



Centre for ASEAN Studies



Centre for International Management
and Development Antwerp

Loxley's Mandalay Mobile Phone Project

**P. Annez
S. Sarakosas
D. Vandenberghe**

ASEAN Business Case Studies No 14

May 1999

1. Introduction

Loxley's cellular phone project in Mandalay, Myanmar is a good example of successful international marketing. This case illustrates why Loxley decided to become an international firm and what it did to expand its business. We will show how Loxley obtained the Mandalay project, how it chose its business partners and how the project was implemented.

From this case study we can see that if firms wish to enter the Myanmar market, they have to do so with the intention of serving the public well. In this manner they will be able to foster a good reputation which will last through any change in political or economic circumstances. Foremost, however, foreign firms in Myanmar must provide quality goods and services at reasonable prices. Loxley clearly has a long run view of its investments and trade activities in Myanmar.

2. Introducing Loxley public company limited

2.1 Historical background

Loxley Public Company Limited was founded in 1939 under the name Loxley Rice Company (Bangkok) Limited as a joint venture between Ng Yuk Long Lamsam and Andrew Beattie of W.R. Loxley Company of Hong Kong. The original activities of the company were concerned with the export of primary products from Thailand such as rice and lumber.

In 1957 the firm was renamed as Loxley (Bangkok) Limited. By then the main business of Loxley had shifted to the import and sale of industrial products and advanced technology.

Loxley has continued to grow and transform itself over the years. The company is now engaged in numerous joint ventures with large foreign corporations. On 1 April 1993 it became a public company by the name of Loxley Public Company Limited, and was subsequently admitted as a member of the Stock Exchange of Thailand. Its shares began to be traded on 25 January 1994 under the nomenclature "LOXLEY" and under the stock category "Commerce".

2.2 Loxley's mission

Loxley is committed to fulfilling its clients' needs through leadership in the quality of products and technically sound, highly efficient sales and services. The company is aware that a policy of continuous development depends on constant adjustment to the emergence of new technologies and other complex conditions of doing business. It will only embark on investments in which the financial results can be clearly assessed, and yet it remains determined to seize new opportunities as they appear in the market. Neither direction is possible without the high competence and professionalism of its administrative, operational, and technical staff and its emphasis on long-term relationships with clients and business partners. The main aims of the company are to ensure a fair return to the shareholders,

to provide adequate remuneration and benefits to employees, and to contribute to the welfare of society as a whole.

2.3 Methodology and philosophy

Loxley's methodology in the areas of domestic and international business is a study in distinctiveness. In international business, Loxley acts as a direct investor. Internationally Loxley conducts itself in the way a foreign investor did forty years ago in Thailand. This differs entirely from its trading role in Thailand. Depending on the different roles it is playing, different methodologies and philosophies are applied; for example:

- Loxley the Trader
 - ◊ Looks around for opportunities
 - ◊ Builds networks and business alliances
 - ◊ Maintains long-term relationships
 - ◊ Prefers to share benefits with trusted business partners
 - ◊ Seeks monopoly situations if such can be found
 - ◊ Prefers speedy business implementation
- Loxley the Investor
 - ◊ Makes conservative investments only after thorough consideration
 - ◊ Takes great care in selecting new partners
 - ◊ Seeks beneficial investment environments such as those granted by the various Boards of Investments in Asia.

2.4 The businesses of Loxley

Loxley is a trading as well as a project development company. Loxley has recently reorganised its business groups and increased the number of units from seven to sixteen. These operational Groups are: Telecommunications, Computers, Broadcast and Media, Consumer Electronics, Chemicals, Construction and Building Materials, Special Projects, Food and Beverages, Lubricants, Direct Marketing, Tourist Industry, Real Estate and Property, Transportation and Logistics, Engineering, Energy, and Environment.

All of Loxley's business groups have expanded in the various provinces of Thailand and abroad, especially in the Lao PDR, Vietnam, Myanmar, Malaysia, India, the People's Republic of China, Sri Lanka, the Philippines, and (lately), North Korea. This growth pattern was achieved smoothly and in accordance with the company's (previously stated) objectives.

