



# From down under all the way to the the rise of an Australian piping specialist

*Inside the central warehouse at SPF's purpose built 40,000 sqm site at Jandakot, Western Australia.*

Since its birth in 1996, special stainless steel piping supplier SPF (Stainless Pipe and Fittings Australia) has been going from strength to strength. It has been able to expand without losing its personal touch, its regard for quality and excellent service. Confident of its future, the company has recently moved into a new, purpose-built 40,000 square metre site including office, warehouse and distribution facilities in Jandakot, Western Australia. It is here that Stainless Steel World met Graham Yarker, Jeff Nicholas, Renee Hayes and Nathan Jones. We asked them how it all began, how they cope with the competition, what is the key to their success, and how they plan to strengthen their presence in the world beyond Australasia.

*By Gert-Wim Wijbrans and James Chater*

## Built for the future

The central warehouse is massive – and it is one of only four on the premises. As we start our tour we observe the clearly visible markings showing where it is safe to walk, so are able to elude the electrically driven forklift trucks that dash hither and thither to collect pipes, fittings and flanges for delivery to the packaging area in one corner of the hall. “It is built for the future,” Operations Manager Nathan Jones explains, as he

escorts us past high racks, colour-coded according to the material that is stored in them. “We have more than enough room for expansion here.”

This is an understatement. Apart from the four warehouses, there is a huge yard where pipes can be stored, and where even the largest trucks have no problems manoeuvring.

Every now and then a small plane takes off from nearby Jandakot airfield. For the rest, not even a cloud can be seen in the

skies as Stainless Steel World visits SPF on a warm West Australian spring day, a few weeks before Christmas.

## In the beginning

Jeff Nicholas and Graham Yarker established SPF in 1996 after identifying the need for a specialist supplier of stainless and white-metal piping for the Australian market. “In those days, all the stainless suppliers were what we consider to be supermarkets,” Graham Yarker,



Managing Director of SPF, told us. "They had a little bit of everything, flat rolled, coils, bar products, tubes, pipes, fittings and so on, but they were not doing any one thing particularly well. We thought there was a niche in the market for a stainless piping specialist."

"Our intention in the beginning was to be a project supplier and trader so that we could package project supply," Graham explains. "Initially we did not intend to be a stockist or a distributor. We knew even then that we could count on customer support. The great unknown was whether we could gain the support of suppliers, stockists, and all of the mills and manufacturers around the world. People are aligned with others, have relationships with others, a past history with others against whom we were now going to compete!"

It took only a few months, however, before their decision to break away was thoroughly vindicated: "We soon realised we had adequate support from the supplier network," Graham tells us. "We were receiving so many enquiries that in 1997 we took the plunge and moved from our small office to a much larger one with a warehouse and some yard space. Five years later, we moved to an even larger office and warehousing facility. Then in December 2008, we relocated to this world class facility custom-built for our needs." As Renee Hayes, Marketing Executive of SPF points out, the 40,000 square metre complex is by far and away the largest specialist stockholding of stainless steel, duplex and super duplex in the southern hemisphere.

### From trader to stockholder

SPF soon became Australasia's largest stockholder for piping in all shapes and sizes, in a wide variety of grades of

stainless steel and, as they came on the market, duplex and super duplex. Graham explains what happened next:

"Unintentionally, SPF had evolved into being a master distributor. And we became very comfortable in that environment, where we were selling to resellers and everybody knew what they wanted. We didn't have to advise anybody or sell anything, as our customers already knew what they wanted to buy. However, over a period of time, we started to feel quite vulnerable trading with potential competitors. We felt the best way to secure our future was to move directly into the market, to let the end buyers know who SPF was, where their product was coming from. That came about a few years ago when Renee joined us: we started to develop the SPF brand to support our push towards being a direct supplier to the market."

Evidence of SPF's rapid growth can be seen in the number of its facilities: six locations in Australia, in Korea, Indonesia, Thailand and now a sales office in Dubai (which opened in August 2009), with a warehouse on the way. Personnel are being rapidly recruited: the company took on another 25 people in the last year, bringing the total up to 120, of whom 75 are based in Perth.

### Markets

SPF stocks a wide range of products in stainless steel, catering for a number of process industries. Oil and gas



*The exterior of SPF's West Australian site including office, warehouse and distribution facilities.*

applications generally account for 50% of turnover, but the largest project SPF has ever supplied is a nickel processing plant, Ambatovy, currently under construction in Madagascar. At present around half of products are shipped to Australia, half overseas. However, the company has ambitious plans to boost its exports into the Middle East, Europe and North America.

## Sourcing

Given that there are no Australia manufacturers, where does SPF source its products? Graham explains "We buy mostly from the big names in Western Europe and Japan, also from Canada, Korea and Taiwan. It is important to maintain SPF as a recognised quality supplier of fully certified, fully approved product". "Whatever the source or certification requirement, each product is subjected to a careful inspection and quality check" says Graham.

