

# Velan View

Issue 6

Spring 2013

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The Taganito nickel mines

Velan's global roots







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**Cover photograph:** Kevin Geraghty, Vice President of Energy Supply NV Energy.

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**VELAN**



# President's message:

## Reinforcing our global presence

This was a milestone 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. Thank you to everyone who helped us reach a half billion dollars in sales.

During the year, we sold more than 600,000 valves to customers in 64 countries. To get an idea of how broad our product range is, we currently offer valves ranging in price from about \$15 to \$800,000 and weighing anywhere from under 0.3 kg to more than 34 tons.

As far as geographic range, the fact that about 62% of our sales for the year were outside of North America reflects the growing importance of being a global business. We continue to work on strengthening our worldwide network and increasing our manufacturing presence overseas.

In this issue, we talk about this ongoing strengthening of our global network, with a particular emphasis on expanding further into Asia (pages 20–23).

We also talk to Velan's Director of Sales, Latin America, Sergio Pensotti, to get his views on business in this important part of the world. A veteran Velan employee, Sergio has long specialized in Latin America.

You'll also read a profile of one of our more exotically located distributors. Based in Trinidad and Tobago, Esau Oilfield Supplies is a family-run business like ours. It was started by Peter Ghany's father and is currently lead by Peter, with his sister



Patricia playing the important role of CFO. It must be a challenge to focus on business on an island with white sands, palm trees, and a beautiful sea!

We also talk teamwork with Areva NP's Lew McKeague, who works closely with a core team here at Velan to help bring in orders for a specific range of valves in nuclear plants across the United States. Areva NP is a small and very focused subsidiary of global giant Areva, the French public multi-national industrial conglomerate headquartered in Paris.

As discussed in past issues, one of the strong points of Velan is the longevity of our people. In this issue of the *Velan View*, we profile John Tsesselis, Plant Manager in Montreal's Plant 1, who last year became

the first Velan employee (besides my father, A.K. Velan) to reach the 50-year employment milestone. And he's still going strong.

Last but not least, we were pleased to have the opportunity to hear from Kevin Geraghty (whose photo graces the cover of this issue), Vice President of Energy Supply, NV Energy, on the "Ten things to watch for in the U.S. power industry." You'll find his article on pages 8–11.

As always, I wish you health and happiness and success in all your endeavors.

A handwritten signature in blue ink, appearing to read 'T. Velan'.

Tom Velan  
President and CEO



# Esau Oilfield Supplies

**Growing up with the business**



*Peter Ghany, President, Esau Oilfield Supplies*

**When Peter Ghany recalls the early days of Esau, the business his father and mother passed down to him and his sister Patricia, he conjures up a picture of his dad, explaining the features of the products they offered.**

**“On the weekends, we would help stock shelves, and as we did this we would listen to a long lecture on how each of these products works in the real world,” Peter says. “Dad would pick up something and go into great detail on how it worked with anyone who happened to be there, including us children and sometimes buyers. This basic knowledge became ingrained in my brain.”**

**W**hat those beginnings gave the children, who went out into the world, got advanced degrees, and pursued their own passions before deciding individually to return to the family business, was a deep technical knowledge of the business of supplying to the oil and gas market.

“Ironically, these are the same lessons I frequently recollect when I am training my staff today,” Peter says. “I reach back into my long-term memory and use those same layman’s terms to explain to our staff and sales reps how products are used in the practical world, and I use the same approach to give an unbiased training course to new engineers in the field,” he explains.





Above: Esau Ghany, Peter's father and founder of the company (second row, far left). Joyce Ghany, Esau's wife and Peter's mother, (second row, far right) with a group of their employees in the 1980s.

Shown right: Members of Esau's startup team, including David Mendoza (seated) in front of his nephew Frank Mendoza (standing left), Joyce Ghany (middle), and Joan Lee.



*"I reach back into my long-term memory and use those same layman's terms to explain to our staff and sales reps how products are used in the practical world, and I use the same approach to give an unbiased training course to new engineers in the field."*

—Peter Ghany

### The origins of Esau

Esau started in the home of Peter and Patricia's mom and dad, Joyce and Esau Ghany. In the early 1970s, Joyce quit her job as a nurse to take care of the accounting and Esau enlisted a friend as the salesperson to start Esau Oilfield Supplies, which was incorporated in 1976. The family then lived in a small, 1,200 sq ft house with an office in the lower level, which they outgrew quickly as they added more people to the company. Esau carried a full range of pipes, valves, fittings, gaskets, and studs, and sold to the burgeoning oil and gas business in Trinidad.

"At times we borrowed our neighbor's yard and an empty lot of land opposite our home to stock supplies," Peter says.

By the late 1970s, the oil and processed gas industry had blossomed and so had the business, which employed 15 people when it made its first major move to a 4,000 sq ft facility in nearby San Fernando. The booming oil business in Trinidad then laid the

groundwork for the next few decades and created a need for warehousing.

In the 1990s, Esau began construction of a new facility in Gulf City, La Romaine. Today, the company works from a 25,000 sq ft location and a 3,500 sq ft satellite office and has 46 employees. It is one of the largest suppliers of approved materials in Trinidad and Tobago.

The 1990s was also when the children became interested in joining the company. But first, their parents encouraged them to pursue their education and seek their own career paths.

Peter started off as a pre-med student at the University of Victoria in British Columbia, Canada, but after two years and a couple of electives in economics and marketing,

"I found out my calling was not medicine, and that I loved business." He then moved to Toronto to attend Ryerson University, specializing in international business and graduating in 1995. His next move was to pursue an MBA at Clarkson University in New York.

His equally accomplished sister Patricia graduated from the University of Toronto with an MBA in finance, then lived in Vienna, Austria, for a number of years. She joined Esau in 1993, and Peter joined two years later. Patricia is now the company's CFO while Peter is President.

### The children's legacy

The 1990s was also a good time for the children to return to the family business because of what was happening in Trinidad.





*David Mendoza, Head Machinist, stands proudly in Esau's first machine shop in 1978.*

At that time, the world began to look towards natural gas as the fuel of choice over oil. Happily, the country has an abundance of natural gas reserves.

"The energy sector in Trinidad was exploding, piquing the interest of global players like BP and British Gas. We (Esau) wanted to be part of this boom," Peter explains.

As a result, the company grew very quickly. Despite this rapid growth, the family was consistently cautious in its approach.

"My first desire in coming on board was to grow Esau as gradually as possible and not make the mistakes of the many case studies I read about at university—especially in the area of family businesses," he said.

In fact, he wrote his thesis on such businesses. One of the things that stuck with him was to make sure the business kept new blood flowing into its ranks.

***"My idea was to represent one manufacturer for each product needed here. We eventually secured some of the major players, including Velan, which was already well recognized as a valve manufacturer in this field."***

**—Peter Ghany**

"This may seem counterintuitive to some who run family businesses, but one of the things we do is to actively seek out and hire good people from outside the family ranks. We are looking for the right people for the right jobs, not to add to our roster of family employees," Peter says.

Meanwhile, Patricia has a strong background in finance, which has helped shape the path of growth for Esau. "She is very meticulous," Peter explains. "Every strategy Esau has crafted has been calculated to minimize any potentially harsh impact on the company."

One idea Peter had was to create a way potential clients in Trinidad could depend less on major global distributors and more on local ones.

"My idea was to represent one manufacturer for each product needed here. We eventually secured some of the major players, including Velan, which was already well recognized as a valve manufacturer in this field," he explains.

Esau also learned to deal with the new world of engineering, procurement, and construction (EPC) contracts and, since 2007, has established itself as a preferred

supplier to many of the major players in that area of the world. As far as Velan products go, Esau has many irons in the fire, but one of the most recent projects undertaken was supplying more than 80% of the valves to a new LNG plant in Trinidad for BP.

Going forward, Peter says one of the plans for Esau is to continue its fairly recent expansion into South America, beginning with its work supplying products into Colombia.

### **A company culture**

One of the most important corporate mandates for Peter is to create a positive working environment that encourages the growth of each employee.

"Patricia and I are like any siblings; we have our arguments, and we do at times disagree about things. But we never get angry with each other. We try to do the same with our employees: encourage them to share their suggestions with their respective managers regardless of whether they disagree or agree with what we're doing," he says. "We always try to listen to them because they very well might have a good point."

As a result, the company has something Peter says is priceless: buy-in from its



*Members of the Velan team who work closely with Peter (from left to right): Richard Gloutney, Sattie Beresford, Peter Ghany, and Lana Fong.*



own staff. That staff has an average of 10 years with the company, and while people who work for Esau toil long hours when necessary, the staff also plays hard and leaves work concerns at the end of the day within the confines of the office.

“One of the things we look for in our people is a passion for work, but we’re also looking for well-balanced individuals. The oil and gas business is a demanding field and if you take things personally or you cannot learn to occasionally yell and disagree—and then laugh together—you don’t have a good, sustainable work culture,” Peter says.

He also looks for people who respect book learning as well as on-the-job learning.

“I was brought up in the classical way, where company executives tended to make decisions based on gut instinct. It’s good to have sharp instincts, but I learned through my schooling that there are academic ways that add real value to the process, especially when marketing a business.”

He is also passing the lessons learned onto the next generation: In addition to his full-time position with Esau, Peter is a part-time professor at Trinidad’s Brunswick University. He is also the head of the marketing department.

### Family friendly

Patricia and Peter also make sure that employees know their own families are important. Patricia has a teenage daughter and Peter has two young children at home.

“When you have a family yourself, you know that if you want to attract and keep good employees, you have to allow for the fact that kids get sick and emergencies happen. Some of our staff have quite a few kids, and the children sometimes come in during the summer months. We encourage it. We also set aside a day each year for family day,” Peter says.

This is important to him and to Esau because: “Too much of life is spent during business hours, and you don’t get an opportunity just to ask: how are the kids?”