3. Why Loxley chose to go international

The main reasons that Loxley has chosen to go international are to ensure continued smooth business expansion by relying on more than one market, to take advantage of opportunities that presented themselves, to sharpen the company's competitiveness by measuring it against other international

players, and to strengthen and widen the company's reputation. While some other Thai companies have chosen to make investments as far afield as the United States or Europe, Loxley chose to focus first on the region immediately neighbouring Thailand. Loxley felt that since the neighbouring countries shared many cultural aspects and natural endowments they might follow a similar path of development as Thailand. Even though the countries of the region are far behind Thailand's level of development, it might be easier to understand their economies and predict the evolution of their markets than if Loxley had tried to do this for a totally unfamiliar country, such as one in Eastern Europe, for instance. Compared to most non-Thai investors and trade companies, Loxley feels exceptionally well placed to judge on future business opportunities in Myanmar or the countries of Indochina.

4. How Loxley turned international

4.1 Strategy for internationalisation

The methods adopted by Loxley were as follows:

- To appoint local companies as representatives.
- To establish contact and maintain friendly connections with the host country's government and leading business people.
- To set up offices in the host countries.
- To enter into a joint venture relationship with local partners.

4.2 International management style

The international management style that Loxley follows pays close attention to the proverbial four P's: Product, Price, Promotion, and Place:

Product

Loxley takes pride in always ensuring the quality of its products. As an international project and trading company which is not restricted to certain product lines, Loxley adopts strategies which differ across markets and across products. As a "market-driven" company, Loxley is adapting and developing new products to fit the requirements of the market.

Price

The price strategies that Loxley uses are intended to maximise profits or market share. It often chooses pricing above the prevailing market to build brand image. When required by local circumstances or when it wants to stake a share in an existing market it may choose prices that are internationally competitive. As a firm rule of conduct Loxley prefers to be known as a reliable company renowned for quality, and never as a cut-rate discounter or as a price manipulator.

Promotion

Loxley employs different mixtures of advertising, sales promotion and personal involvement to promote different products and projects in different markets.

Place

Loxley distributes its products mainly through direct sales. This means setting up sales offices in the countries where it wants to operate. As opportunities present themselves the company may shift to more indirect market approaches such as joint ventures or even, if demand and custom protection dictate it, to local production.

5. An overview of Myanmar's economy

5.1 Background

The Union of Myanmar (Myanmar for short), or the Union of Burma as it was called until recently, has chosen to develop in relative isolation from the rest of the world for more than twenty-five years. Until about 1987 the government experimented with a Burmese version of the socialist model. As in many other countries which tried to fight market forces, economic progress was slow at best. In 1988 the military government decided to open up the country to foreign investors. At the same time they started to reconsider the socialist model to attract those investors. After almost a decade of economic reforms, the country finally seems to be taking off on a course of high growth combined with economic restructuring. Agriculture will become less important as food processing and manufacturing increase their share of GDP.

With a well educated population of 45 million and abundant natural resources Myanmar is well equipped for future development. For the moment, however, Myanmar is still one of the poorest Asian nations with a GDP per capita of only about US\$250. As a potentially rich country with low wages Myanmar is a very attractive place to invest.

5.2 Investment regulations

The Myanmar government introduced a foreign investment law to attract foreign capital and expertise in a manner that takes into account national development priorities. To provide direction, a regulating body, the Foreign Investment Commission (FIC), has indicated the sectors of the economy in which it would like to attract investment. These areas include manufacturing, agro-industry, textiles, pulp and paper, tourism and transportation. Certain sectors of the economy remain restricted to either Myanmar state-owned enterprises or to Myanmar citizens. These sectors include timber, precious stones and telecommunications.

5.3 Investment incentives

There is now a wide variety of investment incentives available to foreign investors. These incentives are only available to companies whose foreign investment is not less than 35 percent of the total equity. Myanmar does allow foreign companies to own 100 percent of an enterprise. Freehold title to land is not available in Myanmar, but as in China, leasehold rights extending up to thirty years can be negotiated.

5.4 Future prospects

Increased foreign business interest in Myanmar and the urgent need for capital to quickly improve existing infrastructure have led the government to consider further opening the economy to foreign investment. Foreign investors are becoming more visible. Already the majority of Myanmar Airways International is owned by foreigners. Practically all new hotels currently being built to service the country's rapid growth in tourism have a majority of foreign shareholders. Although the government has signalled its willingness to consider any viable business investment on an individual basis, only the formal opening of key infrastructure sectors will be interpreted as proof that the Myanmar government genuinely wants to foster economic development led by the private sector.

