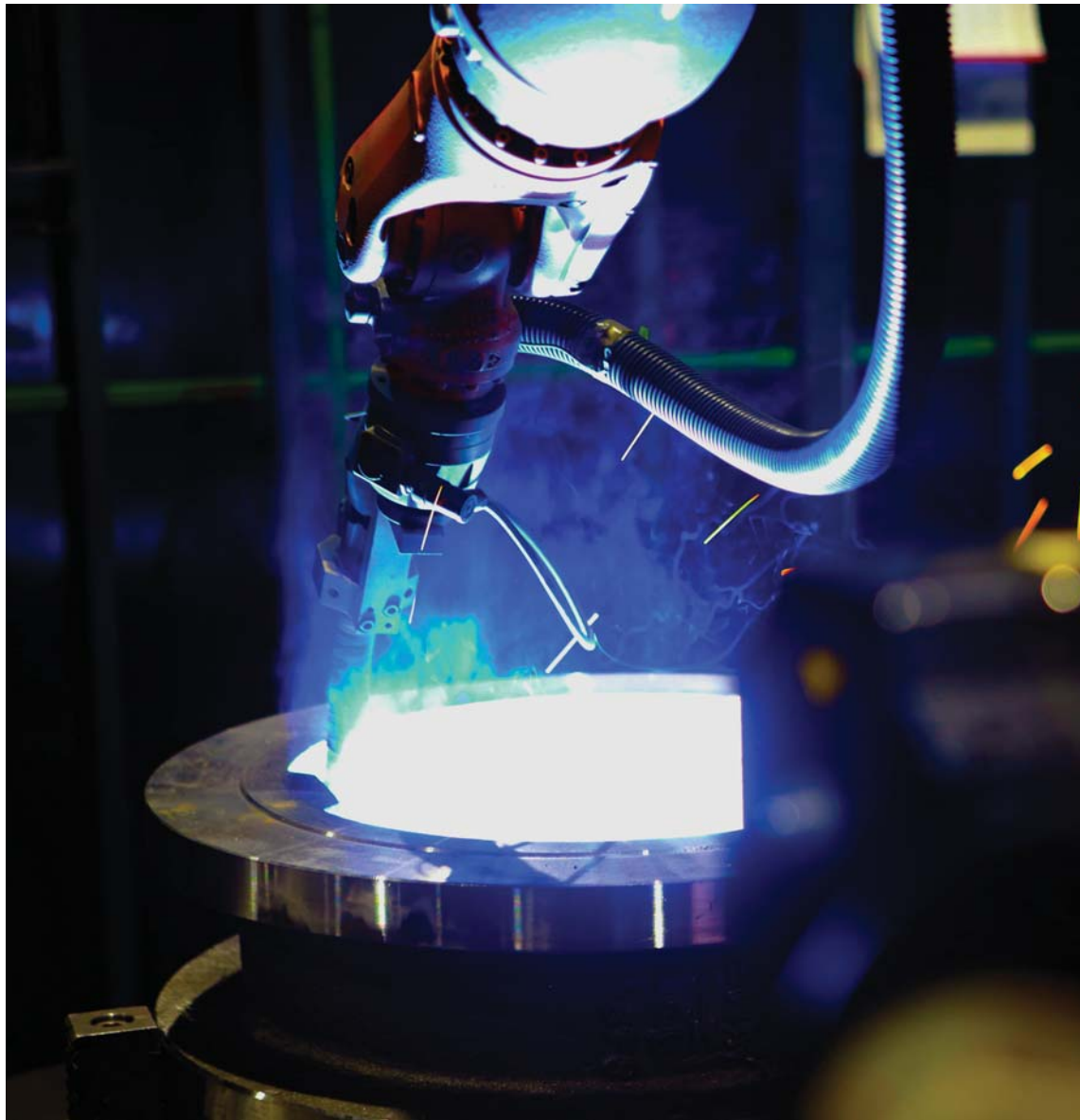


Neway Valve (Suzhou) Co., Ltd., which will need no introduction to readers of Valve World, is an outstanding valve enterprise with a sound reputation in the global valve community. The company is perceived by peers as a beacon of progress and a respectable competitor.

*By Laura Wang*



## Neway Valve: innovation & change at a steady pace

**D**uring an interview in September 2017, Valve World presented a full picture of recent developments achieved by Neway in the past few years. Early this year, Valve World paid a follow-up visit to Neway's head office again in Suzhou, China, and interviewed Mr. Deng Guochuan, the General Manager of Neway Valve Division. He gave us an insight of Neway's development plans and ideas for the coming years regarding product, market and production management.

