

Velan is planting the seeds for future growth



Velan's Innovation Group is currently working on a number of development projects related to the high-pressure power market. Here, 12" Class 1500 Velan parallel slide and stop check valves are installed in series in a power plant in Canada.

The tumultuous state of the oil & gas market has affected all aspects of the industry, making it a focus for those in the valve business. While many have balked at change, Velan has recognized that these are times of both tremendous challenge and immense opportunity. The Montreal, Canada-based firm has a rich history of innovation and forward vision—a combination of assets that makes Velan so unique—that help guide the company towards strategic targets for the future.

Valve World had the opportunity to speak with President Yves Leduc, Velan's new EVP Manufacturing Operations & Global Supply Chain Martin Allen, VP Marketing & Product Strategy Dan Velan, Director Strategic Planning & Information Technology Shane Velan, Director of Project Management Pierre Sabbagh and Director of Innovation, R&D and Technology Luc Vernhes, to discuss Velan's response to an ever-changing market, its commitment to growth and the strategic reasons behind its recent management changes.

By Sarah Bradley

In 2015, Velan positioned itself for future success, despite enormous industry turbulence and unforeseen negative factors. Keeping an eye on the bottom line and initiating a first wave of improvement initiatives, Velan was able to maintain its position in the market and navigate through the sometimes murky waters of change.

Momentum for change

Now in its 66th year in business, Velan is no stranger to the ups and downs of the market. Having thrived in times of both prosperity and stagnation, the company continues to build on the strength of

its accomplishments by embracing the innovative and entrepreneurial spirit that has been the cornerstone of the company. With two generations of the Velan family actively involved in leadership roles, Velan decided over a year ago to empower a new president from outside the family for the first time.

"I am very happy to be a part of this company and feel honored and privileged to build a bridge in the company between the second and third generations of the Velan family," revealed President Yves Leduc. "My first year with Velan, I took the opportunity to learn about the industry by visiting our customers, asking how they are underserved by the industry and what Velan could do to improve that. I also spent a lot of time with my team setting the wheels in motion for the changes that were needed to help the company thrive in every type of economic environment. We have set short-term goals to execute and there is a sense of urgency, but there is also a sense of realism and long-term thinking. We have taken the opportunity to make some changes while keeping an optimistic view of the future and mobilizing the company in that direction. I am confident that no matter how long the industry's recovery will take, Velan will rebound and come out of the storm stronger than when we went in."

Velan has accomplished some great achievements in the past year. Using the down-cycle as a time to focus on re-adjusting processes within the company to prepare for the up-cycle, Velan has reinforced internal disciplines and processes with long-term growth in mind.

"The recent downturn in the oil prices has led to an industry-wide slump in sales. Consequently we have a slowdown in our orders, which happens to coincide with changes we are trying to implement to initiate growth and promote operational excellence. Finding the internal resources to be able to implement these is significantly easier when we are not flooded with orders during an up-cycle," explained Shane Velan.

"My mandate is to institute a standard project management process to determine how we are going to manage valve orders from purchase order all the way to delivery. The point is to make sure that Valve Project Management (VPM) becomes a core process, standardized across the company. I am instituting established and well-recognized process management practices and tools and adapting them to Velan's

specific environment," said Pierre Sabbagh. "The end goal is to get to the next level when it comes to on-time delivery and to reduce the lead times when it comes to these types of more challenging valve orders. Those are the fundamental objectives of this initiative—implementing processes now to ensure that our model of doing business is sustainable," said Sabbagh.

Velan has recognized the importance of executing initiatives in the short term, while still planning for the future. Complicated projects are being evaluated and approached in an intelligent way. "The strategic plan requires more cross-functional collaboration. We track the company's performance and prioritize and coordinate our efforts to improve the business at weekly meetings of the Breakthrough Office," said Shane Velan. "We have ambitious plans to grow sales and the bottom line so we can reinvest in new markets and innovation."