5.5 Telecommunications sector review

Myanmar's long isolation and chronic shortage of foreign exchange earnings have left it with an undersized and antiquated national telecommunications system. The Myanmar Post and Telecommunications organisation (MPT) requires substantial investment to both overhaul old and outdated equipment and to increase capacity to satisfy a large pent-up demand and meet future growth. In 1992, to serve a population of over 43 million, the country had only 89,300 telephone lines. This ratio of one telephone line for every 474 people is one of the lowest in the world, similar to rates found in the poorest countries of Africa. An additional 4,000 new lines were added in 1992, but this amounts to only a small fraction of the needed expansion. The national network consists of only 380 switchboards, all but 50 of them still operated manually. The domestic long distance trunk line uses basic analogue microwave. Until 1994 the international circuits were restricted to less than 60 with 20 going to Singapore, 10 to Japan, 10 to Thailand and a further 4 to Hong Kong. A new satellite ground station has expanded the number of IDD lines by 300. However, even this increase is too small to serve the needs of growing international business. Delays for outgoing voice calls are still common even though facsimile services are usually quite prompt.

Myanmar's backlog in the field of telecommunications will be easier to alleviate than shortcomings in other sectors. The rapid advances in technology and the dramatic reduction in equipment costs mean that Myanmar should be able to catch up quickly for lost time. For instance, the relative ease and low cost of construction of fibre-optic groundless should allow the national trunk line capacity to be increased rapidly. Also, the eagerness of a large number of international operators and suppliers to seek participation in the modernisation of national networks should allow the Myanmar government to benefit from supplier credit with very favourable terms. Still, the amount of investment required in the telecommunications sector seems at this time beyond MPT's funding capacities. An expansion of Myanmar's level of service to reach Thailand's current level (29 persons per telephone) would require an additional 1.4 million lines. Even a modest expansion of 500,000 lines planned for the next seven years at an approximate cost of about US\$1,200 per line would cost around US\$600 million. It is almost certain that the Myanmar Government will choose to invite foreign investors to help out.

6. Loxley's push into Myanmar

6.1 Why Loxley chose to enter the Myanmar market

The main reason that Loxley chose to go to Myanmar is the similarity of the market. Myanmar and Thailand are close neighbours; they share similar culture and background. This means that for the Myanmar market there are strong similarities in customer needs and attitudes, patterns of product usage and distribution characteristics.

Strategies for entering the Myanmar market

The main strategies used by Loxley to enter Myanmar market were:

- To set up a good relationship with Myanmar government officials and use this connection to extend business to the Myanmar market.
- To build a good company image in the eyes of both the government and the market.

It is important to build a good image and reputation so that the government will trust the company's business practices and the customers will trust the quality of the company's products and services. If these two goals are achieved, business expansion in almost any sector will be possible.

What Loxley has done to Establish itself in the Myanmar market

Almost from the outset of its involvement in Myanmar Loxley set up a local office. The main reasons for having an office in this market are:

- To have better control over company operations in Myanmar.
- To provide better service to this market.
- To help build a good image of the company.
- To get up-to-date information faster.

For years Loxley has been exporting consumer products to Myanmar and importing precious stones from there. The next logical step was to penetrate the market of potentially profitable infrastructure projects. Loxley has chosen to enter this new market by way of tendering for Mandalay's turnkey cellular telephone network. This network initially has only 3,000 subscribers but it is planned to expand to 30,000.

7. The cellular telephone project in Mandalay

7.1 Introduction to the project

Ericsson Australia, a company which, so far, has no business relationship with Loxley, has installed a cellular telephone system in Rangoon, the capital. After completion of the cellular telephone network in Rangoon, the government decided to install a cellular telephone system in Mandalay, Myanmar's second largest city.

7.2 How Loxley secured the Mandalay project

Before the announcement of the Mandalay tender Loxley already had set up a good relationship with the Myanmar government. Mrs. Puangkeo Pojanapanich, the Executive Vice President of Loxley, who at the time was responsible for Myanmar, had worked hard at developing a good rapport with Myanmar government officials. Also, through the export of consumer products to Myanmar and the import of precious stones, Loxley had built a good reputation in the country. As a consequence of this, Loxley would be informed by the government each time they were going to issue a tender to which the company could respond. In this relationship it was always well understood that Loxley had to make technically and financially competitive bids in order to be awarded a project.