[VV]

## Trinidad and Tobago: Did you know?

- They are the most southerly islands of the Caribbean, laying just north of Venezuela and Guyana; just south of Grenada and Barbados; and happily, just below the hurricane belt.
- At its closest point Trinidad is only seven miles (11k) off the South American coast. Also, even though Trinidad and Tobago sit on the South American continental shelf, the islands, language, and culture are closely linked with the rest of the English-speaking Caribbean, North America, and Britain.
- Although Trinidad and Tobago are two separate islands, they are treated as one single country.
- Trinidad is the larger of the two islands and consists of approximately 95% of the land mass of the islands.
- Trinidad was named by Christopher Columbus, who discovered this island during his third voyage to the New World on July 31, 1498.
- Trinidad achieved independence from Great Britain in 1962.
- Inhabitants of Tobago are called Tobagonians and those from Trinidad are called Trinidadians or Trinis. When considered together, the people of Trinidad and Tobago are referred to as Trinbagonians.
- Port of Spain is the capital of Trinidad; the capital city of Tobago is Scarborough.
- The people of Trinidad and Tobago speak English and French patois. The islanders have their own unique dialect. Some examples: jumbie (ghost), macafouchette (leftovers), mamaguy (make a fool of someone), out de lite (turn off the light), and make style (show off).
- Although oil was first found off the west coast of Trinidad in 1866, production did not begin until 1908. The first oil refinery in Trinidad was established in 1912, and petroleum at one point made Trinidad one of the richest colonies in the British Empire.
- The islands are widely regarded as the source of such popular forms of music as Caribbean steelband, calypso, and soca. They are also famous for the limbo.
- The literacy rate of Trinidad and Tobago is higher than that of the U.S. It exceeds 98% and is a result of education being free from kindergarten to university.
- Cricket is the national sport of Trinidad and Tobago; the second most popular is soccer.
- Trinidad and Tobago is a multi-cultural democracy hosting people of African, East Indian, Asian, French, and Dutch ancestry.
- It is widely conjectured that the novels Robinson Crusoe and Treasure Island are based on Tobago.



*Doing business in paradise: With its white sand and palm trees, Tobago’s Pigeon Beach is a draw for windsurfers, divers, and appreciators of natural beauty in general.*



# Ten things to watch for in the

## U.S. power industry

By Kevin Geraghty, Vice President  
of Energy Supply NV Energy

Because so many of the industries using Velan valves center on supplying power to the world, *Velan View* asked an expert in the field what he considers the important issues of the day. Kevin Geraghty, who has 25 years of experience in the field of power generation, gives his opinion on what the world should be watching.

### **1. Natural gas will grow in use, but far below what some are predicting**

Natural gas will not stay below \$4 forever. Current gas prices are in the range where some gas-to-coal switching is now happening—reversing a trend experienced during the last 18 months. Both fuels will see pressure from greenhouse gas (GHG) rules and laws over the next decade, and increased demand for natural gas in other segments is likely to keep the price of natural gas higher than current levels.

### **2. Environmental policy will drive the construction of new generating resources**

Historically, the catalyst for new power generation has been either demand growth or financial benefit—as new technology enabled power to be produced at a lower and lower cost. Today, retirements and “new builds” primarily are driven by environmental policy. Investments could be made in these plants to keep them operating for years to come, but uncertainty in future regulations—especially GHG regulations—

makes these investments risky or just plain uneconomical. Many states have demanded that more renewable energy be supplied to customers at a time when real demand is flat or declining. The effect of this erroneous driver is to basically add new generating resources at a time when customer electricity needs are not growing.

### **3. Climate change is for real**

One can be skeptical whether man is causing the earth to warm or not, and one can be pessimistic about whether society or

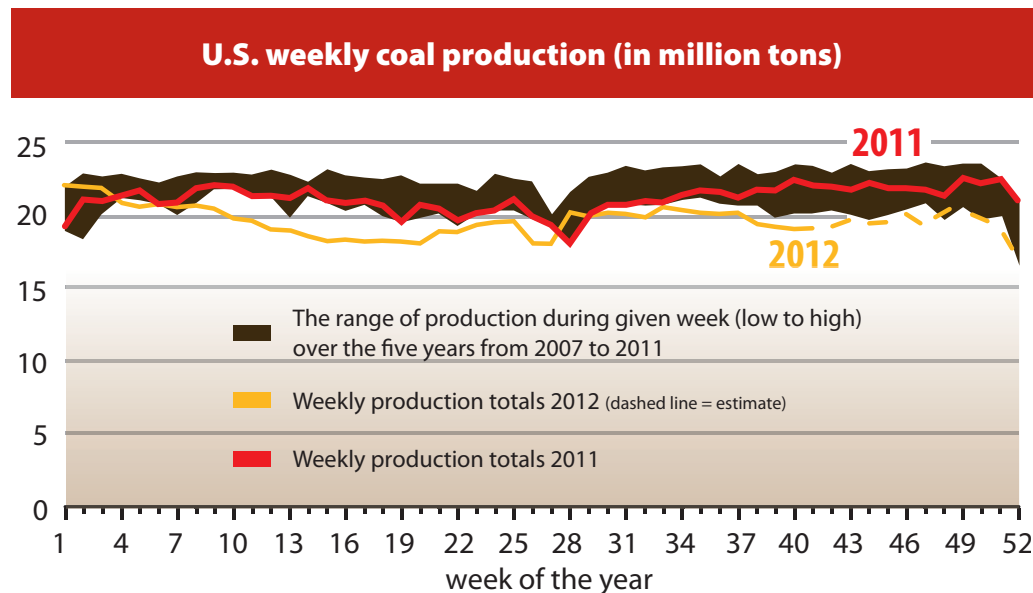




Photo credit: Rex Windom, NV Energy

policy makers can do anything to stop or reverse the warming trend. However, the industry and policy makers must accept that the planet is indeed warming, and there are important preparatory steps to be taken. The focus should be first on infrastructure needed to combat new weather patterns, droughts, flooding, and rising sea levels.

Policy makers are intensely focused on energy policy as it relates to climate change. Perhaps the very real events seen this past year—such as Hurricane



Credit: U.S. Energy Information Administration (EIA)

Sandy, the decline in the water level of the Mississippi River, and the drought in the U.S. midwest—will shift that focus.

#### 4. Coal has a future; it's just not very promising

Coal-fueled generation will be a part of the generation mix for quite some time, but its role will decline. Low capacity prices, low natural gas prices, and reduced demand already have trimmed the least viable plants. EPA regulations will force more plants, even those that are competitive at a \$4 natural gas price point, to shutter as the investments necessary to survive the new emission standards just won't make sense. This situation will allow the most viable coal units—those with good heat rates and very good fuel prices—to be competitive in certain markets.

#### 5. Renewable energy will grow

Costs associated with renewable energy are declining. If any form of GHG (carbon tax or cap and trade) policy is implemented, these technologies will compete favorably with gas, coal, and nuclear.

Availability and reliability remains the real price disadvantage with renewables. A wind farm or solar field can never be as available as a natural gas, nuclear,

or coal plant. Therefore, to assure that power will be there when needed, utilities will need to build three to four times as much renewable capability to replace a comparable gas, coal, or nuclear power plant. Throw on top of that the cost of renewable energy storage, and a natural cap emerges on just how much renewables can grow in a cost-effective manner.

There should be no doubt, however, that the United States will depend on renewable energy for a significantly higher portion of its power.

#### 6. Customers will become a much bigger part of the solution

All of the previous trends will lead to one thing—more expensive power in the United States. As a result, customer behaviors will change. A comparable

*“There should be no doubt, however, that the United States will depend on renewable energy for a significantly higher portion of its power.”*

—Kevin Geraghty



*“The average electricity usage by individual customers may be at an all-time high. The United States is a developed nation and is exhibiting the signs of a nation with population growth on the decline and the economy focused on service and efficiencies—not growth.”*  
—Kevin Geraghty

example is how automobile driving habits change when gasoline gets to \$5 per gallon. Today, most Americans can access how much electricity they used *last* month—information that cannot help them manage their real-time use. Over the next decade, almost all Americans will have real-time information and smartphone applications to stay informed about their current usage. Armed with such information, customers will adeptly manage their thermostat, dim lights, and control appliances in between personal Facebook postings or the latest Angry Birds game. Utilities, and even third-party services, will offer deep incentives to those customers who can move more of their power usage from peak times to shoulder hours.

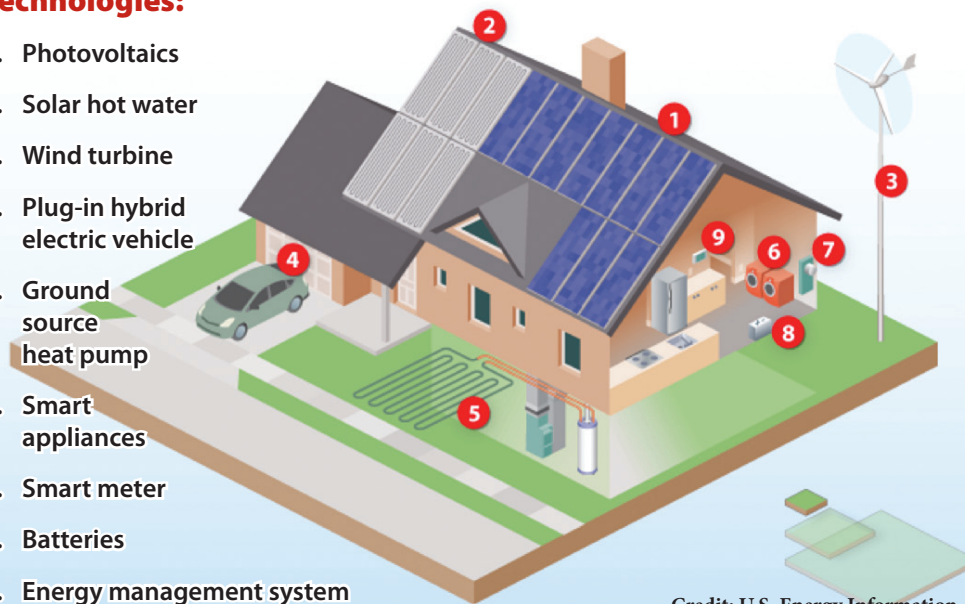
### 7. Customer usage will decline.