Products that solve customer challenges

Innovation and entrepreneurial leadership have always been cornerstones of Velan's culture. "From the beginning, we've grown by consistently taking on and solving customer challenges, often through



One of four 36" Class 900 parallel slide valves for a SAGD operator in Western Canada—the largest valve of its kind to be delivered to Alberta.

direct collaboration or partnership with customers, and often under demanding time constraints. My grandfather gave us a companywide passion for bringing new products to market—today, we're building on that foundation by designing and formalizing management processes that help us systematically react to new opportunities and deliver consistent improvements," explained Dan Velan. Historically, a lot of the company's innovation has happened on the critical path to delivering an order. On one recent order for a gasification plant in a major refinery in India, Velan had to optimize designs and streamline its supply chain to deliver one of its largest projects to date. "At the quotation stage, we analyzed customer specifications and started a design-optimization effort to ensure we had the most competitive offer, using state-of-the-art casting technology and meeting requirements for high-pressure oxygen service and bi-directional slurry-carrier applications," explained Luc Vernhes.

The previous project was inspiration for the company's new Agile Innovation Management (AIM) process, Velan's approach to ensuring orders with new development requirements or other technical challenges get focused attention. Managed by Luc's innovation team, AIM borrows from agile development concepts to quickly assess technical requirements and mobilize cross-functional teams to deliver order-related R&D projects. At the same time, the marketing and innovation teams are working on defining a five-year new product development plan that is dedicating resources to ensure the company portfolio is dynamic and in tune with changes in the marketplace. "We live in a changing environment and need to anticipate and adapt. We're looking to where our customers' needs are and where they are going," said Dan Velan. And so, while many companies are in a state of stasis, Velan has decided to increase its investment in a portfolio of R&D projects that are aligned with the company's innovation strategy. These strategic projects are prioritized on roadmaps developed by its product managers, executed by cross-functional teams, and coordinated by Nicolas Lourdel, Velan's Product Development Process (PDP) Manager. The oversight helps direct attention and resources to projects that can, in some cases, last several years and involve many stakeholders.



Velan France's Jean-Luc Mazel (right) accepts the top prize for "Qualité du challenge DPN 2016" from the leaders of the French Nuclear Park.

For example, in a multi-year project that included collaboration with Polytechnique Montreal and EPRI, Velan recently developed exclusive hard-facing procedures for F91 valves to improve durability. The proprietary set of best practices was designed to optimize the hard-facing process of creep-enhanced ferritic steel steam valves and extend the in-service life of valves installed in peaking power plants. "As a founding member of the largest industrial research chair in Canada, Velan started a five-year research program in 2012 to investigate the CoCr-based alloys hard-facing of Gr. 91 and Gr. 92," revealed Vernhes. "This PDP project also saw the



One of Velan's three R&D testing and qualification facilities.

implementation of an in-house Welding Excellence Center and a Materials Laboratory to optimize our welding procedures." "We're bringing a more disciplined approach to evaluating and updating our product portfolio. Together with VPM, our new product development processes will be a critical part of our ongoing mission to meet evolving customer needs and build on the value we bring to market," said Dan Velan.

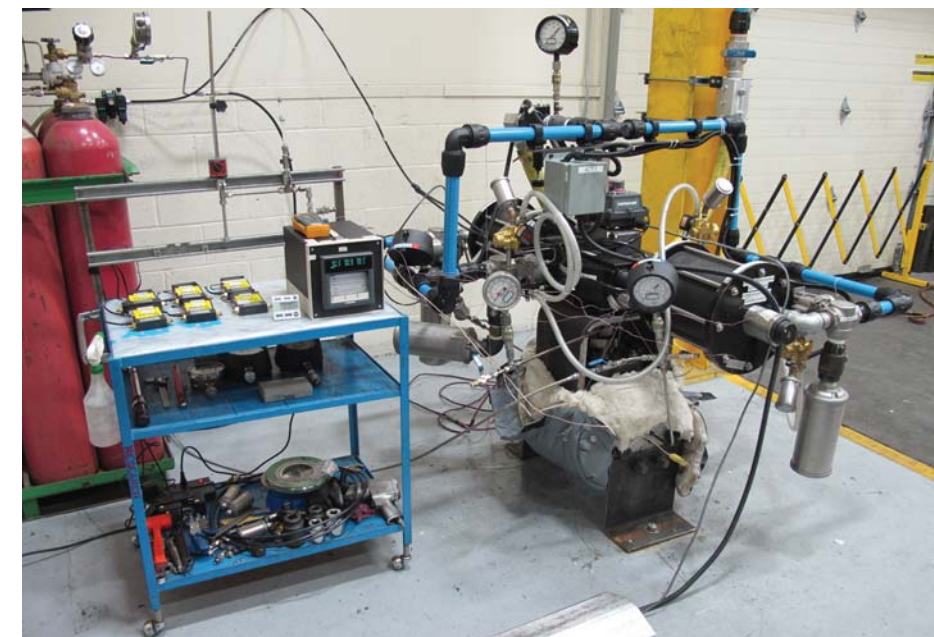
A plan for the future

Yves Leduc says that the recent changes in Velan's top management team give a good indication of the direction the company is taking.