7.3 Why Loxley decided to participate in this project

The main reasons Loxley participated in this project were to build up the company's reputation as a means of paving the way for potentially larger projects in the future. The potential profitability of the Mandalay project was never considered as an important reason for pursuing it. Loxley plans to finish this project according to the agreed terms and conditions to make sure that the Myanmar government is satisfied with its performance. This will provide opportunities for Loxley to be considered for future projects.

7.4 Loxley's choice of partner for this project

Loxley's partner for this project is Northern Telecom Ltd. It is a Canadian company and it uses the most advanced technologies of telecommunication. Loxley and Northern Telecom Ltd. have had a good business relationship for quite a long time and have already undertaken several projects together. The two companies have trusted each other and have been successful in working as a team. It seemed a natural thing to have Northern Telecom Ltd. and Loxley work together to try to obtain the project from the Myanmar government. Both companies were certain that they would be able to manage and control this project well.

7.5 The bidding for the project

The project contract

The Myanmar MPT provided a standard contract for this project. Some of the terms were as follows:

- Payment terms:
 - ◊ 10% advance on signing of the contract
 - ◊ 80% payment on delivery and partial installation
 - ◊ 10% in the form of commission and final payment
- The supplying firm has to provide at least six months warranty and after-sales service.

The bidding

Three major firms competed for the Mandalay project. They were Ericsson Australia, NEC, and Loxley in cooperation with Northern Telecom Ltd. from Canada. Mrs. Puangkeo, Executive Vice President of Loxley, supervised the bidding process. After the Myanmar government evaluated these three firms, Loxley and Northern Telecom Ltd. were selected as the winners.

The main reasons that Loxley and Northern Telecom Ltd. won this project are:

- The total price of this project being offered by Loxley and Northern Telecom Ltd. was US\$3.6 million, which was the lowest bid. (This price excluded the transmission tower and handsets to be provided by such firms as Nokia and Ericsson).
- They had convinced the Myanmar government that they would install a very reliable system. The Myanmar government was happy with Northern Telecom's past performance and trusted Loxley.
- They had proven that they were in a position to provide good after-sales service to the customers.
- They had a good connection with the Myanmar government officials and they knew how to approach them.

7.6 Description of the mobile phone system

Loxley and Northern Telecom are installing a digital cellular phone system, which is different from the analogue cellular phone system Ericsson installed in Rangoon. The two main parts of this system are hardware and software. Hardware includes the main control unit, modem and tower, and the handsets (to be provided by others). The software includes modules to check air time, to check system operation and to manage maintenance.

When the system is installed it will have 3,000 subscribers. It can easily be expanded up to 30,000. This project could even be joined with the cellular phone network in Rangoon.

After Loxley and Northern Telecom complete this project, the MPT will take over the facilities and provide the cellular telephone services to their customers. In fact, MPT had already collected US\$4,000 per handset in advance from the customers even before the invitation of the tender. This indicates that the demand for telephones is extremely high in Myanmar, and that there is a large potential for expansion.

7.7 Implementation of the project

The two key figures from Loxley involved in this project are Khun Tanatip and Khun Somchai. Khun Tanatip is the Myanmar country manager, who joined Loxley two years before the project started. He had worked in Vietnam for several years. He used his experience to the benefit of the Myanmar project. He was responsible for project negotiations, problem solving and marketing. Khun Somchai is a senior engineer who has been with Loxley for many years. He was responsible for all technological aspects of the problem solving.

The installation of the network system started in December 1994 and the plan was to finish it on the last day of 1995. Due to problems connected with software, the project was delayed. The project was completed on 31 January 1996. The small delay was easily explained by Loxley to the Myanmar authorities and will not affect development prospects for future projects.

8. Evaluation

8.1 SWOT Analysis

8.1.1 Company strengths

- Being a trading and project investment company which is not involved in direct manufacture, Loxley has more flexibility in choosing products and partners than most of its competitors.
- Loxley has the reputation of providing high quality products and reliable services to its customers.
- The price which is set up by Loxley is usually higher than the market price in order to create a brand image.
- Loxley mostly deals directly with its customers and with governments, without relying on middle-men.
- Normally, Loxley uses advertising, sales promotion and personal attention to promote its products. However, since Loxley was only providing a system which MPT would later operate, this strength did not come into play in this case.
- Loxley usually makes sure that its business partners transfer technology to Loxley staff. This enables it to keep providing superior products and services.
- After Loxley was listed on the Stock Exchange of Thailand, Loxley was able to raise funds from the public. This has provided Loxley with the funds to expand its business internationally.
- Loxley has implemented people-oriented human resource development programs to raise the awareness and sense of responsibility of its employees. This gives Loxley a competitive advantage over the competition.

