

PALMAG Apr-Jun 2017: In the Hot Seat

Interview with Mr. Jack, Director of Eurostar Tractors (M) Sdn. Bhd.

1. Briefly share with us the organization background and history of Eurostar Tractors (M) Sdn. Bhd.?

Eurostar Tractors (M) Sdn. Bhd. is our family business started from my father 35 years ago. The business started with a small shop in Segamat, Johor, and developed into its current massive scale of 11 branches all over Malaysia. We are the pioneers who succeeded in the business of reconditioning European & Japan tractors, shovel and other machineries.

15 years ago, we forecasted that reconditioned machineries will be going downhill. Therefore we planned to build our brand with our own manufacturing plant through assembling branded components with a combination of our experience. Concurrently, we discovered that China is building the same specifications as we have planned and therefore without further hesitation, we took up the distributor rights immediately for Malaysia and other areas.

While other players are still aggressively investing their time and effort in the conventional practice of reconditioned machinery, we knew that we should not be complacent with the traditional methods. We realized that there are many technology transfers between China, Europe and Japan. We believed that with the massive demand of agricultural and construction from this sleeping dragon, it will rock the world. Alas, our prediction and expectation was spot on and currently our principal's factory is one of the biggest manufacturers in the world. Our principal's factory is able to produce 1 tractor within a space of a few minutes. They also acquired a few popular European machinery manufacturers and have established an R & D center in Europe and Japan.

Today, the first unit of EUROSTAR Tractor that we sold to Johor about 15 years ago is still running in perfect condition. Meanwhile, EUROSTAR also achieved a personal record of a few thousand units of machinery sales. I loved this machinery business and i take pride in joining this family business, building and developing it with my elite team to where it is today. I always claimed that blood type "M" is running in my veins, where the 'M' stands for Machines'.

2. Could you explain briefly the range of products and services provided by Eurostar Tractors?

As one of the largest agricultural machinery suppliers, we provide a full range of agricultural products such as multi-range of tractors, shovel loader, agricultural implements manufacturing, mechanized products for the palm oil industry.

EUROSTAR always invest massive efforts in the R&D on machineries catered for the palm oil industry. We aim to solve problems for oil palm players and become their first choice partner whenever they want to mechanize their estates.

3. How do these products and services assist palm oil industry development?

Our product emphasizes on economic, robust and simple machines without fancy electronic features such as computer boxes, solenoids, sensors etc. That makes our products more cost effective and approximately 30%- 200% lower compared to European or Japanese products. Meanwhile, most of the European or Japanese products had moved their manufacturing base to developing countries such as China and India, however the selling price is still extremely high and that does not benefit the agricultural sector. Their durability may also be shorter compared to our products, as the maintenance of their products are too costly to be kept up over the years. We came across some similar spare parts that cost three to ten times higher than ours, yet they are also manufactured from the same country with similar quality.

Palm oil plantations require simplified and straight forward machinery. A lot of sophisticated machines sold in Malaysia do not seem to overcome issues on the plantations very well, such as road conditions, worker issues, weather, terrain and operator mishandling. These sophisticated machines also lacked of well trained workers to operate them and skilled technicians to repair the electronics. Therefore, EUROSTAR seeks to “Provide the right machine, for the right people, at the right place, at the right time.”

Besides selling machinery, we are also working on mechanisation systems. It happens that some individual or small planters could not invest in mechanisation due to high costs with no results guaranteed. Thus we were consulted to dish out more economical alternatives for them, ensuring these small planters can achieve the ultimate results at a minimal cost.

4. **With more than 30 years of experiences specializing in agriculture equipment, Eurostar Tractors owns 11 branches throughout Malaysia. What are the contributing factors that lead to today's achievement?**

Ideas

We are always dynamic, changing conventional methods and exploring new methodology in our products. For example, reducing double handling of a process and maximizing the efficiency through mechanisation in the estates via implementation of grabbers, high lifts, crawler products, motorised wheel barrows, ATV bikes etc.

Attitude

We always put ourselves in a customer's position, attempting to think from their point of view and fulfil their needs. Whenever problems occur, we will provide suitable solutions for them to achieve customer's satisfaction.