The average electricity usage by individual customers may be at an all-time high. The United States is a developed nation and is exhibiting the signs of a nation with population growth on the decline and the economy focused on service and efficiencies—not growth.

Power use in the United States shows this as well. Growth in demand for power has nearly flatlined at around 1%. The electrical devices used are more efficient, as evidenced by compact florescent or LED bulbs that use 75% less energy than a traditional light bulb. Tablets and laptops today use 10% of

### Technologies:

1. Photovoltaics
2. Solar hot water
3. Wind turbine
4. Plug-in hybrid electric vehicle
5. Ground source heat pump
6. Smart appliances
7. Smart meter
8. Batteries
9. Energy management system



Credit: U.S. Energy Information Administration (EIA)

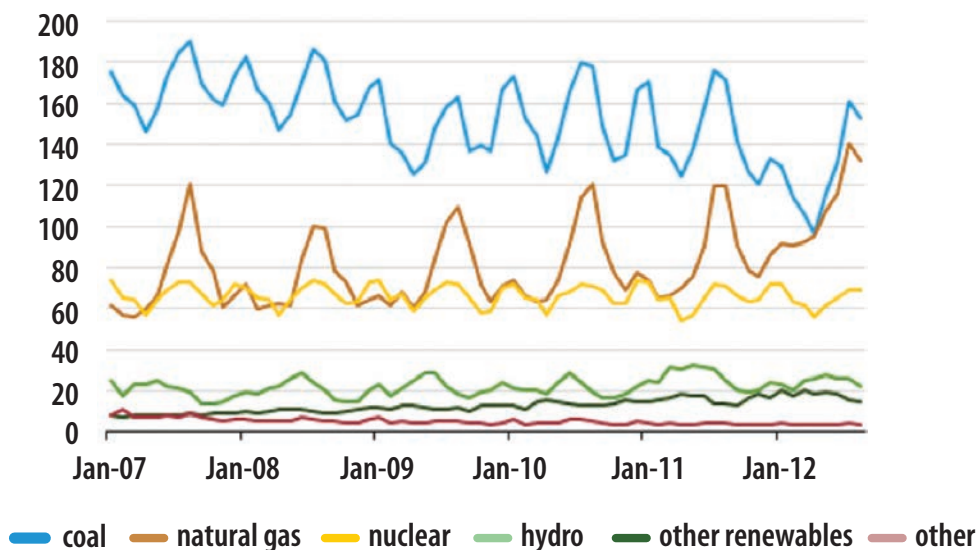
the power that desktops used just a few years ago. Few are aware, for example, that the customer cost to fully charge a typical tablet computer every other day for a whole year is less than \$2. With higher prices, smart meters on every house, and smart phones in everyone’s hands, the desire and ability for users to manage and more efficiently use power is set for a paradigm shift.

### 8. More and more customers will go off the grid.

Living completely off the grid will not be an option for a majority of customers, but increasingly early adapters will opt for this perceived freedom. Prices for solar photovoltaic technology are expected to drop to levels where rooftop solar systems will make economic sense for consumers

### U.S. monthly net electric power generation January 2007-August 2012

million megawatt hours



Credit: U.S. Energy Information Administration (EIA)



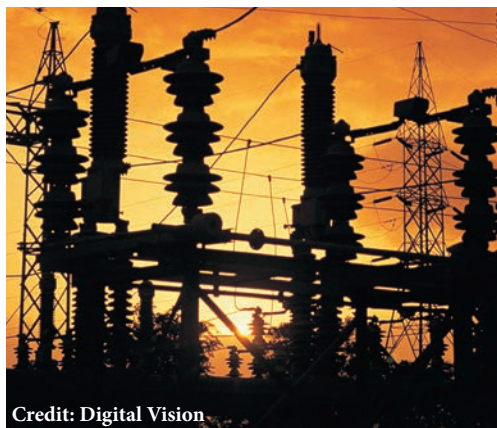
in many parts of the country in the very near future. Many areas are already at this economic point. The manufacturers of these systems, as well as the National Renewable Energy Lab, expect breakthrough gains in efficiency, effectiveness, and pricing. By 2020, rooftop PV systems likely will make economic sense most everywhere.

## 9. Power markets will grow.

Right now, unbeknownst to almost anyone who receives a power bill, there are power markets where sellers and buyers exchange “bids and asks” to determine delivered power costs. Many utilities participate as both suppliers and buyers, depending on hourly

or daily circumstances. The power markets, or Independent System Operators, coordinate the supply and demand of power across many utilities and states, with the primary focus on delivering the lowest total cost and highest reliability to the market participants.

While some of these markets have been around for more than 20 years, they are still very new in practice. They currently manage power for about 55% of the population in the United States, but expect this to grow to the entire country. The complexities of future power supplies and customer behaviors in the future make these exchanges very necessary to be able to solve demand and supply issues in the most flexible, efficient and economical way.



Credit: Digital Vision

## 10. The business and regulatory model for utilities will change.

Not all power is delivered through regulated investor-owned utilities, but the lion’s share is. Regulators have perfected this relationship during the past century. Utilities plan in a least-cost method; the regulators oversee and endorse these plans; investors fund the plans; and customers repay the investors over a period of time. Most of these plans are paid

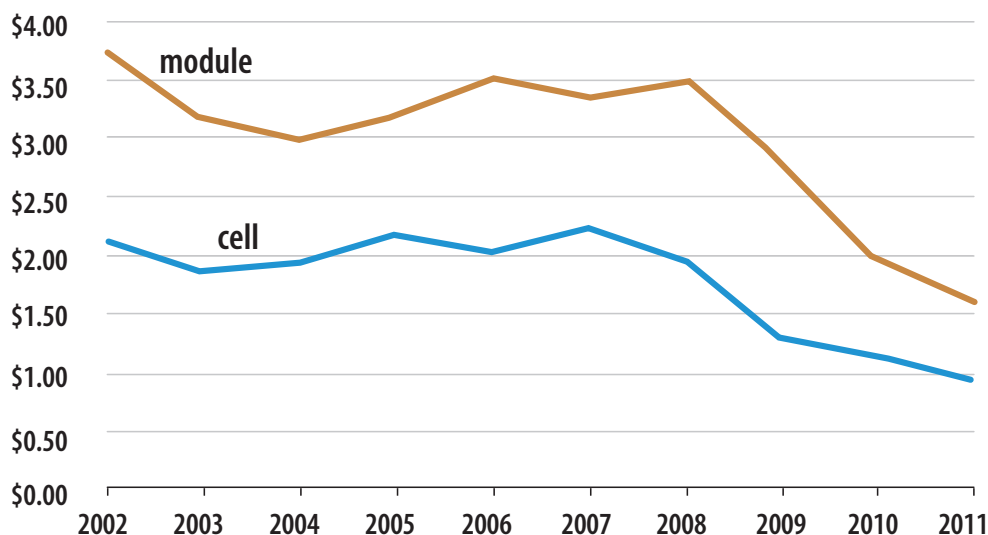
*“Living completely off the grid will not be an option for a majority of customers, but increasingly early adapters will opt for this perceived freedom. Prices for solar photovoltaic technology are expected to drop to levels where rooftop solar systems will make economic sense for consumers in many parts of the country in the very near future.”*

—Kevin Geraghty

over a 30-year period. With lower customer usage and potentially fewer customers paying for these 30-year programs, payment for the investment exclusively through variable rates may no longer work. [VV]

## Average price of photovoltaic cells and modules 2002-2011

dollars per peak watt



Credit: U.S. Energy Information Administration (EIA), Form EIA-63B, “Annual Photovoltaic Cell/Module Shipments Report.”

## About the author

Kevin Geraghty is Vice President of Energy Supply for NV Energy. Under his direction, the Energy Supply business unit produces and/or purchases energy for NV Energy customers.

Kevin joined NV Energy in 2008. In addition to his extensive knowledge of operations, maintenance, and construction and management of facilities, his background includes power marketing—in both regulated and deregulated environments.

Kevin is a BSEE graduate of the University of Pittsburgh. He is active within many industry organizations and currently chairs the Electric Power Advisory Committee for Gas Turbine and Combined Cycle Power Plants, and co-chairs the Industry Trends/ Competitive Power Generation subcommittee for POWER-GEN International. He is a guest speaker at industry events and contributes to various industry-related publications.



## Velan's unique partnership with Areva NP Inc.'s

# Lew McKeague

One of the ways that Velan serves the U.S. nuclear industry is through a partnership with Areva NP Inc., a subsidiary of the global company Areva. The success of that partnership is based on a tightly focused product mix, quick deliveries, and outstanding teamwork.



*From left: Lew McKeague, Areva NP's Manager, Product Development and Business Operations; Ivan Velan, Executive Vice President of Velan; Nicole Asselin, Nuclear Contract Administrator at Velan; and Ozzie Rodrigues, QC Manager of Velan's Plant 1.*



According to Ivan Velan, Executive VP of Velan, “Our company has supplied valves to almost two-thirds of the world’s nuclear power stations.”

To achieve this, Velan has spent well over five decades establishing a global network of distributors and agents that specialize in this unique industry and know how to address its particular demands.

“For the domestic market, the relationship that has grown over the years between Velan and Areva NP and its predecessor companies has allowed us to sell additional Velan valves into many of the nuclear plants we service in the United States,” Ivan says.