8.1.2 Project related strengths

- Loxley has several years of experience in doing business in Myanmar.
- Over the years it has built up a good company image.
- Loxley has selected a reputable partner, Northern Telecom. The two companies know each other very well. They have been doing business together for years. Being very complementary they make excellent working partners.
- Loxley maintains a pro-active management style in regard to potential projects. It monitors closely all market evolution in Myanmar. Its staff is often able to obtain first-hand information which helps when preparing bids. Sometimes it even enables them to take the initiative and present unsolicited but attractive projects to the government.

8.1.3 Weaknesses

- Because they have been active longer and carry more international clout, some of Loxley's larger competitors, such as Ericsson, have a closer connection with the Myanmar government.
- Some of Loxley's competitors can get incentives and benefits directly and indirectly from their own governments. Other competitors get substantial assistance from allied financial institutions. For instance, NEC is always able to count on strong support from its ally, Sumitomo Bank. This support comes in the form of very low interest export loans or in the form of cheap bank guarantees.
- As a consequence of a general dearth of trained people in Thailand, Loxley is short of staff, especially in middle management. For example, Khun Tanatip Jotikasthaira, the senior manager of the Myanmar business, has to take care of 26 projects, including 10 new telecommunication projects.
- Loxley needs to rely on other companies for technical expertise. This may be a restrictive element for future expansion in Myanmar.
- Some competitors offer extra benefits to the customers such as free equipment, training programs for staff and even loans and advances. Quite a few are even willing to incur losses in the short run.

8.2 Opportunities

- Because of the company's reputation and its good connection with the Myanmar government, Loxley's opportunities in the Myanmar market will expand.
- The MPT has assigned Loxley to draw up Myanmar's telecommunication master plan. This will provide Loxley with opportunities for winning future telecommunication projects.
- The Mandalay Cellular Phone project is a digital system whereas the Rangoon system is analogue. This led Loxley to suggest to MPT to expand the Rangoon system to be digital as well. Loxley is considered as the first choice for this development so far.
- Loxley intends to supply cellular networks to other cities of Myanmar in the future.

8.3 Negative Factors

- Many Thai companies suffer from a negative image in Myanmar because of hit-and-run policies previously adopted by some opportunistic Thai businessmen.
- Political instability in Myanmar can result in losses. These could be due to an unexpected change in government or to popular upheavals.
- The unstable and unrealistic exchange rate of Myanmar currency (for example, the market exchange rate of the US dollar to the Myanmar Kyat is twenty times higher than the official rate) acts as a deterrent to all potential foreign investors in Myanmar, including Loxley.
- Myanmar has established the Myanmar Committee of Investment (MCI) which will encourage more foreigners to invest in Myanmar. This will increase competition in this market, eroding the market position Loxley has established so far.
- Regulations and laws tend to change often. This is a major concern to potential investors, including Loxley.

- Myanmar's political stance and delay in introducing the kind of economic reforms required by the IMF and the World Bank have deprived it of access to most sources of concessionary international funding. As a consequence, financing infrastructure projects in Myanmar is extremely difficult.
- Political relations between Myanmar and Thailand are momentarily strained. This political tension could have negative repercussions on Thai investors.

9. Conclusions

- Loxley is a trading and project investment firm which is not involved in manufacturing. Despite this limitation, Loxley has grown and expanded its business by concentrating on its strengths and its competitive advantages. These lie mainly in its excellent knowledge of markets and its flexibility in responding to market opportunities.
- All companies, including Thai businesses, need sufficient data and information on the host country in order to minimise risks in their investments there.
- In order to be successful for turnkey government projects the choice of a good partner bringing in good technology and expertise is extremely critical.
- Loxley has been quite successful in what it has undertaken in Myanmar and in other markets. This is partly due to the clarity of its mission and philosophy and to the quality of its business strategies.
- A critical factor in Loxley's success is the extent of its information network and the number of personal contacts which it has built up over time.
- Loxley's excellent human resources are an important factor for Loxley's success in expanding internationally. It is very dangerous to venture abroad for those companies which are less efficient and do not have sufficiently qualified employees.
- Despite its political and economic problems, Myanmar is a promising market for well-intentioned Thai investors.