## Unique selling points

Apart from quality, what are the company's unique selling points? Graham: "Our whole company is centred on our customers and our sales operation, and as a customer-centric organisation service is our priority. Our project supply capabilities are second to none, in terms of our project packaging and warehousing, contract and logistical expertise and operational support." Jeff Nicholas, Managing Director - Sales adds: "We have a customized software system that enables us to monitor our service levels and maintain exceptionally high standards. Plus, here in the southern hemisphere there are not many companies with the wide range of alloys and sizes we've got, so we're a natural attraction for anyone in this market. Even in Asia there's no stockist with the range of duplex and super duplex we've got. A significant portion of the goods SPF trade are not physically exported from Australia. "We cross-trade a lot of product," explains Jeff. "We source package in Europe, Asia and North America and ship the product to wherever the end destination is. We've got well resourced contracts, purchasing and



logistics teams here to support that type of business, and our sales team are constantly on the move, visiting suppliers and customers."

In the last year the company has invested heavily in software systems that operate in multiple languages and currencies. Trans-continental communication and data processing is instantaneous, allowing orders to be processed quickly. This software investment is a crucial element in the company's drive to become active all over the globe on a "24/7" basis.

## Going the extra mile

SPF is aiming high, confident about achieving its aim of spreading across the globe within five years. "We're in the final stages of developing two expansionary opportunities in Europe which we anticipate announcing in the first quarter of 2010," explains Graham. Jeff adds "We're also planning the construction of a large stock holding facility in the Middle East which is due to be fully functional by early 2011."

Are they scared about competing internationally? Graham: "In the beginning, it was daunting to compete against well established companies, but history has shown that we can compete anywhere. In recent years we have secured large volumes of business in direct competition with international players. "One of our major successes was a couple of years ago in Canada, where we secured a multi-million dollar contract, which is still ongoing, against international competition."

"They are extremely happy with us," adds Jeff. "Almost 2,000 tonnes of product was shipped to Perth, project managed, warehoused, documented, inspected, colour-coded and tested all on-site here,

and then distributed according to the project's requirements."

"Not many people can offer that level of service and quality," says Renee. It is by going that extra mile – for instance offering tailor-made packaging from its own in-house export packaging facility – that SPF can maintain the edge on its competitors.

## Hands-on involvement

SPF is privately owned, with Jeff responsible for sales and Graham in charge of the support functions. This informal structure has clear advantages. "We are very flexible," says Graham, "so decision-making can be very fast. We don't have a board of directors we need to discuss plans with. We just have a beer and talk about it, and say, yes, it's a good idea, let's do it."

Talking to Jeff and Graham, it is clear that their enthusiasm for piping from an early age is what makes them tick. Graham: "We're still learning, we're still very passionate about what we do."

This life-long commitment extends to their sense of responsibility towards their staff. Not only is employee wellbeing paramount, but they are also confident their people are the best of the best. Graham: "I'd put our people up against any company in our industry. We invest heavily in our people and staff retentions are excellent. "We understand that people are our most important asset and the key to SPF's success."

## Recent performance and future prospects

A clear sign of confidence is that SPF felt able to take on extra staff in the teeth of a severe recession. "The financial crisis affected us only in a very small way," says Graham. "Australia is still performing as



*Electronically driven forklift trucks collect pipes, pipe fittings and flanges for delivery to the packaging area.*

the second strongest economy in the world, after China. The market was flat during the second half of 2008, but then picked up again in the first half of 2009. We were still able to increase our revenue by 20 per cent last year! Our real challenge was not reduced revenue or lower profitability. It was really about how you manage 35 million dollars of inventory when the prices just dropped by half in terms of the fallen materials price and also because of the strong Australian dollar. But we were quite sheltered here, we went into the crisis in a position of great strength, and we had a very large order book that carried us through those difficult times."

Looking forward, the company has grounds for optimism. The order book for 2010 and 2011 is quite robust, with ongoing supply to projects such as the Sydney Desalination Plant, BHP's Zamzama Gas Field Development and Woodside's Pluto LNG Project. This combined with the high level of project activity in the Australasian region; the new range of clad/lined products and an ever increasing presence in the Middle East

gives SPF confidence for the future. But perhaps the most important ingredient in the company's success is its directors' determination to keep ahead of the game in terms of quality, service and facilities. "It's a continuous improvement process," says Graham. This brings us back to the new warehouse. Graham recounts the recent visit of a health and safety official, who commented that it was "probably the best that they had seen in the country for industrial product in terms of its safety, procedures and standards."

### SPF ethos

In conclusion, the directors' restless and enthusiastic desire to stay ahead of the competition is matched by what they call the SPF ethos. Graham explains: "We have something very special, quality people, quality products, quality service. We'll never be the biggest, we just want to be the best. We just need to take that and apply it in other markets as well. I'm sure we'll be able to remain on top and be seen as a high-end supplier in any market that we go into – that's the intention."

### Facts

**Facilities:** Six locations in Australia (Perth, Melbourne, Brisbane, Townsville, Adelaide and Sydney). Sales offices in UAE, Indonesia, South Korea and Thailand.

**Products:** pipe, pipe fittings and flanges, clad/lined pipes

**Materials:** various stainless steel grades, including duplex and super duplex; nickel and titanium alloys; special carbon steels.

**Inventory:** 5,000 tonnes

**Key markets:** oil & gas, mining and mineral processing, water treatment and desalination, (petro)chemical.

**Geographical markets:** Australia (50%), South East Asia (20%), Middle East (15%), North America (10%), Europe (5%).

**Certification:** ISO9001, ISO14001 and AS4801

**Turnover:** USD 170M(2009)

**Employees:** 120

**Website:** [www.spfa.com.au](http://www.spfa.com.au)