

The Key Driver of a Successful Enterprise to Seek for Technology Upgrade and Operation Expansion



sheh fung
screws company

President Terry Tu



After President Terry Tu chaired the Board of Directors in 2019, Sheh Fung Screws, specialized in the production of construction screws such as drywall and self-drilling screws, achieved a record-high revenue in 2021, followed by a new milestone in 2022 in its overall profit. The company is one of the few major fastener manufacturers in Taiwan that has been able to generate outstanding profitability during the pandemic. Over the past three years, under the guidance of President Tu and the cooperation of the company's team, Sheh Fung has not only improved its product technology, but also reported good results for times in the market expansion. President Tu's eagerness to learn and pursue innovation as well as his diversified cross-industry experience seem to be imperceptibly influencing every Sheh Fung employee.



Introduced to Fasteners at the Age of 6, Tu Developed the 1st Self-Drilling Screw in Taiwan

"I must have been in the fastener industry since I was six!", said President Tu humorously.

The history of Sheh Fung can be traced back to 50 years ago, when it was started as a small factory in Shezidao, Taipei. At that time, Taiwan fastener industry was still underdeveloped, not to mention that threads were even machined with improper tooling. However, Tu's father with an engineering background established Sheh Fung Screws by chance and imported equipment and technology such as drywall screws, threading dies, continuous heat treatment furnaces, electroplating, automatic phosphating facilities and so on from Japan, which later initiated Tu's fastener career. Tu, at the age of 6, already showed a keen interest in technology and often helped pack and sort screws after school until he came to serve in Sheh Fung's Shulin factory at the age of 20. Nowadays, he has been "officially" in the fastener industry for more than 3 decades.

"Since its inception, Sheh Fung has set a goal to reach the technology and quality on par with Japan. At that time, there was no high-quality wire in Taiwan. As a result, my father introduced 1018 wire from Japan to support Taiwan CSC's wire development, which later laid the foundation for Taiwan's fastener wire supplies to be on par with the international standard for the next 40-50 years. Before leaving Sheh Fung to establish Sheh Kai Precision, I'd spent 15-16 years learning



heading, threading, heat treating, phosphating, degreasing, pickling, etc. I don't think there'll be any disagreement if I say I'm a fastener expert. At that time when there was no self-drilling screw manufacturing technology in Taiwan, I even flew to a Japanese factory in person to observe their procedures, and then by my own exploration, I tried to develop the mold by myself and successfully developed the first self-drilling screws in Taiwan. Throughout the years, I've participated in all screw manufacturing and R&D procedures, and Sheh Fung has also continued to advance in the field of drywall and self-drilling screw manufacturing, maintaining its unshakable leadership in the industry," said President Tu.



Smart Production Line "I Already Had This Idea 20 Years Ago."

Leading fastener manufacturers in Europe and the U.S. have dedicated themselves to the development of automated warehousing for long, but Taiwan fastener industry seems to have gradually paid attention to this area only a few years ago. "I had such an idea of introducing overseas advanced automated warehousing more than 20 years ago. What I wanted to do at that time was based on the concept of 'logistics' (i.e., While barrels arrived, they would be temporarily stored at the warehouse and operators would only need to push buttons to deliver them separately to heat treating, electroplating and coating lines). I was even considering introducing automatic packaging machines from the Netherlands. However, as the relevant intelligent technology in Taiwan was not mature at that time and Sheh Fung mainly accepted customized orders, after considering the overall cost we decided not to do it," said President Tu.

In spite of this, Sheh Fung did not stop the investment in automated and intelligent production lines in the following years, and in 2012, it became the first screw factory in Taiwan to introduce the SAP system. With this system, Sheh Fung's production lines can connect with sub-systems (e.g., MES) and the control center more flexibly for data conversion and extension, reducing human-made errors and downtime as well as achieving more flexible space utilization of production lines, moving step by step towards becoming a smart factory as those seen in Europe, America and Japan. "The multilingual SAP with expandable connectivity allows us to replicate our experience in Taiwan to our Vietnam operation, which just started construction at the end of last year, and helps us understand the strengths of our factories and what our customers truly need. In the future, I may also consider introducing into Sheh Fung the visual inspection and AI technology commonly used in the semiconductor industry to boost the manufacturing efficiency and create a more hi-tech traditional industry," added Tu.



Taking over the Chairmanship in 2019 & Establishing Sheh Fung's 1st Overseas Operation

After being elected as Sheh Fung's new president in 2019, President Tu, together with General Manager Kent Chen and the company's task force, immediately decided to set up the company's first overseas operation in Phan Thiet City of Vietnam. The construction of the more than 20-hectare Vietnam plant has been launched since December 2022 and is expected to be completed this August or September and become operational in Q4. The capacity of the phase-1 plant will be around 800 tons per month.

"Compared with other Southeast Asian countries, Vietnam is with less uncertainties, and its young labor force and easy access to raw materials have attracted investors from many countries. The phase-1 plant is a complete experience replica of our Taiwan plant, with heading, thread rolling, electroplating, heat treating and coating processes. In the past, our Taiwan plants mainly accepted orders for high-end products (small quantities and diverse items) but those for lower-end ones. In the future, with the addition of our Vietnam plant, we can also accept orders for large quantities and specific items. Moreover, Vietnam's advantageous geographical location could help expand our sales to the neighboring ASEAN countries, and we could also benefit from the Europe-Vietnam FTA to expand sales to Europe. In the future, our Vietnam plant will be also upgraded towards intelligent automation. At present, we are also actively training the seed staff for our Vietnam plant in Taiwan, so that we can seamlessly connect with the Vietnam plant after it is officially launched. I hope to lead Sheh Fung to play a leading role and attract other Taiwanese manufacturers to join us," said Tu.



Offering Employees Stock Warrants to Participate in the Company's Operation

After becoming the company's president for just 1 or 2 years, Tu, together with his team, witnessed the nearly doubled revenue growth from NT\$1.817 billion in 2019 to a new record of NT\$2.859 billion in 2022. In the future Sheh Fung will shift its focus to the development of high value-added products. In terms of management and decision making, in order to avoid blind spots, Sheh Fung has a six-person team to discuss and make decisions, and it also encourages employees to throw out good ideas and provide appropriate rewards if they are finally adopted. In recent years, Sheh Fung has even become the first in the industry in offering employees stock warrants to participate in the company's operation, boosting the centripetal force.

"Sheh Fung's success can be not only attributable to favorable factors in the market but also to the efforts of our whole team. I just came back to lead everyone to go forward. I think a successful business must be based on cooperation and treat all as partners to create ideas. When the company is gaining profit, employees rather than shareholders should be considered first to receive incentives, as they are the group that creates the most profit for the company," Tu said modestly.



Technology Innovation and Global Deployment

"In the future, Sheh Fung will continue to focus on technology innovation and product R&D. Currently, I'm Sheh Fung's president and Sheh Kai's president, too. Although both companies specialize in different products, they have started to pass on some orders to each other through the 'joint sales' model. In the future, we hope to integrate the products of both companies into one system, which is expected to strengthen Sheh Fung's competitiveness in the market. In addition to consolidating the OEM in Europe and the U.S., Sheh Fung will also be able to establish its brand in the Asian market. Last but not least, as 2023 happened to be the 50th anniversary of Sheh Fung, we'll hold a celebration banquet at the Kaohsiung Marriott Hotel on March 10th, and we sincerely invite our partnered suppliers to come and share the joy with us," said Tu.

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