Adds Nicole Asselin, Nuclear Contract Administrator at Velan, “Since I joined Velan in 2000, I have worked with Areva NP, then called Framatome. I have seen substantial growth in sales.”

She says that Lew McKeague, Areva NP’s Manager, Product Development and Business Operations, has had a huge impact on that success.

“He is one of those people who just won’t give up. He makes sure that all the nuclear power plants have access to this program. He will return and return again to each site until they are issuing purchase orders for these valves. I admire his dedication to his work. He is clearly passionate about it and that is very evident in his actions and results.”

#### **How the relationship works**

Areva NP is a small subsidiary of Areva, a powerhouse in the energy field that prides itself on being a leader in renewable energy and cleaner solutions for generating electricity. Areva serves as the consultant helping existing plants or proposed new projects operate at maximum efficiency. In the U.S. nuclear arena, Areva NP has another unique role: it operates a parts center. Because of the complexities of nuclear plants and the pile of paperwork that goes into building and maintaining those plants, keeping a running inventory of pieces of equipment that are in constant use is a necessity.

For Velan, Areva NP’s Nuclear Parts Center maintains an inventory of gate, globe, check, bellows seal and ball valves that are 2" and smaller, ASME Section III, Nuclear Class 1. Areva NP acts as the middle man between the end user and Velan, the designer and manufacturer of the valves.

“When people ask me how this works, I often give an analogy of an auto parts operation as an example of what we do. In essence, we keep the spare parts the nuclear industry needs,” says Lew. “When a plant calls directly with a need, we fulfill that need on the spot instead of having to wait for the part to be manufactured,” he explains.

As Velan’s main contact within Areva NP, Lew has a well-rounded knowledge of the wide range of valves that Velan manufactures and how they work. Nicole, who is Lew’s primary liaison from Velan, says that his knowledge of Velan’s products, of the industry needs and services, has been a tremendous help to Velan and a key reason the partnership works so well.

One of the other essential skills Lew possesses is customer relationship management, she adds. “It takes clear thinking, an ability to wade through a great amount of detailed information, and strong problem-solving skills to handle the very specific technical challenges involved in supplying valves to nuclear power plants,” Nicole says.

“You also have to know when to seek the support of those who design, build, and manufacture the valves themselves,” she explains.

“In essence, you have to know when to seek professional advice from the multitude of engineers who work at Velan behind the scenes. Sales are one aspect, but engineering know-how is another essential part of this business. Teamwork is key.”

Lew has been working with Velan since 2003; Nicole has been his main contact for about 10 years. Before that, John Shively headed up the program at Areva NP, and he worked closely with both Bert Nilsson, then Manager of Velan’s Nuclear group, and Nicole.

***“When people ask me how this works, I often give an analogy of an auto parts operation as an example of what we do. In essence, we keep the spare parts the nuclear industry needs. When a plant calls directly with a need, we fulfill that need on the spot instead of having to wait for the part to be manufactured.”***

**—Lew McKeague**

Lew credits Bert, now working as a consultant to Velan, with providing a good start to his dealings with Velan.

“I gained a lot of my initial knowledge from Bert. He’s been in this industry for so many years that there isn’t a lot he doesn’t know,” Lew says.

According to all three individuals, the relationship also works well because of frequent contact between the two companies. “I come to the head office in Montreal at least once a year, and I probably talk to Nicole at least every two weeks. We work very well together. She is as centered on getting us what we need as I am centered on providing the best products available to the users,” he says.

Meanwhile, “I might go to a nuclear power plant for a visit and return two months later only to have to meet another person who doesn’t know my name or what I supply—that’s a reality because of the constant turnover in this industry. Given that it’s such a changeable environment in the nuclear plants, it’s even more important that our relationships with vendors are very stable and that we are able to maintain a deep knowledge of what their products can do,” he says.

Ozzie Rodrigues, QC Manager of Velan’s Plant 1, also works closely with Lew.

“Obviously, given my focus on quality control, that’s always top of mind when I’m involved in a project,” Ozzie says.



***“Even with all of the talk of developing energy from alternate sources such as gas, wind and solar, the reality is that numerous plants from these sources are needed to approach the power output of just one nuclear plant.”***

**—Lew McKeague**

Customer service and relationship building are extremely important for the kind of partnership that Velan has with Areva NP, he adds.

Ozzie has worked with Rob Gillispie, Product Support Specialist at Areva NP for years now and says, “He personifies for me what good customer service is. I know the end users in the nuclear plants we’re serving through Areva NP are our customers too. We must consistently give them the service

they deserve when they buy a product from us. And that means designing, manufacturing, and delivering top-quality products that meet the stringent conditions caused by the many rules and regulations governing the nuclear industry.”

#### **Getting U.S. customers up to speed**

Lew also says that one of Velan’s greatest strengths as a provider of equipment to the U.S. nuclear industry is educating its customers on all that their valves can do.

“One of the realities in dealing with nuclear plants is that you have to be able to pinpoint technical needs quickly and accurately. We are specialists in matching valves to needs in the plants. To do so, my staff has to stay on top of what’s on our shelves and what’s offered by our suppliers. Happily, Velan is very good at keeping its distribution channel and its own sales force up to speed on the latest and greatest in their valves and trends in the industry,” he says.

Nicole adds that people in Lew’s position also have to have thick skin because the more technical details there are, the more potential there is for customers to want more elaborate design features and enhancements. What’s more, no matter how good the provider is, customers can be demanding given the sheer amount of paperwork involved in producing ASME Section III Class 1 valves. She says it is essential to be able to balance what the customer needs and wants with the day-to-day realities of manufacturing valves. Once again, teamwork and clear, consistent communication are essential.

“Lew is really good at handling these demands,” Nicole adds. “He’s level headed and has built a reputation in the industry as someone who is trustworthy. The people who deal with him know that what he says will happen—he will get over whatever hurdles he meets to serve his customers.”

“It’s a job I love doing, even though at the end of the day, you have to accept that there



*Areva NP Inc.’s Nuclear Parts Center maintains an inventory of gate, globe, check, bellows seal, and ball valves that are 2" and smaller, ASME Section III, Nuclear Class 1, and has currently supplied Velan valves and parts in over half of the industry’s nuclear utilities in the United States.*



are times when you have to give people bad news,” he says. “What I’ve learned is that if something doesn’t go as planned, what customers want is honesty, not gloss. When they know you’re being honest with them, it’s surprising how fast they get beyond any initial irritation.”

### **A good job to have**

Though the nuclear industry worldwide suffered a setback because of Fukushima, Lew, Bert, and Nicole think it’s a great time for the industry. As Lew puts it, “Valuable lessons have been learned, and the nuclear industry will be stronger than ever.”

“New construction faces an incredible challenge because of the need to adhere to codes and standards, which are increasing all the time,” Bert adds.

“But the reality is that nuclear provides one of the cleanest and safest ways to get power,” he says.

Lew adds that his own 16-year-old son Matt recently announced his desire to go into the nuclear field, to which Lew gave his blessing.

“The reason I think it’s a good field is that there are many places where you can go to work—new technologies are evolving and growing all the time, such as the modular reactors that the U.S. Department of Energy and the Tennessee Valley Authority are so interested in,” he says.

“Also, although the number of new project builds slowed after Fukushima, there are some major plants under construction both in the U.S. and elsewhere. And even with all of the talk of developing energy from alternate sources such as gas, wind and solar, the reality is that numerous plants from these sources are needed to approach the power output of just one nuclear plant,” Lew adds.

For Velan, that’s good news. The company is currently looking at other valve sizes and configurations to potentially add to its program with Areva NP, making it even easier for the nuclear power plants to get what they need as fast as possible. **[VV]**



*Lew McKeague with his wife of 24 years, Jeanne, and daughter Erin.*

### **On the road ... again**

Lew McKeague, who heads a staff of eight product development managers at Areva NP, Inc., travels almost 50% of his time, a hard reality for someone who is very much a family man. When he’s not meeting with suppliers or plant personnel across the states, he is often attending one of the conferences that provide him and his staff with the knowledge they need to deal in this highly technical field.

So how does he handle the stresses of his job?

“I run it off. Stress is so much easier to handle when you know you have that time to dedicate to thinking about

things. I run both inside and outside – about six miles four or five times a week,” Lew says. “And when I’m done with a run and I’m tired, I feel like I accomplished something major,” he adds.

And how does he deal with being away?

“When I’m home, I’m coaching my kids in basketball and lacrosse, playing ping pong, or shooting pool with my kids and, more recently, learning how to brew my own beer, which I obviously don’t involve my kids in,” he adds, chuckling. “My family and my home are my passions, and they keep me grounded.”

