

Velan: Reinforcing their

After more than 60 years in business, Velan is building on the strength of its accomplishments over the years and focusing on the challenges of adapting to an increasingly global marketplace. The innovative and entrepreneurial spirit that was evident in the company's leadership from day one continues today, with three generations of the Velan family actively involved in leadership roles.

Valve World Americas had the opportunity to speak with President and CEO Tom Velan about the company's proven portfolio of top-quality valves and actuators, its impressive FY 2013 results, as well as its future growth.

By Sarah Bradley

This has been a benchmark year for Velan. "For the first time in our history, we surpassed US\$500 million in sales. This accomplishment is the result of a concerted effort by a lot of hard-working people, including our 2,030 employees in 12 countries, our specialty valve sales distributors and reps, our global supply chain, and—most of all—our customers, who put their trust in our products and expertise," said Tom. "We are grateful to all who helped us achieve this milestone."

Prime products

Velan valves are installed in industrial applications worldwide. During this milestone year, Velan sold more than 600,000 valves to customers in 64 countries around the world. Over the last six decades, the company has vastly expanded its product range of both multi-turn and quarter-turn valves, mainly through internal R&D. It has also expanded its product range through strategic acquisitions. For example, in 2011 Velan acquired the Italian company ABV Energy, which added an upstream valve range to the product portfolio. Velan ABV also has its own designs for pneumatic, hydraulic, and gas-hydraulic actuators. This array of products is complementary to Velan's comprehensive product range and opens up new markets in offshore and subsea where the company did not previously have a significant presence.

The broad product spectrum that Velan currently offers includes valves that range

in price from \$15 to \$800,000 and can weigh anywhere from 0.3kg to over 34 tons. Velan prides itself on the ongoing commitment to improving and extending its world-class product range and on its capability to offer its customers a complete valve and actuation package—a one-stop-shop approach to flow control.



Velan Torqseal™ triple-offset butterfly valve



Tom Velan, President and CEO (left), with A.K. Velan, Founder and Executive Chairman of the Board (right).

Global growth: strengthening worldwide production infrastructure

Velan has always been headquartered in North America, anchoring an extensive network of plants and distributors globally. In recent years Velan has been experiencing increasing growth globally and has recognized the importance of strengthening its worldwide network to meet these needs. Mr. Tom Velan noted that customers outside of North America have accounted for more than 60% of the company's sales for the year, which reflects the growing importance of being a global business and increasing their manufacturing presence overseas.

"Since I joined the company in 1973 to work on a large order for Russia (then

the USSR), it has been clear to me there are huge opportunities in international markets," Tom said. "All our overseas production plants were developed in countries where we first established an effective supply chain or succeeded in selling an established market for our valves. I am convinced that without our overseas production plants, we would not have been able to maintain our production base in North America, which is still more than 50% of our global production. Production in Europe was 37% of sales and the balance was produced in Asia."

Velan is currently pursuing a two-year plan that involves a \$48 million investment in strengthening its global manufacturing infrastructure in order to boost efficiency, increase the company's global presence and capacity, and enhance cost competitiveness. Investments are also being made in large test fixtures, robotic welding, and CNC machines capable of operating unattended in Velan's operations in North America. In addition, many of its assembly cells have been modified in accordance with Lean principles in order to further improve production flow.

"We have also started up a new Greenfield plant in India and are expanding the scope of our production in Korea and China," revealed Tom.

Velan opened a new production plant in Coimbatore in the province of Tamil Nadu, India, in December 2012 to supply the local market and other international markets. Having an already well-established sales force in the region, it was a logical strategic move to open the new production facility and hire experienced management with extensive expertise in manufacturing operations in the country.

"We already had a strong sales force in India with sales offices in Delhi, Mumbai, Baroda, and Chennai," said Tom. "India has a rapidly growing middle class, a growing population, many new companies, and a huge need for infrastructure improvements,



Members of Velan's North American TPI Kaizen team responsible for implementing improved production flow in accordance with Lean principles.

global presence

all of which demand more and better access to power." In spite of this, it's also a reality that there are inevitable political and economic obstacles that can hold these projects up.

Having been involved with the Chinese market for over 40 years, Velan opened a plant in China in 2008 and is currently adding a second production line that will be dedicated to manufacturing large cast pressure seal valves for energy producers

efficient support and service to customers in China for nuclear and other markets," Tom explained.

The company is also expanding its presence in South Korea with the addition of a third production plant. The new plant will be opening in the fourth quarter of 2013 to manufacture larger valves and thus provide a wider product offering to Korean engineering, procurement, and construction clients (EPCs).



Ambassador Stewart Beck, Canadian High Commissioner to India, cuts the ribbon as part of the opening ceremony of Velan's new plant in India. Also in attendance are Ramesh Babu, Managing Director, India (left) and Tom Velan, President and CEO (right).

in the Chinese market. The company has also invested in additional CNC machines, test fixtures, and robotic welding at the facility. The company has also opened a sales office in China that is dedicated to serving the nuclear market in the country.

"This is obviously a highly competitive market and over the last two years China has been our largest overseas market. To achieve success in this market, Velan has to compete not only with domestic Chinese companies, but also with western multinationals. We now have a Nuclear China Office located in Beijing and we also formed a dedicated aftermarket team based in the Velan plant in Suzhou, which helps us to provide quicker and more

Keeping a strong base in North America

"From the early days of the company, the management team has focused time and resources on enhancing manufacturing and production facilities in its base in North America," Tom says. "This is an 'and' not an 'or' option for us. We are a global company and we rely on our strong foundation in North America to help us further strengthen our growing footprint in Europe and Asia.

"It's only common sense. Since 62% of our sales and 45% of our people are outside of North America, we always have to think and act globally," concluded Tom.



Installation of Velan valves in a nickel HPAL (High Pressure Acid Leaching) facility in Madagascar.



Joe Calabrese, Velan's Director of Sales for East Asia, with two large Velan 36" Class 900 pressure seal valves for the conventional island of one of China's Taishan nuclear plants.

VELAN AT A GLANCE

History	Founded in 1950
Sales	Over USD\$500 million
People	Over 2,000 employees
Global network	16 production facilities (soon to be 17) 5 stocking distribution centers Hundreds of distributors' worldwide Service shops worldwide
Focus	Entirely focused on industrial valves and steam traps
Product line	A world-leading range of cast and forged steel gate, globe, check, ball, triple-offset butterfly, knife gate, highly engineered severe service valves, and steam traps offering superior performance across all major industrial applications.
Primary industries served	Fossil, nuclear, and cogeneration power Oil and gas Refining and petrochemicals Chemicals and pharmaceutical upstream, mid-stream (onshore, offshore, subsea) LNG and cryogenics Marine HVAC Mining Water and wastewater Pulp and paper
Quality	All major approvals ISO 9001 (since 1991) ASME N stamp for nuclear quality (since 1970) API 6D Total Process Improvement Program, including Lean Manufacturing and Six Sigma
Engineering	Leader in valve design with many first-to-market innovations Extensive engineering, R&D, cycle test facilities, and stress analysis Proven ability to satisfy special project requirements Field Engineering Services
Production capabilities	Leader in automated production CNC machines Multi-station transfer machines
Velan value	Strong management team, stable company Products proven to offer: - Low emissions - Easy maintenance - Long and reliable service - Low total cost of ownership - Quality that lasts