

WKK: Asian Connection

Those who consider themselves cosmopolitan should spend a day in the shoes of Hamed El-Abd. He is an American citizen (raised in Baltimore) of Egyptian descent who spends most of his time in Asia, where he is president of WKK Distribution, a subsidiary of Wong's Kong King International, a massive holding company listed on the Hong Kong exchange. (WKK also owns WKK Technology Ltd., a contract manufacturer whose \$218 million in sales made it the 23d largest EMS company in 2003).

WKK Distribution (wkkdistribution.com) sells assembly and semiconductor equipment throughout Asia, and – taking customer service to a higher level – El-Abd has gone so far as to walk clients through the process of developing factories in China, helping them find locations and cut through bureaucratic red tape. In November he spoke with CIRCUITS ASSEMBLY'S Mike Buetow.



WKK's Hamed El-Abd

CA: How's the political situation these days for moving goods into China and opening factories?

HEA: I think that overall the political situation continues to change for the better. So many changes are happening or about to happen that will ultimately transform China. Moving goods into China has become easier, but more work needs to be done to make things smoother. As China is a member of the World Trade Organization, it has more requirements that it must adopt to make the transport of goods easier. No doubt that significant progress has been made. Starting a factory can be done in months instead of years today.

CA: We've spoken about parts warehousing in China, and the trouble some companies have getting spare parts. Where does that stand?

HEA: I wish that I could tell you that this problem is fully resolved. Over the past few years much improvement has been made. It is easier to bring spare parts into China but a great deal of work remains. Certain geographic areas have improved over others but certainly more needs to be done so that parts can reach customers in a timely manner.

CA: What are distributors in Asia being asked to do that their counterparts in Europe and the Americas are not?

HEA: Good question. The business climate continues to change in both Europe and the U.S. In the early '80s I was based in Europe, setting up distributors for a pick-and-place company. At that time, our distributors had to offer a solid support network to respond to the needs

of our customers, while in the U.S. most companies either sell directly or work through sales reps. Unfortunately, in most cases the U.S. reps just sell the equipment and do not have anything to do with after-sales service or support. This is also now becoming the case in Europe.

Meanwhile in Asia, as a distributor, you must be an extension of the company that you represent. You must be able to give the customer full support. Your engineers must be able to install and maintain machines, have ample spare parts and be ready to handle all process-related problems. Customers in Asia would not accept dealing with distributors who only sold equipment. This would certainly not be the norm in Asia.

CA: What inventory management software platform does WKK use?

HEA: WKK is currently using BPCS ERP system for logistics operations, including inventory management, order processing and finance management. The system runs on an IBM AS-400 model 810 platform located in our Hong Kong data center.

CA: You have personally helped more than a few companies get started in China. Is that typical of a large distributor?

HEA: At WKK we look at things differently. We want people to come to China and succeed. Many people think of China negatively, perhaps because of what they have heard. They form ideas on doing business in China. We want to change the way people look and think about China. The more companies that come to China and benefit, the greater the overall growth of China, our business and our industry. Yes, WKK helps companies get started, but ultimately it's good for business.

CA: With lead-free mandates upon us, are you seeing a pickup in sales of particular types of equipment, and if so, do you think this will create any type of a bubble that will burst once the transition dates are past?

HEA: Most Chinese companies are well aware of the need to transition into lead-free technology. I see more attention being paid to lead-free; just look at the seminars being conducted all over China to educate companies and factories on its importance. I don't believe that there will be a bubble. I say this because most of the companies that must transition are now in the process. After a slow start, we now see more utilization of lead-free materials. Sales of machines for lead-free applications have been growing over the past year but have yet to peak.

– Mike Buetow