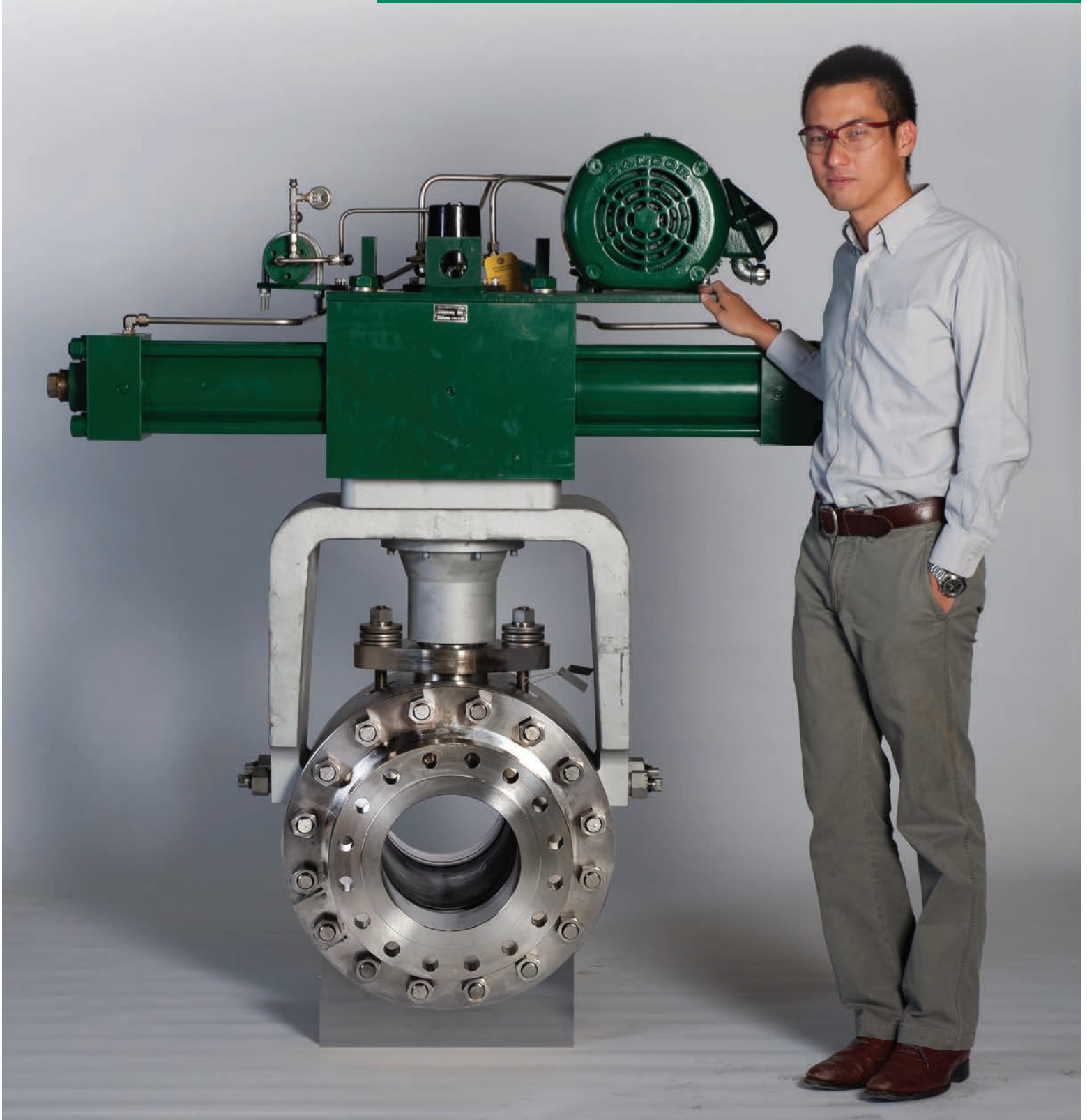


*Lew McKeague with his son Matt.*



# Taganito

The drive to get more  
nickel in a better way



*JGC Instrument Engineer, Manabu Kaneko, next to a titanium severe service ball valve fitted with a REXA electrohydraulic actuator.*





**When people open their shiny metal refrigerator doors and stab that leftover chicken they barbecued on their rust-free grills off heavy-duty platters with a sturdy fork from their flatware sets, they are not thinking in terms of faraway places, the remarkable properties of nickel, or even new technologies. But if they knew what went into getting the basic ingredient for stainless steel out of the ground or if they knew about the new greener ways to get that nickel, they might appreciate the taste of what they were eating even more.**

**“M**ost people not involved in one of the many industries tied to mining never think about the thousands of ways they use stainless steel every day,” says Craig Bekins, Director, Autoclave Projects and Product Manager, Torqseal, Velan. “But the world has become very dependent on it, not only for durable household goods such as appliances or dinnerware, but for things like specialized piping for industrial applications such as chemical plants and LNG facilities,” he adds.

That’s why projects such as the Taganito Nickel Mines in the Philippines are so vital.

Taganito, which is set to process 30,000 tonnes of nickel (more than 33,069 tons) annually from low-grade nickel ore, uses the greener high-pressure acid leach system (HPAL) to do so. Taganito also uses hundreds of Velan valves to accomplish this task.

#### **Taganito and Velan**

Velan has been involved in the Taganito nickel project since the early days of the project when JGC, the company that built the plant, was in the planning phases.

“We worked with JGC during the budgetary process consulting on different materials and options available for HPAL operations,” Craig says.

The officials at JGC were already familiar with Velan and its valves because Taganito is a sister project to JGC’s first HPAL venture: Coral Bay, which is also in the Philippines.

Craig explains how JGC got involved in HPAL in the first place. “Most companies up to that point that were putting money into this new technology were either Canadian or Australian. However, a large Japanese mining company decided it wanted to get into this method so they brought JGC to the table,” Craig explains.

“Because of Velan’s reputation for severe service applications, one of the first companies JGC called was Velan,” he adds.

Coral Bay and Taganito facilities both use hydrometallurgy, an ore-extraction method that is much cleaner than the traditional pyrometallurgy. The hydrometallurgy process uses enclosed autoclaves and the chemical process HPAL to get the nickel out of the ore. Pyrometallurgy, on the other hand, is smelting, or fire-induced extraction, that emits harmful emissions into the environment.

“The process of HPAL itself has existed for years, but companies today are more interested in it not only for its efficiency but because it’s more environmentally friendly,” says Luc Vernhes, Design Manager, Securaseal Ball Valves, Velan.

“There are only a handful of plants around the world that use this process, and Velan is supplying to most of them,” he adds.

***“The process of HPAL itself has existed for years, but companies today are more interested in it not only for its efficiency but because it’s more environmentally friendly.”***

**—Luc Vernhes, Design Manager,  
Securaseal Ball Valves, Velan**

The HPAL method requires severe service metal-seated ball valves that can withstand great temperatures and pressures as well as the highly corrosive and erosive conditions that working with chemicals and with ore creates.

“It’s a highly abrasive environment because what happens is that they take the ore from the mine, ship it as a mixture of ore and earth to the facility, then mix it with water so that it’s about 70% solid and 30% water,” Luc explains. “This slurry then passes through pipes to the autoclave, where it’s mixed with acids and some steam to create the chemical reaction that takes out the elements of nickel and cobalt.”

Velan first got into the business of producing the valves used in the process when it acquired Securamax 15 years ago. Securamax was involved in some of the pilot projects for the HPAL technology. Since then, however, Velan has become known for producing and improving the valves used.

“Because of our work with Coral Bay, for example, Velan already had a reputation in the marketplace for the valves needed for the process,” Craig said. By the time of Taganito, “the engineering firms that were part of the project were seeking us out for our expertise,” he adds.

Expertise and the newer technologies were critical with Taganito, especially since it was more than twice the size of Coral Bay. Whereas Coral Bay had a single autoclave, Taganito has two autoclaves and plans are to add a third.



***“Even though we didn’t do a lot of business with JGC before 2003 when Coral Bay was beginning, our relationship has grown considerably since then.***

***We have worked together on several coker projects, which also require severe service valves, and we hope to partner with them on upcoming liquefied natural gas projects, so they’ve become a very valuable client.”***

**—Craig Bekins, Director, Autoclave Projects and Product Manager, Torqseal, Velan**

“One of the ways you judge the size of an HPAL project is the size of the discharge valve,” Craig explains. “With Coral Bay, they were using a 10” discharge valve but by the time of Taganito, the process had been scaled up to a 14” valve, which translates to a much higher throughput,” he explains.

### **Building relationships to make it work**

Taganito is a good example of what building the right kind of relationships can do to make a project successful, starting with the engineering, procurement and construction (EPC) firm themselves. In this case, the EPC was JGC.

“Even though we didn’t do a lot of business with JGC before 2003 when Coral Bay was beginning, our relationship has grown considerably since then. We have worked together on several coker projects, which also require severe service valves, and we hope to partner with them on upcoming liquefied natural gas projects, so they’ve become a very valuable client.” Craig says.

The relationship is one that evolved not only through Craig, but also through a number of Velan employees including Tak Tokumura, Japanese Sales Manager, who is “a great relationship builder,” according to

Craig. Tak maintains the ongoing relationship with JGC and other clients from that area of the world.

According to Tak, Velan has been successful in building excellent relationships in Asia with power OEMs and EPC companies.

Velan purchased titanium forgings for this project from a supplier in Japan. The supplier met all the purchase specs and deadlines successfully, and “it was interesting,” Tak adds, “that I had to work as a local expeditor of titanium, something that I had never done before.”

During a visit to Velan’s head office, Tak and the local supplier had lunch with A.K. Velan, and then Craig took them to see the famous Montreal Canadiens play hockey at the Bell Center. As Tak says, “It was a very memorable Canadian visit!”

### **The challenge of actuation**

According to Craig, there weren’t a lot of wrinkles in either Taganito or Coral Bay. “But one challenge we needed to tackle was actuation. When we first started providing valves into this industry in the late 1990s, the only actuator type used at the time worldwide—for both economic and technical reasons—was pneumatic or air-operated valves,” he says.

Because such actuators can only handle pressures to about 100 to 140 psi, using them on large-diameter valves with significant safety factors results in large actuators that introduce major challenges, not the least of which is the sheer mass of the units.

“In the early 2000s, we started looking at different actuation types that could overcome the challenges, such as the hydraulic actuators Rexa produces,” Craig says. These actuators can handle pressures up to thousands of psi, which means they can be more compact. They also produce a constant torque output, which is key to helping control the wear and tear that is inherent in handling slurry.

Hydraulic actuators were first used in the Goro Nickel Mine project in New Caledonia, though there were some

engineering challenges with the first attempts. By the time of Coral Bay and Taganito, Velan was able to show JGC that what was spent on hydraulic actuators up front would save a lot of money down the road in maintenance costs.

