

Union Tech Moves Into the Spotlight

Manufacturer evolves from supporting other brands to offering its own.

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Established in 1982 in Houston, Union Tech is a privately held oil tools company comprised of three principle business units — Valves, Contract Manufacturing,

and Oilwell Sand Control Screens. From a machine shop that housed a single Bridgeport mill in the family's garage, Union Tech has grown to a world-scale oil tools company with a global footprint of more than 250,000 square feet of dedicated manufacturing space, housing hundreds of CNC equipment capable of 50,000 hours of monthly machining capacity.

With two major facilities (Texas and China) capable of turnkey production and teams of engineers and product experts, the manufacturer

is able to provide products and services across the entire petroleum supply chain.

"China is built for scale," says Robert Hsia, vice president, "Houston is built for speed."

Quality, delivery, and value are the three most critical aspects of the company's corporate culture.

Quality is driven by not only precise conformance to engineering

Robert Hsia, vice president

specifications, but also steadfast repeatability under all production scenarios. Making delivery requires the complete control of the organization such that all materials, expertise, and equipment intersect at every coordinated instance, facilitated by information transparency throughout the organization. Occam's razor, or the "law of parsimony" drives its principle of value; reducing unnecessary complexity throughout the enterprise, be it in engineering, operations, finance, technology, marketing, management, etc., enables the manufacturer to provide its products and services to its customers in such a way so that they can not only compete, but succeed in their respective markets.

The Wholesaler had the opportunity to talk to Robert Hsia, vice president of Union Tech and gain a better understanding of what the company does, and how it fits into the valve industry.

Sharon J. Rehana: Can you tell us about the Union Tech Valve business unit? What makes it unique?

Robert Hsia: We initially got our exposure to the valve market by serving as a contract manufacturer for valve companies. Back in the 80s and 90s when we were a machine shop, we



Union Tech machines every substantial component internally and performs all critical manufacturing processes in-house to ensure quality and consistency, meet delivery demands, and deliver value to customers.

MANUFACTURERS IN ACTION

were content focusing solely as a manufacturer. As our enterprise evolved, we assembled an engineering team to develop our own products, since we could leverage our existing manufacturing capital. We launched our valve business in 2003.

We recently discontinued our master distribution agreement with Forum Energy Technologies for our valve product line. Given the state of oil prices, supply chain and market efficiencies are tantamount to not only success, but also to survival in this environment. By reducing one layer in our distribution channel and offering our valve products directly to customers under the Z-Series brand, we are building a more efficient supply chain that allows Union Tech to interface with customers to develop the best solutions, as well as to optimize the value proposition to all parties within the distribution channel.

Our unique approach to production, whereby product engineers and manufacturing experts are paired in tandem, every substantial component is machined internally, and all critical manufacturing processes are performed in-house, differentiates Union Tech from our competitors. As a result, this methodology enables us to ensure quality and consistency, achieve aggressive delivery demands, and deliver compelling value to our customers.

SJR: Can you tell us more about the Z-Series valve product line?

RH: Union Tech has been marketing and selling valves, both metal seated ball valves (MSBV) and rising-stem ball valves (RSBV) since 2005. In fact, we've manufactured valve components in a contract manufacturing capacity as far back as the mid 80s. To-date, Union Tech has engineered, manufactured, and sold more than 100,000 MSVB, both domestically and overseas, as the OEM for a number of different brands. Our current offering, the Z-Series product line consists of both MSVB and RSBV.

The MSBV products include:

- Z1 Unibody Power Valve, which is a one-piece metal-seated ball valve engineered for clean steam severe-service (high-pres-

sure, high-temperature) environments, including power generation and critical on/off applications.

- Z2 Two-Piece Isolation Valve, which is a two-piece metal-seated ball valve engineered for severe-service environments for use in customized and critical applications, including chemical/petrochemical, refining, power, and mining processes.

The RSBV products include:

- Z4 Rising Stem Ball Valve, which employs a "tilt-and-turn" design enabling frequent cycling, zero leakage, and low torque operation. The valve is engineered

ery, and value, we feel that we are well-positioned to grow.

SJR: What do you see as the biggest challenge to the valve business in today's business climate?

RH: The correction in oil prices has stymied growth in energy markets over the past couple of years. Supply and demand are starting to feel more balanced now; in fact, I'm optimistic in that I believe we've over-corrected and energy markets will realize gains by virtue of pent-up demand. Over the past two years, we've heard many end users tell



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for high performance applications requiring frequent cycling with positive shutoff, such as molecular sieve systems for switching service, and gas transmission.

Because all critical operations are performed in house, this aspect provides us with a structural competitive advantage. We can control the quality, delivery, and costs.

SJR: Do you anticipate any expansion in the Union Tech valve business going forward?

RH: Absolutely. We anticipate substantial organic growth as market participants realize the value proposition of our products. We are providing the same quality product (previously marketed under other brands) under the Union Tech brand and can deliver it faster than anyone else. Moreover, our products are offered at an aggressive price point versus prevailing market prices due to efficiencies in our business model. Being able to control quality, deliv-

us that MRO budgets have been postponed. When this behavior is both widespread and correlated, this typically results in the "bullwhip" effect whereby the end users, as a group, will all need to replace equipment in concert.

As such, the most formidable challenge to the valve business today is the cyclical nature of the energy market. We're not in the business of calling the bottom for oil prices, but there are a lot of factors that will provide tailwinds rather than headwinds. The global economy is growing. If global growth is sustained, global demand for products and services will drive demand for energy, petrochemicals, and other industries that utilize valves. Union Tech is well positioned to meet the anticipated demand growth for valve products in the near term.

SJR: Union Tech recently joined the PVF Roundtable? What is your hope to gain as a member of the organization?

RH: One of the challenges for us is that the Union Tech brand is relatively unknown in the valve market. The irony is that we're one of the largest metal-seated ball valve companies in the world with relatively little brand recognition. That's because for approximately 15 years, we've operated in the background as the OEM for many of the major brands. Joining the PVF Roundtable will enable us to get the exposure to build the necessary relationships with our customers to grow our brand equity.

SJR: What do you hope to contribute to the PVF Roundtable?

RH: Union Tech hopes to provide awareness of what's possible from our standpoint. We endeavor to disrupt market conventions for what has been held as standards for quality, delivery, and price. With our business model, our goal is to provide higher quality products, at shorter lead times, and at significantly reduced prices to our customers.

SJR: The tagline on your website is "Quality. Speed. Scale. Every unit. Every order. Every customer." What does that mean to you?

RH: We take that literally. Quality is first and foremost. If we don't provide a quality product or service, then the business will cease to exist. Speed is important, as it is a differentiator. We challenge ourselves to deliver our products at a compressed lead time compared to the competition. We're constantly pushing the envelope. As for scale, greater size enables value creation vis a vis economies of scale.

As for every unit, we first address these principles at the unit level, the granular, single component. From that foundation, we build up to the order level to ensure that the entire order is executed efficiently. The ultimate aggregation is the customer level — we resolve to provide a high level of service, consistently and repeatedly to every customer. This is our culture and has been since 1982. 🌐

To find out more about Union Tech and its Z-Series valves, visit uniontechmfg.com.