"I had a strong team when I started, so there was no need to make immediate changes. The first priority was to understand our position in the marketplace, talk to a lot of customers and work with my colleagues on an ambitious five-year plan. To meet our goals, it became clear to me that any change in management roles had to enable three things: raising our customer focus, improving operations and delivery, and planting the seeds for future growth." Accordingly, Leduc appointed Rob Velan VP Customer Services and Distribution, in addition to his responsibilities for North American distribution. He took on responsibility for quotations for all product lines, global sales administration, and after-market sales. "Rob's mandate is to regroup all these functions to improve our agility in responding to customer requests for quotations and in our delivery performance," Leduc added. Another change was consolidating all worldwide sales under Wolfgang Maar, EVP Global Sales and Overseas Operations. The purpose of reuniting all the sales teams under one global sales leader was to leverage best practices and the expertise of its teams, and to increase collaboration between regions. "Wolfgang will work hand-in-hand with Dan Velan as he drives product and application development plans to support our market plans," Leduc said. Finally, Velan appointed Martin Allen, whose background is in procurement and operations activities, as its new EVP Manufacturing Operations and Global

Supply Chain. "Martin has over 25 years of experience in supply chain management, and brings considerable global expertise to the table. What's more, given his in-depth knowledge of Lean manufacturing processes, he knows how to react in a fast-paced, high-volume producing environment," Leduc added. When presented with the opportunity to take on a leadership role at Velan, Allen realized the potential to make a difference at a company with a longstanding reputation for quality. As a recent validation of this reputation, Velan's team in France was just recognized with the top prize for "Qualité du challenge DPN 2016" by the leaders of the French Nuclear Park. The venue was attended by leaders from all nuclear sites in France and end users from numerous plants in China (CNPEC and CNOC) and South Africa (Koeberg).

"As a global company, we have longstanding relationships with many valve purchasers or end-users worldwide. We have a high-performing network of agents and distributors. Last but not least, we have the cleanest balance sheet in the industry. These are our strengths, with the Velan brand itself as one of our greatest assets. Imagine combining all of these with enhanced project-management capabilities, a more efficient global supply chain, and more effective market plans, supported by a disciplined product strategy. And we're going to tie it all together by putting our customers at the forefront, namely by investing in processes that will increase our ability to fulfill their most critical needs," concluded Leduc.



In-house qualification of a Velan 4" Class 900/1500 fast-cycling, high-temperature prototype valve (+ 100k cycles).



Velan's EVP Manufacturing Operations & Global Supply Chain Martin Allen.

Managing the supply chain

"I thought it was a very interesting opportunity to come into a company that would give me the freedom to help develop a collaborative operations improvement plan that would rely two-thirds on operations and procurement and partially on a market-driven pricing strategy," revealed Allen. Backed by the support of the Velan family, Allen is confident in the company's ability to cultivate a sense of synergy, foster a climate of excellence and bolster overall company productivity. By setting company goals, analyzing the best strategic initiatives to reach them and then improving organizational structure based on those initiatives, Allen is confident that the company will see the desired results.

"From the time you take a customer's order until you deliver the goods, that is a process. And it's a process that involves many departments within the company. To make a difference, we need to take a look at the processes company-wide—not necessarily to restructure them but to fine tune," explained Allen. "The process is like a relay race at the Olympics—if one of the athletes isn't performing to their full potential, the team doesn't succeed. Breaking down the processes will help us create roles and eliminate unnecessary steps, which in turn helps reduce lead times and ensures faster responses to customers. We want to offer best-in-class efficiency. We want to be able to deliver a competitive total cost of ownership at the right quality levels and reduce our lead times to below the market expectation."