Velan also developed a successful partnership with Callidus Process Solutions in Australia for ongoing upkeep of the systems. Callidus specializes in the management, maintenance, servicing, and diagnostics of valves, actuators, and instrumentation.

“Since these autoclaves run six to nine months before having to be brought down for a major overhaul, the biggest cost of the HPAL process is maintenance,” Craig explains, which made this second partnership also vital to the Taganito project.

“Callidus has been able to present a complete maintenance routine based not just on our one product, but on all the equipment. By partnering with them, we could offer JGC a complete solution,” Craig says. **[VV]**



*Tak Tokumura, Japanese Sales Manager, Velan*





*Part of the Velan team responsible for the success of the Taginito project.*

## The drive towards HPAL

The use of HPAL is driven by two factors: the world's demand for stainless steel combined with the search for better ways to mine.



*Two 10" Class 150, super duplex, stainless steel Velan Securaseal valves in the feed circuit at a typical HPAL installation.*

As far as demand, the world actually has an abundance of nickel currently, which has driven down the prices. However, most of the world's supply is now coming from nickel laterite ore deposits, which are low-grade deposits located close to the surface of the earth that are mostly found in remote locations. The ore is taken from the earth and shipped to places that process it, and the most efficient way to extract the ore from laterite deposits is HPAL.

Meanwhile, in countries such as China and India, which have burgeoning middle classes, stainless steel is taking off as consumers rush to buy the kitchen appliances, fancy grills, and stainless-steel dinnerware that are so popular in North America.

But of the BRIC countries (Brazil, Russia, India and China), only Russia and Brazil have any laterite nickel as natural resources and Russia keeps a tight rein on its supply.

That means India and China will need to import most of the nickel they use for stainless steel and much of that

may come in the future from laterite deposits and HPAL.

Meanwhile, as the world becomes more environmentally conscious, mining companies are realizing they need to pay more attention to HPAL as a better way to extract the metal.

"Most of the major mining companies today are investing or looking at investing in the technology, though the team responsible for Taganito are the leaders as far as making the investment pay off," says Luc.

"It just makes sense to invest in HPAL given the fact that the process itself is used to extract ore from a more plentiful source at the same time that the world realizes it needs to be friendlier to the environment," adds Craig. "And for Velan, which has already established itself in this field, that means more business down the road."



# Velan's roots

## are planted around the world

Since the 1950's when A.K. Velan first began traveling around the world, Velan has had a very global viewpoint. A.K.'s initial trips were to set up representatives for the steam trap product line as well as production in the U.K. Today, the company has a network of 16 plants around the world—soon to be 17 once the new plant in Korea is opened later this year. 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 while at the same time strengthening its growing footprint in Europe and Asia.



**T**he reason for this global vision is simple: while the domestic markets remain strong for Velan, the company recognizes that the future is not focused just on these shores—the world is becoming truly interconnected. According to Tom Velan, “Since I joined the company in 1973 to work on a large order for Russia, it has been clear to me there are huge opportunities in international markets. All our overseas production plants were developed in countries where we first established an effective supply chain or succeeded in selling and established a market for our valves. I am convinced that without our overseas production plants, we would not have been able to maintain our produc-

tion base in North America which is still more than 50% of our global production.”

Velan is currently in the middle of a two-year \$48 million investment in improving its global manufacturing infrastructure with a goal of improving efficiency, increasing global presence and capacity, and improving cost competitiveness. In its North American operations, investments are being made in large test fixtures, robotic welding, and CNC machines capable of operating unattended. The company also modified some of its assembly cells for improved production flow in accordance with Lean principles. Tom says, “We have also started up a new Greenfield

plant in India and are expanding the scope of our production in Korea and China.

### **A stronger presence in India**

In December 2012, Velan opened a new production plant in Coimbatore in the province of Tamil Nadu. The valves manufactured in that location will be for both the Indian and international markets.

“We already had a very strong sales force in India with sales offices in Delhi, Mumbai, Baroda, and Chennai, thanks primarily to years of hard work by S. Giridhar (better known as Giri),” Tom explains. Giri is a market veteran and, along with the team





*December 3, 2012: Inauguration ceremonies were held at our new plant, Velan Valves India, in Coimbatore, Tamil Nadu.*

he's helped to build, has been the face of Velan in India for many years.

"However, we still had to find the right person to run the new operation. We searched and interviewed extensively, knowing we wanted someone who was field tested and strong in production in Lean manufacturing operations," he adds.



*Left: Ambassador Stewart Beck, Canadian High Commissioner to India, next to Tom Velan, during the opening ceremony at our new plant in India.*

Velan found that person in Ramesh Babu, Managing Director of Velan Valves India. Ramesh has over 20 years of experience in the valve industry, as well as extensive knowledge of manufacturing operations. The expertise is needed because India carries its own sets of challenges, along with its abundant strengths. For example, the need for all forms of energy in that country is huge.

"India has a rapidly growing middle class, a growing population, many new companies and a huge need for infrastructure improvements, all of which need more and better access to power," Tom explains. This fast growth has brought occasional problems getting adequate power supplies. "Most businesses need their own generators to deal with power shortages," Tom says. "This is unfortunately very inefficient, costly, and at the same time bad for the environment. India has huge energy needs but many needed power projects are delayed."

In the beginning, Velan Valves India will be producing small forged valves for the export market. The company also will expand into niche products that cater specifically to the Indian power and refinery markets.

***"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."***

**—Tom Velan, President and CEO**

### **Doing business in China: A country that never stops**

Velan has had a plant in China since 2008, and is currently adding a second production line that will be dedicated to manufacturing large cast pressure seal valves for energy producers in the Chinese market. The company has invested in test fixtures, CNC machines, and robotic welding.



*Michel Monier, Velan's Corporate Director, Nuclear-China, at Velan's office in Beijing.*

"This is obviously a highly competitive market but over the last two years China has been our largest overseas market," Tom explains. Velan has to compete not only with domestic Chinese companies, but also with western multinationals.

In addition to the expanding Chinese manufacturing plant, Velan also has a sales office in China dedicated specifically to the burgeoning nuclear market in that country. Velan has been involved in the



*“The Velan group is actively and continuously working with Chinese and Russian EPCs to provide advanced valve design and improvements that are helping to increase the safety level of future nuclear power plants.”*

—Michel Monier, Velan’s Corporate Director, Nuclear-China



2008: Production starts in Velan’s China plant.



Sheng Qing, Nuclear Valves Senior Engineer, Velan’s China office

Chinese market for more than 40 years. In fact, according to Michel Monier, Velan’s Corporate Director, Nuclear-China, “Velan founder and former CEO A.K. Velan started direct relationships with China way back in 1972. AK and Tom participated in a Canadian exhibition in Beijing in 1972.” Over the past few decades, development in China has grown continuously as have Velan sales and production activities in China.

“Velan now has a Nuclear China Office located in Beijing, where we’re happy to have Sheng Qing, a recognized nuclear valve expert, as a key member of the team,” Michel says. “We also formed a dedicated aftermarket team based in the Velan plant in Suzhou, which helps us to provide quicker and more efficient support and service to customers in China for nuclear and other markets. Our Chinese customers appreciate being able to get local technical support from Velan in their own language.” For valve service, Velan

benefits from the support of the Velan China plant located in Suzhou.

As far as nuclear, Michel Monier explains that “The Velan group is actively and continuously working with Chinese and Russian EPCs to provide advanced valve design and improvements that are helping to increase the safety level of future nuclear power plants.”

Most of the new products Velan France has designed specifically for the nuclear market offer a forged design, which is Velan’s specialty. Such a design offers the lowest cost

of ownership during the 60-year lifetime of advanced reactors.

“With the support of the Velan Nuclear China Office, we are committed to providing technical support for the development of the Chinese advanced reactors that are either being built or are on the drawing board. We also intend to continue to develop our local nuclear site services by creating a Chinese maintenance service center in the near future,” Michel says.

This hard work and industry focus continues to bear fruit for the company: In March



1988: Velan Ltd. was established in Korea.





*VelTEX, Velan's new 30,000 sq ft distribution center located in Houston, Texas.*

of this year Velan signed new nuclear valve contracts in China worth US\$9.75 million (€7.5 million). These contracts are for the supply of nuclear-class control globe valves to China Nuclear Energy Industry Corporation (CNEIC) for the two new Tianwan Units 3 and 4 VVER-type nuclear power plants as well as contracts with CNNP for the supply of spare parts for Qinshan II units 1-2-3-4.

### Expansion in South Korea

Velan is currently expanding facilities in South Korea by adding a third plant. The new plant, which will be opening in the second half of 2013, will manufacture larger valves to offer a wider product range to Korean engineering, procurement, and construction customers.

With this newest plant, six of Velan's 17 valve manufacturing plants will be located in Asian countries.

No matter what type of work is done internationally or where in the world that work is, one factor is certain: the company aims to be an effective leader worldwide in the valve industry.

As Tom explains, "With 62% of our sales and 45% of our people outside of North America, we have to think globally." **[VV]**

## Velan's global network



Head office, Velan Inc.: Montreal, Canada

- 16 production facilities (soon to be 17)
- Five stocking and distribution centers
- Hundreds of distributors worldwide
- Over 60 service shops worldwide

### Manufacturing plants

#### North America



Montreal, Canada  
Velan Inc., Plant 1



Montreal, Canada  
Velan Inc., Plant 2 and 7



Granby, Canada  
Velan Inc., Plant 4 and 6



Montreal, Canada  
Velan Inc., Plant 5



Williston, VT, U.S.  
Velan Valve Corp., Plant 3

**N** – ASME N-stamp  
accredited manufacturer

#### Europe



Lyon, France  
Velan S.A.S.



Mennecy, France  
Segault S.A.



Leicester, UK  
Velan Valves Ltd.



Lisbon, Portugal  
Velan Válvulas Industriais, Lda.