Tutorial Notes

I. CARRYING OUT STUDENT PROJECTS

Objectives and Companies Involved

The present case study was originally an assignment for MBA students in Thailand. The goal of student projects was to carry out a research on expansion strategies of individual Thai companies. Particular about this task was that the students had to analyse the overall expansion strategy of their selected company and next had to relate this strategy to a very specific case or deal.

Objectives of the assignment were several. First of all, students had to prove that they could master the general theory of international marketing and business. Secondly, they had to apply this knowledge to a real-life Thai case. Next, they were to collect both primary and secondary data by interacting with the managers who actually carried out the project as well as by consulting various general and specific background publications. After that they had to evaluate the performance of their chosen company and its project and had to make recommendations how to improve it. Also they had to report to and interact with their tutors on a regular basis, and thus could be guided in the right direction. Finally, they also had to focus on a professional presentation of their ideas.

Very important was the participation of the people involved in international expansion projects within the company, as desk research or secondary published data research would have been quite insufficient for fulfilling the research objectives. This turned out to be one of the major challenges for the fulfilment of this research. Thai companies remain quite wary of sharing their experiences with outsiders and even if they had agreed to share them, managers were mostly busy or frequently abroad.

The students and their tutors tackled this problem by applying to as many companies as possible, many declined to participate or referred the researcher to a competitor, claiming it had more experience abroad. Finally the tutors and the students together selected the companies and their specific projects by concentrating on a good mix of investment projects versus direct exports and on an appropriate regional mix reflecting more or less Thai interests, and lastly by incorporating both large and small companies in the project. They managed to extract success stories, but, as feared, companies were even more reluctant to share their negative experiences.

For the final revision of or improvements to the student projects, we received, contrary to their initial hesitation, full cooperation from the companies and top management.

During the research work, it turned out that the major difficulty next to mustering enough support from the respective companies was the students's inexperience in structuring presentations or research work. Many among them collected a huge amount of information and came up with very interesting ideas, but often repeated themselves or lacked a logical structure and appropriate English skills to express their concepts.

Practical Time-Frame of the Elaboration of the Cases

- Step 1** Announcement of the course was made, stating that it was open to MBA students with International Business or Marketing knowledge or experience.
- Step 2** The first month included a six-hours theoretical introductory course in order to fresh up the students's background knowledge.
- Step 3** The first month also included several guest speakers who shared their company's experiences in international expansion.
- Step 4** During the second month, assignments were initiated and consequently all specific companies and projects were selected. Students received instructions (see Appendix) and received a letter of introduction to the companies stating the objectives of the assignment.
- Step 5** During the second, third and fourth month all students worked in groups of two on their assignment. They presented their progress to their assigned tutors on a monthly basis. Tutorial sessions lasted on the average about one hour per session per group.
- Step 6** Final projects were presented personally to the tutor and an oral examination was given regard to the cases.
- Step 7** The tutors revised or rewrote the case.
- Step 8** The cases were presented to the companies for their approval and/or remarks.
- Step 9** Company remarks were incorporated in the cases by the tutors and a proof-reader finalised them.

II. Loxley PLC gaining access to the Myanmar market through a mobile phone project

Loxley's experiences in penetrating the Myanmar market may lead to discussions on:

Myanmar

Myanmar is a country that for a long time has kept itself outside the mainstream of international trade by choosing an autarchic style of development. Because, in addition, it only recently chose to open its borders to tourism, it is relatively unknown. Recent international attention and media coverage have concentrated on issues of human rights and democracy, totally ignoring the gradual opening of the economy to international trade and investment, as well as the growth of the domestic economy. Most students and many businessmen would benefit from better and wider information about Myanmar. They will discover that it is one of the last frontiers of Southeast Asia and that it offers a promising mixture of challenges and opportunities.

Company Cultures

Loxley has a culture which emphasises the long-run development of the company by creating a strong, positive image with consumers by providing them value for money, by fostering strong strategic alliances with business partners in Thailand and abroad, and by developing co-operative working relationships with governments. This culture contrasts strongly with the "quick in, quick out" attitude of other companies operating in Myanmar, Cambodia and Vietnam.