Sufficient Spare Parts Back Up

Sufficient spare parts back up and services are our ultimate success factor. You would probably think we are crazy or insane if you have a chance to visit our huge spare parts reserves. The reason we invest massively in parts reserve is to make sure our customers are able to obtain the parts on time. There are incidents where other suppliers were delaying their clients for about 2-3 months to get the spare parts, as they do not have ready supply of parts and cannot afford to stock up massive parts in their inventory. We feel that it is unfair to the customers as suppliers should take responsibility for the supply failure and they should not charge customers for the mistake they make.

Consistency

We stay focused on the same platform, by not changing country or model due to costing or competition issues. Unlike us, many market players may not be able to stock the part to fulfil customers need in time as the volume of each platform or each model is too small. It is not viable to stock the part in bulk too, as it is too expensive to do so.

We have many interchangeable parts for our products across 15 years. The old version of machines which encounters the problems of design or quality failure is able to be replaced with new and upgraded parts. This is also the reason where we are able to keep our first tractor in Malaysia running well today.

Customization

We customize better machinery with the combination of pros from other brands, utilizing techniques and knowledge that we gained over the 35 years. Most of the European and

Japanese brands will not customize machinery according to local requirements, which results in unsatisfied clients. Hence, EUROSTAR works hand in hand with our manufacturer to customize products which are 'truly Malaysia', and subsequently suitable for Asian users too.

New Era of Repairing

Replacement of the machinery damaged parts with our products is more economical and time saving. We always have enough supply of spare parts to meet customer's needs so they would save time by not needing to send it to a workshop and not having to be billed for multiple travelling charges or other expenses.

5. What could be Eurostar Tractors competitive advantage to stand out from international competition?

We always explore customers' needs and new market trends. We converse frequently with industry players who are exposed to our machines regularly such as operators, workshop mechanics and engineers. From the regular conversations and interaction, we are able to gain valuable ideas, insights and useful tips to enhance our products performance and durability. We also send representatives to palm oil estates or palm oil mills for field visits and hold regular conversations with the management team to understand their expectations, problems and current practices.

These efforts enable us to stay up to date and focused with the future development. Not limiting ourselves to domestic knowledge and information, we are also open to learn and exchange knowledge for a better, creative and innovative mindset globally.

We own our technology, which enhance our working speed and dynamics and at the same time able to gain more exposure. We have an e-portal system, where our claims and parts ordering are being dealt in a fast and efficient way with the principal. Our principal keeps a database of the product information that we sold over the past 15 years. We are able to trace the parts catalogue, parts condition and supplier codes easily through smart electronic devices from anywhere. Besides, some of the customers also integrated GPS system to our products, so that they are able to track work efficiency and at the same time to detect the operation's weakness and then compute their supervision plans to offer a better solution.

6. Any expansion or development plans for your organization in the next coming 5 years?

One of the ultimate plans of EUROSTAR is to work with other expert mechanisation

inventors to establish a full system of mechanisation for planters. In the next five years, I want to make EUROSTAR a popular one stop centre which is able to cope with the agricultural industry needs. When a customer thinks of plantation equipment and mechanisation, they will think of EUROSTAR, a company which does not only provide products but solutions as well.

7. How do you prepare to overcome market uncertainty in today?

We offer cost effective products and services compared to our competitors, which enable us to maintain a stable market foothold even though the market is facing uncertainty. Our impeccable services and massive stock of back up spare parts enable us to be more outstanding than others, especially in this competitive and uncertain market.

As I mentioned earlier, the invention of mechanization products will make us more outstanding than others. Extending ourselves to mechanization would enable us to be on a better position. Currently, we export some products to Africa, Indonesia, PNG, Sri Lanka, Solomon Island, Singapore and etc. These foreign customers approached us through word of mouth and also visited our customers who owned the successful showcase.

8. Last but not the least, would you like to share any kind advice to the palm oil industry players?

I hope industry players will change their perspective towards China products as there are still products with good quality in the market. It depends on how you choose the right product and where the resources come from.

Industry players should not be afraid of changes, they should explore the possibilities of applying mechanisation systems in the palm oil industry. It will maximise profits and increase productivity. Application of mechanisation system will be important especially in the future, where there is an issue of foreign labour reduction due to currency depletion. Turning mechanization system into reality is the future of the plantation industry. While I hope people also understand that it could not be implemented overnight but realistically over a certain period of time.