Lucca, Italy  
Velan ABV S.p.A., Plant 1



Lucca, Italy  
Velan ABV S.p.A., Plant 2

#### Asia



Ansan City, South Korea  
Velan Ltd., Plant 1



Ansan City, South Korea  
Velan Ltd., Plant 2



Taichung, Taiwan  
Velan Valvac Mfg. Co., Ltd.



Suzhou, China  
Velan Valve (Suzhou) Co., Ltd.



Coimbatore, India  
Velan Valves India Pvt. Ltd.

### Distribution centers



- ① Granby, Canada, VelCAN ② Marietta, GA, U.S., VelEAST ③ Houston, TX, U.S., VelTEX  
④ Benicia, CA, U.S., VelCAL ⑤ Willich, Germany, Velan GmbH



# Doing business in Latin America



Latin America is an area of the world rich in resources, ripe with opportunity, and developing at a rapid rate. But pinpointing where that opportunity lies is a monumental task given the expanse of the area and the diversity that lies within country borders.



“Latin America is not just a place with one set of issues, it’s an entire world,” Sergio Pensotti, Director of Latin America for Velan, points out. “You can’t lump its many aspects together,” he adds.

Every country, every industry has its own set of strengths, presents its own specific challenges, and has its own ways of conducting business.

“The first step in understanding how to be successful in another area of the world is to understand that we often know very little about that country until we spend considerable time there, learning its many political micro-climates, its different people, their cultures, and ways of doing business,” Sergio adds.

### **Understanding what we don’t know**

The task begins with realizing what we don’t know about a country to pinpoint what we must learn. For example, many people in other areas of the world do not realize there are language distinctions in South America.

“Too many people think that everyone in South America speaks Spanish, but that is a misconception.” In the biggest country—Brazil—the language is Portuguese, and it is not a variation of Spanish as many think,” Sergio says.

“If you go into Brazil speaking Spanish, and you think you can communicate with the 190 million people who live there, you’re very mistaken,” he adds.

Also, knowing the language, though a vital first step, is just one piece of the puzzle.

Each country has its own political situation, its own natural resources and geography that influences what can be produced in the country and its own flow of business and infrastructure.

A lot of what goes on in the business world in Latin America is based on the reality that many of the countries are in a state of flux and evolution as political parties quickly change hands and the countries learn to take advantage of their natural resources.

For example, there is much promise coming from Mexico right now because a new

president, Enrique Pena Nieto, has taken office and has stated he wants to deepen economic ties with foreign oil companies. Oil production, one of Mexico’s greatest economic strengths and, its strongest source of national revenue, has been declining because most of the oil has come from one shallow offshore field, Cantarell, that has been declining for years. The hope is that the new political climate will open up deep water drilling and encourage the joint ventures with U.S. oil companies that can make it happen.

In South America, outsiders are faced with the reality that a few of the countries’ political situations do not favor foreign manufacturers, and consequently these companies are frequently asked to set up local manufacturing or some form of cross-border partnerships.

“The countries of Chile, Peru, Brazil, and Colombia have stable political situations that create a favorable environment for companies that have set up business and want to expand,” Sergio explains.

*“The first step in understanding how to be successful in another area of the world is to understand that we often know very little about that country until we spend considerable time there, learning its many political micro-climates, its different people, their cultures, and ways of doing business.”*

—Sergio Pensotti, Director of Latin America, Velan

### **The makeup of the land**

Another reality is that in each country’s industries are based on the local physical features and the natural resources that result.

For example, Chile is a long, narrow country that is very mountainous on one side and borders the ocean on the other.

“The country is as long as Canada is wide and has a population of only about



*Sergio Pensotti, Director of Latin America for Velan, at distributor Feital in Brazil with a large stock of Velan valves behind him.*



*“What I’d conclude when it comes to Brazil is that, while the world talks about South America as a developing area, that’s not true about Brazil. It’s already a developed land that is growing at a fast and efficient pace.”*

—Sergio Pensotti

17 million people, who are located between the ocean and the longest mountain chain in the world (the Andes),” Sergio says.

But the country is blessed by rich geophysical features, and its mining business is doing very well. In fact, it’s the world’s largest producer of copper, Sergio reports.

The country also has a booming food and wine industry based on the good, rich soil in the foothills of the Andes and the remarkable skills of Chilean exporters.

Then there’s neighboring Bolivia, which is also rich in minerals although landlocked and almost totally dependent on exports. The country has a population of only about 10 million with a diverse economic makeup dominated by natural gas from Bolivia and, to a lesser extent, oil production. Natural gas is mostly exported to Brazil and Argentina.



*Sergio at the Collahuasi copper mine in Chile. In 2011, the company produced 453,284 tonnes (499,700 tons) of copper, representing 8.6% of the total copper produced in Chile.*

Meanwhile, Argentina, with a population of almost 41 million spread over a large territory, has sizeable reserves of gas and has recently discovered new large oil fields. Argentina is also strong in processing and exporting its natural resources. Its petrochemical plants efficiently process natural gas and agricultural products, according to Sergio.

Then there’s Peru, which Sergio says has a “bounty of everything,” including an expanding mining business and a booming

gas export business based on fields such as Camisea in Central Peru that began exporting liquefied natural gas (LNG) in 2010.

Peru has recently modernized its business structure, which is now doing well and attracting large foreign investments. Socially, conditions for Peruvian people have been improving at a rate that far outranks the Latin American average.

Colombia is another country where business is well organized, thereby encouraging foreign investments and



*Of Chile’s population of 17 million, 35% live in the capital city of Santiago, first founded in November 1842.*



partnerships. Colombian people are hard working and incredibly resilient to the socio-political problems that the country has been fighting for years.

Colombia, which has the second largest population (almost 47 million) of any Spanish-speaking country in the world, is rich in natural resources and exports agricultural products such as coffee, flowers, etc. The country's production of both oil and gas is increasing steadily, helped along by its energetic national oil company, Ecopetrol.

There are other countries, such as Venezuela (population 30 million), whose geophysical makeup holds huge potential that has yet to be fully tapped.

Venezuela is the largest producer of oil in the western hemisphere and holds some of the largest oil and natural gas reserves in the world. Its nonconventional oil deposits need sophisticated technologies to allow this heavy oil to be extracted and transported. The country is also working on oil and gas projects off its shores "so it's a country with a lot that is yet to come," Sergio says.

Brazil is the largest country in South America and the fifth largest in the world both in area and in population (195 million). Its growing offshore production is an integral part of its economic future.

When it comes to energy, the country is already self-sufficient and may soon become

a major exporter thanks to huge offshore reserves that recently were discovered.

"The country is very sophisticated technologically with many industries employing high-tech processes," Sergio says. Those technological skills are essential to tap into those offshore reserves.

But energy production is only one of Brazil's strengths. The country is blessed with all kinds of gifts of nature from minerals galore to sugar cane to natural features that make it attractive for tourism.

"What I'd conclude when it comes to Brazil is that, while the world talks about South America as a developing area, that's not true about Brazil. It's already a developed land that is growing at a fast and efficient pace," Sergio says.

### **How to handle the breadth of diversity**

Despite the fact the issues are so broad and constantly evolving, Velan, through both direct contact and through its strong partnerships with distributors, has a reach that covers a good portion of South America as well as some of Central America and Mexico.

Success is centered on the experience that Velan and its employees have built up over time. "You gain the knowledge you need to be successful in business in Latin America by direct contact with the people there," Sergio says. That's why Velan's partnerships are so important and why a grasp of the language is vital.

"You have to understand the local cultures in order to read between the lines and identify the needs of the people and their businesses and how you can fulfill those needs."

He also emphasizes that you have to have the right team in place in Latin America, one that either knows the local culture extremely well or is willing to learn that local culture.

"I look for people that have both enthusiasm for what they do and commitment—who will burn the midnight oil when they need to, but who can also build the personal relationships with end users and key people," Sergio says.

***"I look for people that have both enthusiasm for what they do and commitment—who will burn the midnight oil when they need to, but who can also build the personal relationships with end users and key people."***

**—Sergio Pensotti**

"If you cannot slap people on the shoulder, share a drink, appreciate a joke in their language, build a feeling of trust and a lasting friendship, you would not succeed in Latin America," he concludes. [VV]

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### **Did you know?**

Some people enjoy looking at the world from a new perspective, and that's certainly true of Sergio! With a total of 160 jumps under his belt, Sergio is shown below freefalling over Houston and the Gulf of Mexico during his skydiving days.

You can contact Sergio by e-mail: [sergio.pensotti@velan.com](mailto:sergio.pensotti@velan.com)





# John Tsesmelis

**As tough at work as he is in play**

**In the game of soccer, critical skills include endurance, agility, control, and the ability to think both individually and as part of a team. But you don't have to tell John Tsesmelis any of that.**

Soccer has been a key element in John's life even longer than his career with Velan, which spans half a century, and the skills he acquired as a player during those years have translated well into his job as Plant Manager of Velan's original Plant 1 in Montreal.

"Experience has taught me how to be a team player at Velan and to work with others to reach goals—just as you do in sports. It's the same principle: You have a target you want to achieve as a team, and you put your skills together to reach that target," John explains.

These days John has one additional accomplishment: He recently became the first Velan employee (besides founder A.K. Velan) to reach the 50-year employment milestone.

John has no specific plans to retire and says: "I'm proud of my career with Velan. I enjoy what I do and especially the many people I work with."

"I want to set an example for others," he adds.

## **From the old country**

It's clear early in any conversation with John how deep his work ethic is embedded. That's partly because it's had a long time to ripen and grow: John's first job was in his native





Greece when he went to work at the age of 12 as a lathe operator and tool-die maker.

"It is not a common thing to work in Greece at such an early age, but my father passed away when I was just four, and my mother had four kids to support. She needed our help," he explains.

