

Successful SHIPBUILDING

With a long history of quality and innovation, Israel Shipyards has diversified its products, services and geographical markets. Amanda Saint found out more about the company's plans to build on this into the future.

Initially established in 1959 as a Government-owned organisation providing services to the Israeli Navy, Israel Shipyards was privatised in 1995 and the three owners who purchased the business then are still the owners today. Although the company does still work with the Israeli Navy, 90 per cent of its business is now export, and it provides vessels for navies, police forces and coastguards around the world. With 320 employees, and usually another 150 - plus sub-contractors working on projects, the company's main export markets are South East Asia, Latin America, Europe and Africa, a fact that helped it survive the global financial crisis relatively unscathed.

Ship design and building is just one arm of the business, though, and its services are separated into six separate lines: naval ship design and construction; Commercial vessel design and manufacture - this line includes tugs, floating docks and cargo ships; ship repair and maintenance; Industrial projects, for example, recent projects have included Tel Aviv airport's gates and desalination plants; private ports; logistical services to the newly established oil and gas sector.

Oded Breier, the company's Vice President of Marketing, attributes the ongoing growth and success of the shipyard to the strength of its employee base, which is experienced and knowledgeable and, for the most part, long-term. He says: "It's also down to the management, which has strategically guided the company

through a modest growth plan."

Although these attributes have enabled the company to grow and remain successful since its privatisation, Mr. Breier acknowledged that to remain successful into the future it will need to innovate and introduce new products and service lines. "To meet that challenge we invest heavily in research and development and we are launching two brand new naval vessels in 2012-13."

A Different World

Although the company's strength in markets that were, on the whole, largely unaffected by the global financial crisis, enabled it to survive when so many other companies didn't, it is seeing that the market is a very different place now. Budgets have been slashed, yet customers still expect the same products and services to be delivered within their new financial limits.

The market also has a realm of new competitors from China that are flooding it with cheaper goods. Although Mr. Breier has seen that most of his customers are sticking to products and services from the brands they know and trust, he comments: "The Chinese are catching up in the quality stakes, though, and it won't be long before they match it for commercial shipbuilding and become serious contenders for our customers' business."

Despite cuts in budgets across Europe, particularly in the defence sector, business is steady, and Israel Shipyards is working





on a number of projects. It is just about to deliver the fifth cargo vessel to the customer, which completes that project, and it is in the final stages of discussions for a new large project.

The Future is Specialised

Although the number of ships the company has built has been falling since 2010, this is expected to reverse over the next 12 months and 2013 is forecast to show the first increase in this service line in recent years. The strength and diversification of the company's service

and product portfolio means that it has managed to remain successful, despite the drop in ship orders, and in the longterm, the plan is to focus on the supporting service lines, as the shipping industry is not expected to go through a revival. Mr. Breier said that the long lifecycle of the ships also means that a customer purchases them and then doesn't need to replace them for another 20 to 30 years.

As the world continues to change, Israel Shipyards plans to rely on quality and innovation to help it remain competitive,

and is also searching for the niche market position that it can fill to differentiate itself further from other shipyards. Mr. Breier concludes: "We need to grow our existing services and products and keep diversifying to grow slowly but steadily. We need to design and market new vessels to meet niche requirements, we just need to identify that niche first."

With a long history of innovation and a motivated and experienced workforce, it seems Israel Shipyards is well placed to do just that. ■

