address them to assuage their concerns,” stated Adrian.

The quality performance of employees to delight customers is monitored and improved through various and periodic exposure to training, seminars, exhibitions, coaching and mentoring. Sales and Marketing personnel are equipped with the knowledge and skills to improve facilitation of customer engagements, sales pitches and resolve customer concerns.

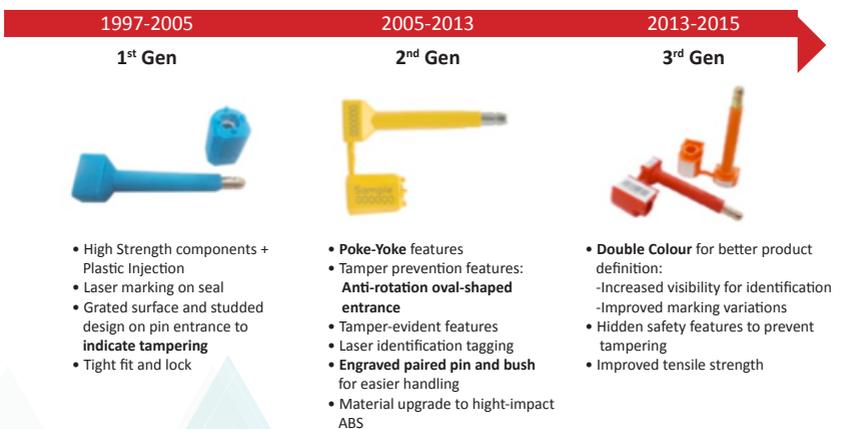
The Sales and Marketing department discusses with the production team how to effectively anticipate and lessen customer complaints. Frequent communication between the Production and Quality Assurance teams on product updates is conducted. This best practice has proven effective to equip Sales and Marketing personnel to communicate effectively with customers on the latest product developments. At the same time, understanding the production constraints encourages Sales and Marketing employees to provide accurate information to customers.

COMPETITIVENESS THROUGH MANUFACTURING PROCESS CAPABILITY

“The improvement in operating results over the years was primarily driven by improved operational cost efficiency, competitive pricing and the ability to execute the management Policies for continuous improvement,” said Adrian.

Providing products with innovation in design, advanced security features and high quality is nearly impossible without a robust and efficient manufacturing process. Mega Fortris designs, manages and continuously improves key work processes. The work system encompasses processes from the design, engineering and manufacturing of the products to shipping and order processing; and from financial transactions and operations to sales and marketing consolidation.

Product Evolution Timeline



Above: Innovation in design, advanced security features and high quality is possible with a robust and efficient manufacturing process.

The initiative to incorporate customer and market requirements in new product and service designs was clearly evident in the design and production of the Klicker 2k. “It was made possible through innovation, teamwork and the use of the latest technology available in Mega Fortris,” noted Adrian.

As the result of continuous improvement and a team that worked seamlessly together, Mega Fortris successfully produced an unprecedented and unique two-colour mould, revolutionary anti-spin locking mechanisms, fortified tamper-resistant safety features and immense tensile strength. It has delivered value to both the company and its customers.

Marketing took customer feedback and concerns into consideration, floating the request for a seal with solid colours and a different coloured flap for legibility to the design, development and production groups. The teams from different departments worked in tandem to address the requirements, design and create product blueprints and combat any technical issues that would arise while optimizing production costs with Finance and Marketing simultaneously. With the latest developments in 3D printing, Mega Fortris utilized 3D prototyping equipment to create quick prototype samples to aid with the design and development process.

Another best practice that is visible at Mega Fortris is the ability to identify key business and support processes. The production team has strong working relationships with supporting divisions within the company such as Procurement, Design and Development, Technical, Logistics, Sales and Marketing, Order Processing, Information Technology and Finance. This has allowed Mega Fortris to keep the overlapping processes running smoothly, to cross-review the departmental performance, to provide feedback for improvement and to streamline processes for ease of work flow from one department to another.

In terms of analyzing variances in process performance, Mega Fortris practices the organisation-wide “Plan, Do, Check, Action” method. For example, the production simplification process for producing the Mini Tight Seal 7 and the utilization of the Hot Runner mould in 2003 are the epitome of how Mega Fortris is improving its key processes.

These best practices have resulted in higher productivity and quality of products, reduction in operating cost, increased product delivery and customer satisfaction. “The decision to phase out old moulds to use the new Hot Runner enables major savings due to the affordability of the operating process that produces twice as many resultant seals in a single run,” shared Adrian.

Above all, emphasis given by management on the relevant aspects such as quality, product innovation, research and development (R&D), environment and teamwork has brought Mega Fortris to where it is today. All these aspects are translated into values, culture and key performance indicators for all employees at all levels. The company believes that the people are both the “oil and gears” that keep the company running at the top of its game. Everyone fits into different and important capacities to fulfil the company vision and mission.

FUTURE OUTLOOK

A tireless leader, Adrian Ng intends to take the Group to greater heights in the years to come. “The opportunity will be even greater when we come out with an integrated total end-to-end solution using smart technology,” said Adrian. Equally committed to a secure information technology platform, Mega Fortris as a Microsoft Gold Certified Partner with a strong development team will continue to focus on web and mobility technologies to build the next generation of enhanced electronic security devices for track-and-trace applications.

“Mega Fortris will continue to put passion and commitment towards excellence as a cornerstone in everything we do. Our climb to the summit is only just beginning. We will continue to strive in our crusade to the top until we achieve business excellence in the eyes of the world,” said Adrian in summary.