### Changes

Mr. Deng has been working with Neway ever since its establishment in 1997. During the past

twenty odd years, he has fulfilled multiple roles in succession, such as production management, procurement management, preparation and operation management of the foundry, as well as domestic and international sales.

In his current role as the General Manager of Neway Valve Division, Mr. Deng oversees all management staff and daily operations. During such a long and distinguished career, he has witnessed nearly all the challenges encountered and achievements made by Neway with each step forward. When asked about the fundamental advantage of Neway, Mr. Deng said without hesitation, "changes". Of course other terms could be equally valid, such as outstanding facilities,



### Instant action

Mr. Deng explained, “We are determined to keep changing in our pursuit of excellence. Both facility and ‘soft power’ (values, know-how etc.) can be improved through cash investment, but our most valuable strength is the belief of promoting continuous change in the mindset of each colleague at Neway. Each of us is willing to address the challenges and to keep up with the market pace, ultimately towards the same objective: to forge a perfect “Neway brand”. He added, “It would be easier to achieve if the objective is simply to make more profit. To establish a well-recognized brand, however, requires instant action based on constant consideration. This is the only way to realize our objective and it really tests our courage.”

In accordance to the belief ‘achieving progress through continually changing’, Neway established a “Five year plan” in late 2018 for the next 5 years (2019-2023). This plan is based upon the following points: (i) a strong focus on products with the right balance between cost and technology, (ii) market strategy, with proper cooperation between domestic and overseas markets as well as the cultivation of new markets with new technologies and (iii) in terms of business management putting efficiency as a core principle but also recognizing that talent should be nurtured.

### Product is key

In both the Chinese and the global valve industry Neway is playing a significant role. This not only a strong foundation for further development but also a challenge for Neway, Mr. Deng says.

In his opinion, the ultimate focus of development should be on the products. He

explained: “The product is the focal point when talking about market development, R&D and marketing. So the first thing is to figure out: what kind of valves should we produce? What is our market position? What are our destination markets? All of these factors are based on the product.”

### Product differentiation

Neway classifies its product family by the level of sophistication, contribution to turnover and rate of growth. Then these products are further tagged as being either ‘leading in cost’ or ‘leading in technology’. Mr. Deng explained, “We have developed sophisticated products with sound records in world famous projects, approved by leading users (including Shell, Total, etc.) that are capable of competing with European and American products. Our strategy is to reduce the cost by means of technology development and automatic production. The aim is to cut cost by being more efficient. More than that, eventually we are going to realize product differentiation under multiple strategies: to produce what others can’t; to do better than they can; to be excellent when they’re better and to be special when they’re excellent.”

For those products that are still in the R&D-pipeline, there is still a gap between Neway’s products and sophisticated ones from overseas”, Mr. Deng says. “Although we’ve accumulated certain technology and invested in sales and marketing, we still need to gradually reduce this gap based on further investment in technology according to our “specialization” strategy. Eventually we’re seeking to surpass our competitors based on excellence and specialization. We want to do better and show our advantage to the market. This is what we call ‘leading in technology’.

### Cooperation between domestic and overseas markets

The international market has been one of Neway’s major targets. In this regard, Neway has made sure that several parts of its organisation work more closely together through years of internal adjustment. According to such mechanism, the newly established Overseas Business Division will act as the pioneer and develop overseas markets, whilst the domestic divisions will cooperate with them accordingly. Mr. Deng said, “Regarding the overseas market, both our domestic and overseas teams have their own advantages. In order to achieve the maximum efficiency of our overall operation with reasonable operational cost, the best way is to make full use of their respective advantages. In this regard, communications

top-quality products, innovation, etc, but it is Neway’s ability to adapt that Mr. Deng says is so important.



Part of Neway’s Products that have grown rapidly in sales in recent years.



*Neway on the global map.*

between these teams and adaptation are very important.”

### Exchanging ideas

In December 2018, Neway held an Overseas Sales & Marketing Meeting. According to Mr. Deng, it was good to see such a meeting successfully define the common objective of the teams. “Under the guidance of our general principal, our domestic and overseas teams created a lot of solutions through joint efforts. The specific situation of each company varies, so there is no standard for us to follow regarding teamwork and cooperation. For us, the best practice is to communicate and exchange ideas. This should help to find better solutions for each problem and create more value for our customers.”