And he also managed to keep attending school while holding down the job.

"During my high school years, I was working six days a week and going to technical school seven days a week. I woke up at 7 in the morning and got home at midnight," he says.

It didn't leave him much time for hobbies, though he managed to fit his beloved soccer in during the summers when school wasn't in session. And he got his technical degree in four years.

"My plan at that point was to continue my education, but then the idea of moving to Canada came up," he says.

His sister Nitsa, four years older than him, came to this side of the ocean first as part of an entertainment troupe: She was an acrobat who worked many shows, including the Ed Sullivan show in the U.S.

Nitsa ended up in Montreal working with a big-name casino act that drew the likes of Dean Martin; Sammy Davis, Jr.; and others. She met her future husband and soon was encouraging her family to follow her to Canada, the proven land of opportunity.

John says, "In 1962, when I was 17, I moved to this country. My plan was to come here for five years, then go back to Greece and follow my career path. But fortunately for me, I met my wife Mary here when I was just 18 and got married three years later, at the age of 21. We've been married now for 46 years."

### **Velan offers employment opportunity**

The other piece of good fortune for John at that age was finding a job at Velan. John was turned away the first time he applied at Plant 1 in Montreal because he didn't speak French or English very well. But John is nothing if not persistent, and when he came back a week later, he happened to talk with Milos



*John and his younger sister Domna dancing at Christmas.*

Chernik, a Czech employee who encouraged him by handing him a technical drawing from the plant to review and comment on.

"I was able to explain to him in my limited English that I knew what I was talking about,

and he asked me to start the same day," John says.

But while Milos may have felt that John's obvious technical abilities more than compensated for his rudimentary English



*The Greek Soccer Team*

*"Spartiatikos"*

*Champion N.S.L. 2nd Division 1962*

1962 Montreal: "The Greek Soccer Team." John is at the end of the second row, right.





*A youthful John captured on camera.*

and French abilities, the employees in the plant were more difficult to convince. It also was hard for them to accept this foreigner's work habits, he explains.

"In Greece, when you finish your job, you don't go home right away. You stay and you clean up your place and then you go home," John explains.

"The first days on a job, people were giving me hell for this. I just didn't understand. They were swearing at me, but I just smiled at them," he said.

However, his work ethic caught the attention of management and within two years, he was promoted to set-up man (preparing the machines) and two years later to foreman.

"At 21, I was in charge of 33 employees, which was not easy since some had more seniority than I did," he explains.

However, he worked hard to earn their respect, fine-tune his language capabilities, and get an education—he took night courses at Montreal High School, eventually pursuing business administration at Concordia University. In the process, John also gained a reputation within the company. A few years after being named a foreman, company

founder A.K. Velan pulled John aside and asked him to take over as Plant Superintendent of Plant 1. His career and promotions then grew as the plant grew.

"To this day, I'm not sure what A.K. saw in me back then—perhaps good feedback from performance reports. Maybe that, plus the determination and toughness he saw in me on the soccer field, as well as in the plant," John says. John led the Velan team during a season when they beat a team that had been undefeated for five years to win the league's championship.

In the plant, "I had a reputation for being a tough task master. My strength, I believe, has always been that I know the ability of the plant and its personnel and what to expect from both," he adds. At the same time, however, "I lead by example. I don't want people to do something I can't do myself. I try to treat everybody with respect so that they respect me as well," he says.



*Ivan Velan, Executive Vice President of Velan (left), was present when John received Velan's Employee Recognition award for his fifty years of service in 2012.*

## **A passion for soccer and dance**

John's passion for the game of soccer has never been far from his heart.

"I've been playing the sport since I was 4 years old. When I was 15, I played in the second division in Athens. When I came to Canada, I played semi-pro for a Greek team for two years with my brother, but then the Ukrainian team saw us play and invited us to try out. I became an honorary Ukrainian for seven years until the league was dismantled," he says.

And even though he's older now, it hasn't slowed down his soccer passion. John is active in a league of 10 teams of people 55 years and older who practice and play every week.

"Soccer is a great sport because it keeps you in top shape both physically and mentally. You also get to make a lot of friends—I've known some of the men I play with for most of the time I've been in Canada," he says.

John's other passion, however, is the one that brought him together with his wife Mary.

"I love to dance and have been doing so since I was a child with my family," he says.

Even during the hectic days in Greece when he was going to school and working, he was dancing.

"I was gone every Saturday night. I was very shy, but when I was on the dance floor, I was a different person," he says.

That different person was there the night he met Mary. John showed up at a party to meet another woman who had expressed an interest in him, and Mary showed up to fill in for an aunt who was sick.

"I did not connect with that other woman. But Mary and I had the same passion. We both loved the same things. It was love at first sight," John says. **[VV]**



# So what's your story?

When we launched the first *Velan View* almost two years ago, we had a clear editorial mandate: To share our view on the expertise of our people as well as the knowledge within our larger community of distributors and end users worldwide.

That's where you come in.

If you are a Velan distributor, end user, or subject expert in any of the wide range of industries we cover, we want to hear from you! All it takes is a bit of your time, and we'll do the rest to get your name and company in print. Whether it's a professional success story, an example of on-the-job challenges you've faced, or just a good old-fashioned travel yarn, we're all ears!

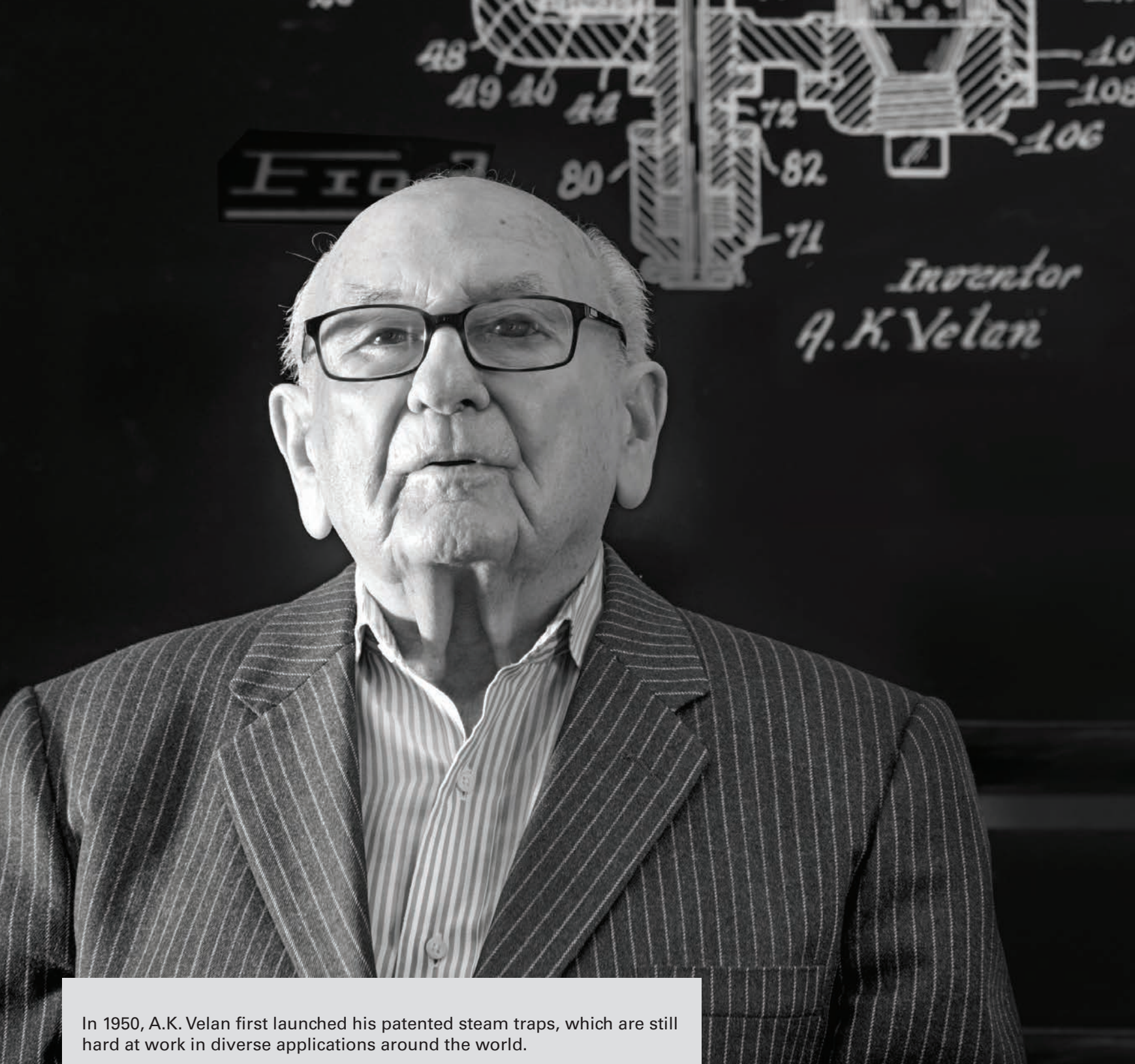
*We want to know...*

Send your story ideas to:

Tracy Fairchild, Director of Communications, Velan  
[tracy.fairchild@velan.com](mailto:tracy.fairchild@velan.com)







In 1950, A.K. Velan first launched his patented steam traps, which are still hard at work in diverse applications around the world.

Powered by a unique combination of entrepreneurship and good old-fashioned moxie, Mr. Velan went on to prove how, by following a clear global vision, a young immigrant to Canada could create a company that grew to be over 2,000-strong with a global network of 16 plants designing and manufacturing a world-leading range of valves.

What you might not know about A.K. Velan is that this 95-year-old is a true renaissance man. Not only is he an inventor, he's also written books on cosmology, and is widely known for his many philanthropic efforts over the years. And he still likes to come into the office every day.

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