

Griffin excels from its position as No 2

It is starting to focus on the automotive industries, which have biggest market for filters

By **TEO SI JIA**

AT Griffin Group International, aiming to be an industry leader is not a default goal.

This global provider of filtration products and services – think filters which remove water and solid contaminants from diesel to save fuel, lower pollution levels and maintenance costs and to prolong the life of engines – has carved a niche in second place, behind industry forerunners such as the American manufacturer Donaldson.

This is not to say that Griffin's products are inferior. They are of similar calibre, but are priced below those of its industry rivals, enabling it to emerge as a go-to source for fuel filter parts and sets.

The company's global marketing director Mei Reading said: "How we vie with our competitors is that we have products of similar quality, and then we mark it lower than theirs so that some of the distributors give up their products to carry our filters."

Griffin's filters and filter parts cost 10 to 15 per cent less than those of its more established rivals; a complete filter set is 30 per cent cheaper.

Ms Reading said of Griffin's competitors: "We know why they are good and why some distributors don't want to sell their filters. Some distributors say their price increases every year; in some countries, it's every quarter. We raise our filter prices only once in two years."

Griffin counts international engine makers such as Volvo Penta and Yanmar among its clients. It maintains a delicate and diplomatic business relationship with its competitors, some of whom have become its clients.

Ms Reading said: "We supply filter parts to the other filter factories as well, so our competitors are also our customers."

Griffin has a presence across the world in the marine, automotive and mining sectors through its network of 150 distributors spanning 50 countries.

It had set its sights on the global market from the get-go, so it established offices in Singapore and the US in 2005.

Singapore has been conducive to Griffin's growth in more ways than one. Firstly, as a member of the Singapore Business Federation, the company has received aid in its business operations from International Enterprise Singapore, the government agency which spearheads the overseas growth of Singapore-based companies and promotes international trade.

Griffin has also benefited from having made Singapore its marketing centre, said Ms Reading, who described the island nation as a gateway to China and Asia. The company's distributors from New Zealand and Australia often make transit stops in Singapore to visit the Griffin office en route



Ms Reading: Griffin's filters and filter parts cost 10 to 15 per cent less than those of its more established rivals; a complete filter set is 30 per cent cheaper. PHOTOS: ARTHUR LEE

to Europe or other Asian cities, she said.

Singapore's prime location in South-east Asia also gave Griffin its break into Indonesia, which accounts for 30 per cent of the company's revenue and profits.

Besides tapping the archipelago's mining sector, Griffin has also exerted its dominance in its marine sector there. Sales figures from distributors indicate that nearly half the boat owners there use Griffin products, said Ms Reading.

She added that 2012 figures on the workboat industry in Malaysia indicate that Griffin had cornered 70 per cent of the market, though this figure may be lower

this year. Its market share in Australia is "quite high" as well, she said. "For the yacht industry in Europe, we also do well, almost 30 per cent."

Ms Reading declined to reveal Griffin's revenue, but said that it has doubled every year; owing to fewer orders last year, its topline improved more than two-fold in the current fiscal 12-months. The bottom-line for the year ended June 2014 more than tripled from a year ago as well. Its current orderbook stands at S\$500,000 for the next three to five months.

Griffin is working on its Achilles heel: It had made its start in the marine and off-

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shore sectors, where profit margins are the highest, but in its focus, it had left the other markets open.

It is now pivoting its attention to the heavy-duty and automotive industries to cover all the bases; the automotive industry, in particular, is the biggest one for filters, said Ms Reading. Typical vehicles or ships have oil filters, hydraulic filters, air filters and fuel filters. Griffin had focused on fuel filters, so it now intends to cover the entire range. The company has registered its second brand of filter in Singapore and the US, and will launch it soon, again at a lower price than its rivals' product. With the new product, Griffin expects revenue and profits to triple.

The underdog is not all bark – it is sharpening its bite to get a bigger piece of the pie. The company is also working on strengthening its position in the West. A few European distributorships were opened last year. Next year, Griffin will turn its focus on Mexico, Brazil and Latin America.

It has set a sales target of S\$10 million for next year, twice that of the current financial period. The target will not be enough to cover the S\$11 million needed to invest in the business and grow the new brand, so it is holding talks to woo investors and raise capital through an equity fund. It expects the investment to break even in three years.

This profile is the final of a series of features on the 16 finalists of the Emerging Enterprise Award 2014. Jointly presented by *The Business Times* and OCBC Bank, the Emerging Enterprise Award 2014 recognises promising enterprises and startups which are up to 10 years old and have an annual turnover of S\$15 million or less. It is supported by RSM Chio Lim, MasterCard, SingTel, ACORN Marketing & Research Consultants, INSEAD and SPRING Singapore. The winners will be unveiled at a gala dinner on August 29.