Technical Partnership

Loxley brought Northern Telecom into the Mandalay project because of this company's good international reputation and because Loxley had had good experiences working with that firm before in Thailand. This example could be used to initiate a discussion with and among the students on what the conditions are for a good working relationship between two or more companies in a joint venture. It may be useful to contrast situations where at least one partner is out to maximise immediate benefits from the joint project with a situation where both partners are willing to make some sacrifices to prepare for a long-term relationship.

Market Penetration Strategies

Loxley chooses to start its penetration of a country by engaging in traditional trading: importing raw materials into Thailand and exporting consumer goods to Myanmar. It subsequently uses its presence to build up relationships which sooner or later point to investment opportunities. Other companies which do not have a trading tradition may choose to enter in a big manner, by investing at once in a large project. Others may not enter a country unless they can do so with a reliable local partner. The pros and cons of the various strategies can be discussed in detail and examples of success and failure can be easily found to evaluate choices available.

APPENDIX 1:

Possible Structures for Case Studies on International Expansion Projects

Introduction

Explain briefly what the case study is about and focus on the objective of the study; namely, what do you want the reader to learn from it?

Elaborate on the need for Thai companies to expand internationally

Introduce in general the reasons for Thai companies to expand internationally. Apply this to the sector to which your selected company belongs.

Introduce the company you have selected

Give an introduction to the company. Use as few statistics as possible; focus more on activities and philosophy.

Elaborate on the reasons and the way your company opted to expand internationally

Apply here the general theory of international marketing; namely, explain the company's international management style (focusing on the 4 P's) and on the structures they have implemented in order to be able to expand internationally.

Introduce the market your company opted for

First introduce the specific market chosen and again use as little statistical material as possible (however, some major indications like population or GDP/cap are advisable). Focus more on market potential and its political, economic or trade particularities.

Next explain why your company chose this market.

Explain the deal (specific case) chronologically from here on

For example:

- Introduce the key persons in your company who have implemented this deal (who, achievements etc...).
- Exactly how did your company select this market?
- What were the first steps that they implemented in that market?
- Elaborate the process of selecting a local partner.
- Pay good attention to the reasons why this partner was chosen and others not.
- Offer a brief introduction to this partner (in a similar way as to your chosen company; if possible, compare both).
- Elaborate extensively on the negotiation process (obstacles, resolution of problems, help, frustrations, steps taken in this process etc.).
- Elaborate on the results of the negotiation process.

- Explain the deal if possible in basic financial terms (cost/benefit analysis, investment plans, feasibility studies, simulation models etc.). If the company does not wish to disclose its financial data, then request it to provide some rough indications.
- Explain how the financing of the deal was set up.
- Evaluate the deal in marketing terms (strengths/weaknesses); relate to international marketing theory as well as to common sense.
- Elaborate the potential future of the deal and/or the market and go into detail on the intentions of both partners.

Evaluation

Evaluate the importance of this deal for both partners (strategically as well as financially).

Evaluate all processes and choices (e.g. choice of market and partner, negotiation process, the outcome of the deal etc.). Be critical and point out clearly the reasons for success and for failure.

Make recommendations (for improvement); first concerning this specific case (deal), next concerning your company's international expansion strategy. Focus on alternative approaches, procedures or choices.

You may use a SWOT analysis, (Strengths, Weaknesses, Opportunities, Threats) for this purpose.

Draw your conclusions

Focus extensively on what can be learned by other Thai companies from this deal.

General remarks and recommendations

- Structure your ideas, e.g. elaborate a step-by-step approach; if necessary use a time-frame, finalise all details on a specific part of your research, and so on.
- Be narrative in your style (so as to evoke the interest of your readers).
- Be scientific in your approach, but do not become too theoretical.
- Remain practical.
- Use interviews as much as possible and refer to them in your final report (quote the main participants).
- Point it out clearly when you express your own opinion and be ready if necessary/possible to back this opinion scientifically.
- Put statistics and financial models in an annex as much as possible, in order not to lessen the interest of your reader.
- Limit your presentation to twelve pages maximum for text and eight pages maximum for annexes.
- Mind your language, style and your presentation (if possible use special soft-ware, graphs etc.).
- Use Microsoft WORD 6 software and supply us with a copy of your diskette.
- Follow this structure and the above-mentioned advice as much as possible.
- Each group should present monthly to its appointed tutor, in person, the progress of its research work.