

by IRENA JOSOEB in Malaysia

Mieco Chipboard

Turning it around

Panels & Furniture Asia catches up with the Dato Yong Seng Yeow, Managing Director of Mieco Chipboard Berhad at Mieco's Kuala Lumpur office to check out the plans on its horizons.



Mieco panel plants in Malaysia



Mieco Chipboard Berhad, the manufacturing division of the Bandar Raya Developments Berhad Group of Companies, was incorporated in 1972, and commissioned its first production line in 1976.

It pioneered the use of rubberwood in the particleboard manufacturing industry in Malaysia and the company was listed on the Main Board of Bursa Malaysia Securities Berhad in 1998.

Dato Yong Seng Yeow, Managing Director of Mieco Chipboard Berhad shared that ironically, this company was then the only subsidiary under Multi-Purpose Holdings Berhad that could not be sold off after the group decided to divest out of its building materials business, due to the company's lack of profitability then.

However, 36 years after its inception, Mieco is now conceded as a world leader in the manufacture of particleboards, with special emphasis on the production of high quality, value-added wood-based products.

Mieco's growth comes from its commitment to three operating fundamentals – a high quality product, an excellent delivery process, supported by a strong focus on customer service, shared the company.

Said Dato Yong, "After keeping Mieco, we started investing into the use rubberwood as a raw material for our boards, as at that time rubberwood was rather cheap. We also ventured into more niche markets, and concentrated on producing value added products. This was how we turned the company around."

Today, Mieco has three factories located in Malaysia, namely Semambu, Kuantan, and Gebeng and Kechau Tui in Pahang, with a combined capacity of more than 900,000 cbm per annum and houses more than 950 employees. Mieco also has one of the single largest particleboard lines in the Asia-Pacific region at its latest and largest plant in Kechau Tui, which started production in March 2005. This plant attained the BSEN ISO 9001:2000 and MS ISO 9001:2000 Quality Management Systems on Jun 1, 2005.

On its expansions, Dato Yong recalled, "After our company turned things around, we went for the first expansion, first in

Semambu and then to Gebeng, where we invested close to RM200 million.”

And from being a plain particleboard producer in 1976, Mieco developed and expanded into value-added products such as Mieco Decorative MFC, Electron Beam Foil Chipboard (EBFC), Polymer Faced Chipboard (PFC), Mieco Worktops, Mieco DPF

Boards, as well as value-added services and DIY furniture under the Mieco Livin' Style brand name.

Adding to its expanding list of value-added products, Mieco, in collaboration with its technology partner from Pfeiderer, Germany, introduced Mieco Decorative High Pressure Laminates Chipboard (HPLC) with its unique high-pressure laminates incorporating anti-bacteria properties called micro-PLUS from Duropal (a Pfeiderer subsidiary). Designed with high-gloss and high-abrasion resistance and stone textures, it targets users especially for the home kitchen, education centre and healthcare environments.

Mieco products are marketed in more than 20 countries around the world – such as China, India, Indonesia, and Thailand. About 60% of its revenue is made up by exports, which is made up of approximately equal shares of raw boards and value-added products. Its global footprint now covers North Asia, South Asia, the Indian Subcontinents, the Middle East as well as some parts of Africa and the Australasian countries.

All Mieco's products conform to international quality standards such as the European Community's BS EN 312 standard, applicable for both moisture-resistant and non-moisture resistant boards with Super E0, E0, E1 and E2 formaldehyde emission levels. Mieco's manufacturing process is also certified under Japan's JIS regulatory standard, as well as conforming to the United States' CARB requirement.

The company received in early 2009 the CoC certification under PEFC. The CoC allows tracing of the material from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution, so customers can better understand Mieco's product origins. Mieco will also obtain the OHSAS 18001:2007 from the AJA EQS this year.

Shared Dato Yong, “There are not that many factories that have all these standards for quality. We are one of the many progressive companies that look into all these areas and we spend quite a bit on R&D and alternative materials on the production side. We did it in the belief that we want to bring our products far into the European markets, rather than just doing things the traditional way. Hence we go for high quality German machines, such as Dieffenbacher, and we don't use any

machinery from China for our lines. Our annual R&D spending is close to 5% of our turnover of RM400 million.”

Dato Yong believes that Mieco will continue to be a market leader in this field, thanks to also having a headstart in product development through strategic alliances with the Pfeiderer group in Europe.

