



Baltic Workboats Ltd is a shipyard building small aluminum sea going vessels. The company's former name was Saare Töölaevad. The firm was given its English name in October 2004, with a view to improve familiarity in foreign markets and with foreign clients.



"Starting a new business was like jumping into the water head-first" – Mark Muru.



WHO

Mark Muru was unemployed: he was looking for a new job after his former workplace closed down. He had worked for many years at the Saaremaa Boatyard of the Estonian National Maritime Board. At the same time there was a possibility to buy Nasva Harbour with its suitable infrastructure: it was a perfect place to start with a new boatyard. Mark knew how to build boats, while his wife Merle is trained as an economist. And so he took the initiative to identify and contact parties who would be interested in the setting up of a new shipyard, of which he is now the production manager, while his wife manages the finances.

The initial business idea was to concentrate on ship repair. However, Mark had very good contacts with Marine Alutech OY, a Finnish Boatyard. These business links went back to the time of his previous employer. Marine Alutech had won a large delivery order from an Estonian company, Eesti Loots AS (Estonian Pilot Ltd) but lacked the manpower to complete the job in time by themselves. And so, Saare Töölaevad was invited to act as subcontractor. Since then, Baltic Workboats only builds new ships.

WHAT

The production of small, aluminium work ships - like customs and border guard vessels - is quite labour intensive. Raw material comes from wholesalers based in Tallinn (on the Estonian mainland) who in turn import it from such countries as Germany and Norway. There is no locally available raw material in this case. The only possible cost advantage comes from a relatively cheaper workforce. Nevertheless, Baltic Workboats competes in the international market with top quality products. Indeed, Estonian products have to be of better quality than that of established competitors.

The initial idea was to link the brand and the firm name with the island, since Saaremaa was quite well known in Europe and Scandinavia at the beginning of 20th century as a location with a strong shipbuilding tradition. By 2004, however, the company decided that it had to change its name because 'Saare Töölaevad' was really hard to remember as well as to pronounce.



“When customers know that our product is Estonian, they watch out more scrupulously for mistakes than they would for products coming from more established European countries.” – Mark Muru



“To live you have to work: so, one might as well perform pleasant work.” –Mark Muru



WHERE

Although Baltic Workboats has a near monopoly on its products in the local market, this is not a significant feature since the local market is very small. Its main customers come from the other Baltic states, Scandinavia and Germany. Baltic Workboats Ltd has also found a valuable partner in the German Shipyard of Abeking & Rasmussen GmbH, after participating in an international fair. The purpose of the cooperation is to design, develop, and build a fast, 19.5 meter patrol boat which meets stringent quality standards. This product has been successful; it has been marketed to clients as far away as Indonesia. The Finnish firm Marine Alutech remains a valued partner; however, Baltic Workboats builds boats under their own name now and no longer as a subcontractor.

Distance from markets in this particular case does not cause any problems. The products are picked up on site by their new owners who are then fully responsible for their transportation.

INTERNAL SUPPORTS

The selection, recruitment, motivation and training of staff is quite effective. There is very little mobility among the employees and salary levels are decent. Employees are loyal and committed to their firm; any disagreements are discussed and resolved in the course of general meetings which are organized whenever necessary. All the employees are Estonians, except for one Finn and one Azeri worker. Some of the employees did spend some time exploring employment opportunities in the rest of Europe once Estonia joined the European Union in May 2004. However most decided that it was better to work in their home country.

Employees used to learn the necessary skills in Finland by means of on-the-job training at Marine Alutech. Now, there is an annual training course for welders at Baltic Workboats. Those employees who sit and pass the examination can upgrade themselves to a higher qualification level, while also benefiting from a promotion and a certificate of competence from the independent and internationally accredited expert company TÜV Nord Gruppe.

Generally, workers at Baltic Workboats require no foreign language competence. Still, employees must know enough English to be able to read and understand instructions, since user manuals in their line of work usually come in that language.



EXTERNAL SUPPORTS

The climate of political stability and the drive towards international competitiveness have left their mark on Baltic Workboats, just as with other export-oriented firms in Estonia. When it started operations, the firm's cost estimates were too much based on one person's opinion. Russian Maritime Registration of Shipping was the first organisation giving certification to the young enterprise. Today, the firm is also proud to enjoy the stamp of approval of the Det Norske Veritas.

There are some cooperative links between Baltic Workboats and a local industrial school, which trains boat builders. Baltic Workboats takes some trainees from this school and offers them on-the-job training. On other occasions, experimental models are ordered from the VTT Technical Research Centre of Finland: this allows trainees and workers to practise with different designs.

Enterprise Estonia has a regional development centre in Saaremaa. It is the national institution tasked with the support of entrepreneurship, providing financing products, counselling, opportunities for co-operation and training amongst entrepreneurs, access to research and development institutions. Baltic Workboats has not used its range of supports very eagerly, however: the firm claims that the paperwork required is excessive and simply consumes too much energy. It would involve recruiting an additional, full time employee, which is too much for a firm as small as Baltic Workboats.

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It was unemployment, which drove Mark Muru to start with the idea of aluminium workboat constructing in Saaremaa. He managed to find local investors and the useful partner in Finland. The investor had put also a lot of energy into development of the enterprise. Now, many new customers and partners know of and about Baltic Workboats and its fine yet competitively priced products. The firm is now well established in the regional market. It has valued partners from Finland and Germany, and has opted for an English name to improve visibility in an international market.