When the topic of conversation shifted to sales strategy, Mr. Deng said, “Just like what I said, the product is always central. We are determined to gradually transit the majority of sales from ‘leading in cost’ products to ‘leading in technology’ products. It doesn’t mean that we’ll give up cost competitive products which are quite sophisticated. Instead, we just plan to invest more in R&D and sales regarding high-end products. Market cultivation will never be successful without the support of technology. In the next five years, our overseas sales strategy will change considerably. We’re extensively communicating with major EPC companies regarding technology issues in order to show them the technological perspective of our current features, their advantages and differences. Meanwhile, we learn about their opinions and act on their suggestions. We hope that con-

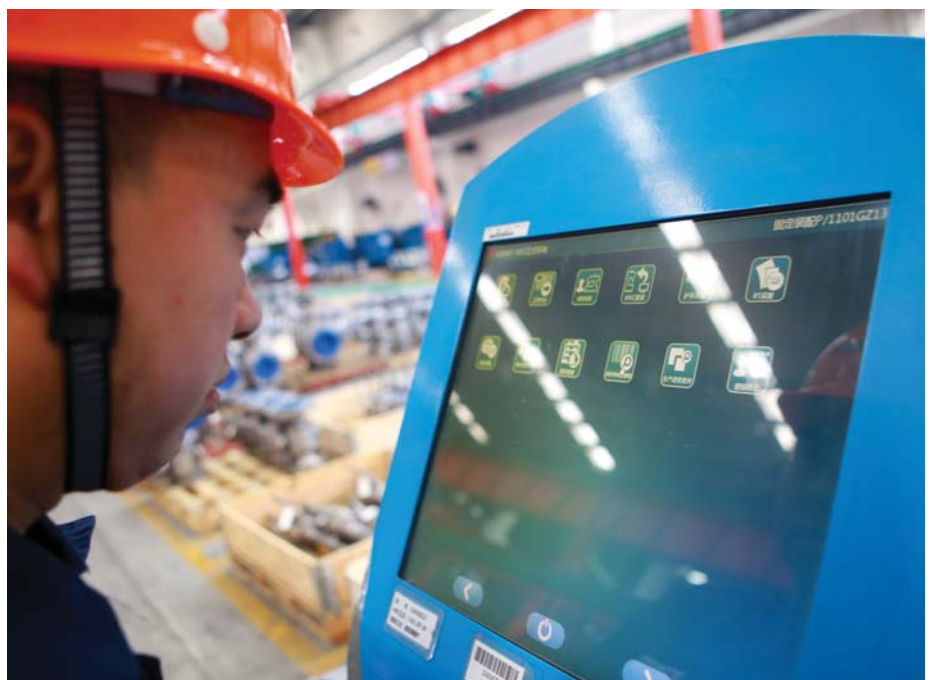
stant and effective communication will help the global market to know more about our performance, our investment and effort made on R&D. In short, we wish to show the capability of Chinese manufacturers and gain trust from more global clients. Besides, we believe that communication should be practiced on multiple levels: management teams, technical teams, QC teams and business development teams.”

### Ideal business partner

Being a reputable valve company, Neway possesses extensive experience and significant

capabilities, Mr. Deng says. This makes Neway an ideal business partner for many project contractors. In response to the “Belt and Road” initiative, Neway is playing an active role and cooperating with domestic and high-level design institutions overseas. Many orders have been accomplished and feedback from customers has been quite favorable.

According to Mr. Deng, Neway is planning to pay more attention to South America, Middle Asia, Africa and the Russian market in terms of overseas market development. A dedicated team will be set up for each regional



*More emphasis on automation in production.*



market. Each team will explore and develop the respective market in a specific pattern.

### Efficiency is core, talent is key

The core of corporation management is efficiency. For a valve manufacturer, production is the direct indicator of efficiency. This is why Neway has made significant investments in automatic production equipment and integrated systems. Particularly noteworthy is the establishment of a specific team to work on processes and efficiency improvement by means of automation, custom-made combined equipment, etc. After the design phase, they will find competent manufacturers to customize the designed facility. Mr. Deng explained, "The combined units refer to a custom-made facility which performs several production stages within one station. This reduces time and labor cost on one hand, and increases efficiency and production on the other. Besides, we've already realized automated logistics by means of robotic transportation and handling."