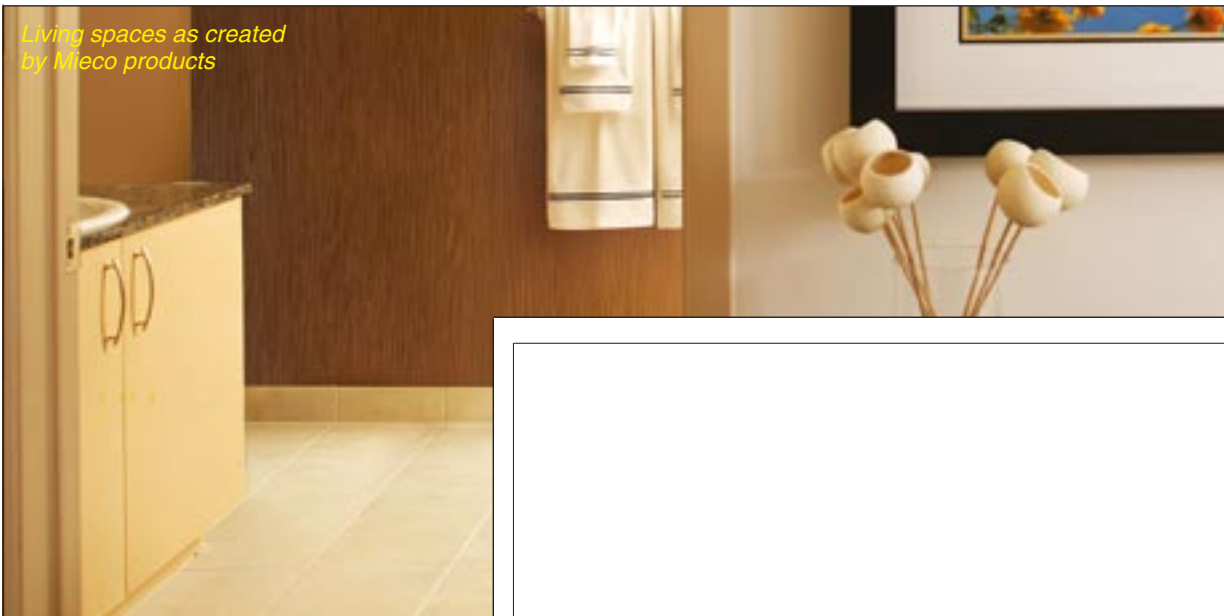
Mieco currently sees its future growth spots in China, Indian Subcontinents and the Middle East. Dato Yong said, “Indian Subcontinents and Middle East has great potential. These are difficult markets, and you have to invest in building the relationships and setting up marketing networks.

“And that is something we have built over years. We believe in a lot of relationships and in spending time with our distributors and customers to see their needs, and we grow together with them. We already have two types of channels in the Indian Subcontinents and Middle East markets: through distributors or dealing directly with the factories.”

With regards to the current economic situation, he said, “No doubt we are now in a crisis but we see that there are still opportunities to pick up during the crisis.”



*Living spaces as created
by Meco products*



Dato Yong on the Malaysian furniture industry

"The prospects on the Malaysian furniture industry is still pretty bright. In fact now 85% of the Malaysian-made furniture products are exported to 160 countries, rather than for local consumption.

Yes, I think the demand for furniture has gone down especially from the Americans, but our industry is also looking at non-traditional markets, so it should be able to maintain last year's sales figure as a whole.

However, what we are lacking is still the marketing skill of our furniture sector, hence it has to look more into the marketing and branding side of things; it's sometimes very difficult to distinguish on what makes up a Malaysian brand furniture. The good thing, however, is that consumers now already know that Malaysian-made furniture are reliable, of reasonable costs and good quality, compared to certain countries where quality is not only not good but shipment is also not reliable.

We also need to work more with the government agencies so that we help the Malaysian-made furniture be converted as a brand name, instead of just being made up of individual brands.



“The value-added product is where we still can progress further: there are few products we are looking at such as MFC, and direct post forming as there are not too many people doing it. We can also help our customers reduce costs at the same time through these products. These are some areas we are focusing on as a raw board is merely a commodity and do not allow us to differentiate ourselves.”

Other than focusing on producing value added products, Mieco also aims to go more into the non-traditional markets such as South Africa.

“In good times, our order book is full, but now is a good time to look to foray into these non-traditional markets. No doubt it will be a small volume at first, but still, we have to start developing it.” **PFA**

About our Interviewer Dato Yong Seng Yeow



Dato Yong Seng Yeow

Dato Yong Seng Yeow, 55, was appointed as Executive Director of Mieco on Nov 16, 1998 and was re-designated as Managing Director on Jan 1, 2007. With over 25 years of experience in sales and marketing in building materials and furniture industries, he also currently sits on the boards of several subsidiaries in the Mieco Chipboard Berhad Group and is currently a member of the Executive Committee of the Company.