

Paul Luen: How I made millions from a £2,000 punt on shipping



By Senior Writer **Jody Clarke** Feb 19, 2010

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Paul Luen, 40, learned the value of money at an early age. He was brought up in a bed-sit in Hull and cash was always tight. His mother was just 17 when he was born. His father, a pipefitter, had to go to work in Germany to make ends meet.

"My mother was a real disciplinarian," says the founder of marine technology business Martek Marine. "I was always the first kid back in the house at night. I had to do my homework before I was allowed out to play. But she gave me a great work ethic." At the age of seven, he picked blackberries and sold them outside his local Spar. He later moved on to buying videotapes in bulk and selling them for a modest profit.



Paul Luen of Martek Marine

After leaving school, Luen went to study chemistry at Newcastle polytechnic, before joining a plastics firm. Two years later, he began selling industrial gas detectors for a start-up company. He thought there was an opportunity to sell the detectors to shipping firms. But his bosses weren't interested. "I took it to the board, but the managing director at the time wasn't up to listening about diversifying. So after some soul searching a group of us decided we could make a go of it on our own."

So in 2000, Luen and two colleagues, Mike Pringle and Steve Coulson, left to launch Martek. Investing £2,000 each, "from the start we decided we would punch above our weight". From their base in Rotherham, they approached firms in Greece and Asia, offering to sell specially adapted marine gas detectors.

Within the first few days, they had their first offer. "A Japanese firm had a Scottish guy as their technical director. He gave us a call, not knowing we'd moved firms, and said they were desperate. So we put together a system we bought for £4,000 from a firm in Italy and sold it for £12,000. That got us up and running."

In the first year they did £110,000 in business. That rose to £545,000 in 2002 as they developed their own technology. The first of these products was called Bulk Safe. It detects the presence of water in solid cargo, such as coal on ships. "It provides an early warning alarm, so the ship wouldn't get burdened down with water, risking catastrophic failure of the structure." It won them the Queen's Award for Enterprise Innovation. They then looked at monitoring the exhaust gases, such as sulphur and carbon, given off by ships' engines, building up their intellectual property (IP) as they went along.

This, says Luen, was critical to the company's success. "The IP for Bulk Safe alone conservatively earned £15m in revenues for us," he says. In 2003, the company hit £1m in turnover. That should reach £5m-£6m this year, which is a small drop on last year's figures. That's perhaps no surprise, as shipping has been among the sectors worst-hit by the global downturn. Luen is under no illusions about that. "These are pretty challenging times. Cargo rates are going down so we don't pretend we haven't been affected."

But he's come out fighting. "We've used this time to make the business leaner and meaner. We've invested in new people, processes and systems and really knuckled down. We're planning to quadruple the turnover in the next three years. We have every reason to believe that that is realistic."

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