



Mr Paul Yeo, group managing director of Fagerdala, which specialises in cushion packaging for sensitive equipment for tech-related industries, was once offered, but declined to hire an armoured car for a site visit. ST FILE PHOTO

Decision to set up Mexican subsidiary pays off

WHEN a car hire firm asks if you want an armoured vehicle for your trip to check out a possible factory site, most business people would think twice about going, but not Singaporean Paul Yeo.

He knew the drive from the United States into Mexico could be tricky but surely it would not mean going on a war footing.

Mr Yeo told The Straits Times: "We asked (the car hire boss), 'Do we really need it?'"

"Initially, it was a bit scary going there and we were a bit apprehensive...there were concerns that security could be an issue," recalls the group managing director of Fagerdala Singapore, who decided to make his trip in a regular car.

It was not bravado as much as a sense that there was business to be done and he wanted to get on with it.

Mr Yeo and Fagerdala Singapore, which manufactures shock protection products such as the foam used in electronics packaging, are part of a rare but growing breed of pioneering Singaporean business people.

With growth prospects shrinking at home and even around the region, these pioneering small and medium-sized enterprises (SMEs) are looking beyond the well-trodden shores of Asia to markets in South America, Africa and the Middle East.

The risk is working out for many, including Mr Yeo and his

colleagues, who take the security issues in their stride now.

His team uses inconspicuous transport vehicles with tinted windows and he keeps his visits short, infrequent and unpredictable.

Fagerdala set up the Mexico factory in 2010 in Ciudad Juarez, a border town near booming El Paso in Texas, so it could be closer to its North American customers.

Its 100,000 sq ft factory now has about 240 employees.

The decision has paid off; the company's Mexican subsidiary contributes about 17 per cent of group revenue, and Fagerdala expects to continue growing its presence in Latin America.

But complacency has not set

in. The firm knows the dangers in such markets. The recent riots in Brazil, Turkey and Egypt and the history of civil wars in Africa have made investors and businesses wary.

Mr Yeo notes that such fears are not unfounded. Two of his Mexican employees were robbed at gunpoint "as their daily routines had become too predictable".

The firm's facility, which is guarded round the clock, has rooms for employees to stay in overnight when they work late, so they can avoid going out in the dead of night.

Risky, yes. But the firm has yet to call in the armoured cars.

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