

# Chinese pioneer

It is one of the scaffolding industry's biggest success stories of the last decade, writes Murray Pollok: how a Chinese MBA student built one of the biggest sellers of scaffolding in North America. And now, Wei Chen, the founder of Sunshine Enterprise, has his sights set on

**T**here are all kinds of Chinese products being sold worldwide, so the fact that Chinese scaffolding now has a major presence in North America should be no surprise. What does make you sit up and take notice, though, is the speed with which Chinese-made products have penetrated the market.

"70% of US scaffolding sales are now from China. Ten years ago it was less than 10%", says Wei Chen, 37-year old founder and chief executive of Sunshine Enterprise, Inc, based in Memphis, Tennessee, and one of the people responsible for the dramatic change.

Mr Chen, who is originally from China's Hunan province, spoke little English when he arrived in Memphis in the late 90s to complete his MBA. He tells *Scaffolding International* that he did a lot of research into what Chinese products would suit North America; "I identified the construction industry...it's under-globalised in the US, very old-fashioned. We identified scaffolding as the flagship product for Sunshine."

Of course, North America has taken time to accept Chinese-made products, and not just in safety-sensitive products like scaffolding. It was an issue that Mr Chen was quick to recognise; "At that time [10 years ago], quality was poor. Everybody was scared of Chinese scaffolds. We saw there was a problem."

He says Sunshine, which celebrated its 10th

anniversary at the end of August, made it a priority to produce scaffolding that matched the quality expectations of customers in North America; "Now, after 8 years, we're the largest scaffold importer." The company imports around 800 containers of scaffolding products every year and claims a 15-20% share of the annual US\$300-400 million North American scaffolding market.

"Now, everybody imports from China", says Mr Chen, "they realise that they can get good products from China if they know how to do it. There has been a big change in the general customer perception." He says two of North America's largest scaffolding contractors – he prefers not to name them – are now among his customers.

Sunshine's scaffold product range is wide, including steel and aluminium scaffolds, system scaffolds, scaffold towers and shoring products, as well as scaffold castors. The company employs 400 people in North America and China. Initially, Sunshine sourced scaffolding from Chinese factories, but in 2005 it started manufacturing at a facility in Chenzhou, Hunan province. It then opened another plant in Wuxi, JiangSu province in 2007. These two facilities employ over 300 people.

In the US it has offices in Memphis, New



**Wei Chen, the founder and chief executive of Sunshine Enterprise:**

**"Now, everybody imports from China... There has been a big change in the general customer perception."**



**Sunshine Enterprise operates two factories in South China, one in**



**A painting booth at one of Sunshine's Chinese factories.**

3150 kg (6000/7000 lb) capacity Baoda hoists now imported, Mr Chen says he is facing the same issues that he saw with scaffolding 10 years ago. This is why the company had established a small hoist rental fleet in Atlanta, Georgia to demonstrate the products.)

However, Mr Chen has set his sights wider than North America. He says Sunshine aims to sell in Europe many of the same products it now markets in North America, including scaffolding, hoists and swing stages. "We are trying to focus on the developing countries", Mr Chen tells *SI*, "We are not [focusing] in

York, Los Angeles, Houston and Atlanta, and operates a number of divisions, including StepUp Scaffold, which imports and distributes scaffolding; StepUp Caster, a seller of scaffold casters; StepHigh Access, an Atlanta-based rental division; and SBU Hoists, which distributes the Chinese Baoda construction hoists in the eastern states of North America.

Having established itself in the North American scaffolding market, the company has also this year branched out into other products, including Baoda hoists and suspended platforms. (With around 30 of the 2700-

**The two Chinese factories employ 400 people.**

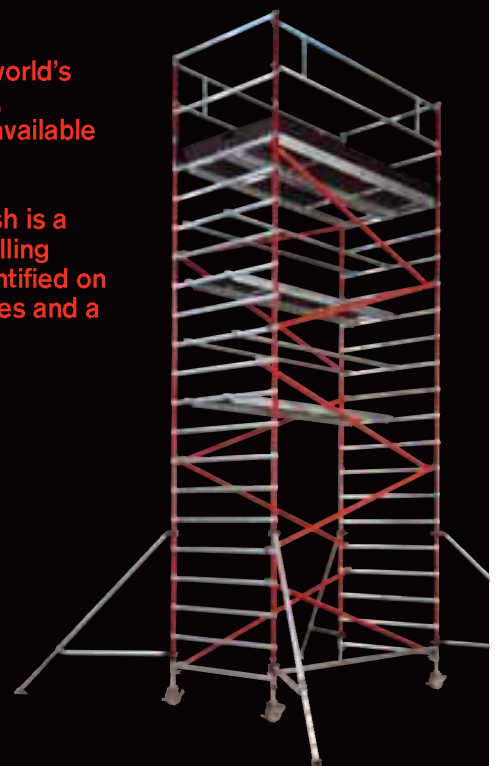


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South East Asia or the Middle East, where there is less concentration on quality. We will focus on the US, western Europe, Australia and some fast-growing South American markets, using Chinese manufacturing as a way of [getting] a foothold.”

Sunshine will visit Europe later this year to investigate potential dealerships and alliances. Unlike in the US, where Sunshine sells products under its own brands, Mr Chen says the company will consider different types of arrangements, including manufacturing under other brands or alliances with European scaffold manufacturers.



**Sunshine division SBU Hoists has started to import Chinese-made Baoda hoists into North America. The group also has a small hoist rental division, StepHigh Access, based in Atlanta.**

## ADAPTING TO THE SLOWDOWN

Wei Chen thinks the slowing of the US economy will continue through the first quarter of 2009, before picking up in the second quarter. “The industrial market is still very strong, and commercial maintenance is also good”, he says, “We have focused on industrial since 2007.”

Just as significant, from Sunshine’s point of view, has been the rising costs of doing business, including fuel but, more significantly, higher prices for steel. “Steel prices are going up tremendously – 80% in less than six months”, he says. That and the depreciation of the US dollar have made life more difficult for scaffold importers to the US.

Mr Chen says price increases are inevitable; “Customers don’t like it and vendors don’t like it. But, with an 80% increase in steel prices, customers understand, and the competition knows they have to increase prices.”

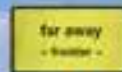
He tells *SI* that Sunshine’s large volumes make it better equipped to deal with the increases; “We will not pass 100% of the price increases through to our customers.” Instead, he thinks the current market conditions offer Sunshine an opportunity to grow its market share in North America. However, on one thing he is clear; “We are not going to lose money on any deal.”

Over the longer term the company aims to introduce other Chinese-made products in the West, possibly concrete machinery and earthmoving equipment. “The key thing is that we will not bring in products until they are ready”, he says.

The company knows that they have to continue to be vigilant about maintaining quality. As Mr Chen says; “We cannot afford a single mistake.”

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