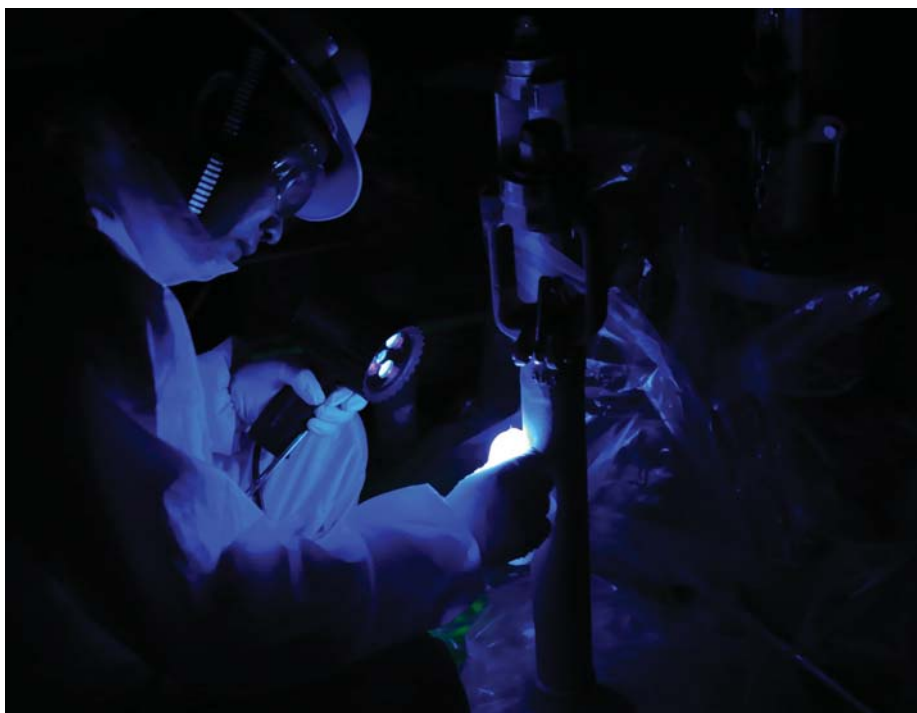
### Automation & digitalisation

Mr. Deng states that Neway's long term objective is to realize overall automation and reduce human involvement to the minimum within the whole production process: from assembling to the final products. Global trends will definitely be dominated by software systems, Big Data, artificial intelligence and chips. This trend is also applicable to manufacturers as well. So far Neway's factories have adopted multiple systems such as MES, DMS, etc. However, the essential step for fully automated production is visualization: to be able to see the status of the whole production process without actually walking around the plant. For example, we've realized a notification function which automatically sends relevant information to the cell phone of the person in charge when any issue occurs to any involved equipment. Besides, we will soon realize even better scenarios: following pre-authorization, customers can then see status updates related to their orders as regards materials, processing, assembly, etc."

### Strict supplier management

In addition to the adjustments and upgrades regarding internal operations, Neway has also adopted a strict supplier management system. The aim is to ensure the quality from various aspects and guarantee the efficient production flow.

Mr. Deng said, "Since Neway's objective is to become a world-class valve company,



*Inspection for oxygen service valve which will be supplied to Aramco.*

our suppliers should be of first-tier level as well. A larger number of suppliers doesn't necessarily mean a better supply chain. We wish to achieve a 'production efficiency oriented' partnership with our suppliers rather than a purely 'benefit oriented' partnership, thus, to enter the top level international market together. Therefore, we implemented a supplier appraisal system which evaluates the quality and timeliness of deliveries. The ultimate purpose is to motivate suppliers to improve their management, production capability and to invest in test facilities and production equipment. The quantity of the order for a specific supplier is exactly based on the basis of our appraisal. Once decided, the computer will automatically place the orders. A sound evaluation result leads to rewards. Otherwise, the quantity of the orders will be reduced or the supplier might even be disqualified. This is the rule of the market: survival of the fittest. It helps us to ensure the quality and reduces inventory. Such a mechanism can also encourage our suppliers to improve themselves. So it can be seen as a win-win mechanism."

### Emphasis on people development

No matter what adjustments on corporate management or market development are pursued, the key factor for successful change is people. For this reason, Neway created a White Paper of Human Resources Development Strategy which duly defined the talent development scheme. Besides the strict recruiting, qualification and training

system, Neway implemented the so-called "job rotation" mechanism. It requires each employee, especially high ranked officers, to work at different positions in sequence, including front line posts, with the aim to broaden their knowledge and to become familiar with key manufacturing steps. Commented Mr. Deng: "working in different roles can refresh the perception of various working posts and enhance awareness. This can help to identify and solve problems that might otherwise be ignored."

### Appropriate action

Mr. Deng emphasized, "The most valuable asset of an enterprise is not the facility, plant and capability. It's the corporate culture and spirit of the people. Each of us is determined to forge ahead and keep changing whenever necessary. In Neway, we don't refer to each other by the rank. In order to eliminate the sense of "distance", we just use our English names instead. Everyone can propose different ideas without restriction. We are keen to identify chances for development from different perspectives and to make changes accordingly. This is an era of information explosion, the accessibility of an individual and a company to information are almost the same. The real thing that matters is the ability to take the chance and respond quickly. To take appropriate action before others discover the opportunity, that's why Neway has been growing rapidly and has kept one step ahead for the past two decades."