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## **G. Premjee Ltd. (GP) Venturing in Vietnam**

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## 1. Introduction

In general, most Thai companies have been reluctant to do extensive business beyond Thai boundaries. Some of the reasons that account for this attitude are that Thailand has experienced continuous growth over the last ten years and that Thai firms have been finding it difficult to satisfy local demand, and as a consequence the need of extending business to the outside world did not arise. Trading within Thailand itself has been very profitable. Thailand had been secure in the past from facing competition from countries like China and India, but not now. It is high time for Thai companies to expand internationally.

The company selected for this case study is **G. Premjee Ltd (GP)**. This firm specialises in the trading field and is credited with trading everything in bulk that brings in positive return.

This case illustrates how GP penetrated the Vietnamese market and decided to diversify from its core business, bulk trading, into the distribution of pharmaceuticals. Because of its unique philosophy and strengths it has been performing successfully in Vietnam.

## 2. Local player-G. Premjee (GP)

GP's roots in Thailand date back to 1918 although it originally started in Burma 125 years ago where it had prospered in the rice trade. In the 1970s G. Premjee diversified from rice to other agricultural commodities such as corn, sorghum, beans, canned foodstuffs, sugar, wheat, coffee and barley, by drawing its strength from its existing rice markets in West Asia and Africa. Apart from trading it has more recently also been active in other businesses such as manufacturing (e.g. condoms, rubber gloves, pharmaceuticals), travel agency, shipping, real estate development, hotels, research and development, the sale of hybrid seeds, and port infrastructure development. Its trading activities have expanded to include fertiliser, animal feed, coal, steel, garments and construction materials.

It moved its office from Burma to Thailand in 1918 and is still concentrating mainly on rice as its ace product. Now it has offices located in over 22 countries and its growth rate in the trading line has been very encouraging. Its main markets at present are Southeast Asia, Asia, the Middle East, Africa, the CIS and Europe. At the end of the 1980s it became clear that GP needed to push into new markets because there were still so many unexplored areas which had large untapped potential. The potential within Asia itself was attracting interest from the rest of the world, and from the published surveys and magazines the indicators for Vietnam and Burma were excellent although they had their risk factors. GP conducted its own research so as to get a good picture of the opportunities available.

GP's philosophy is that there are no fixed rules in trading and every market one approaches is unique in itself. Any product that the company is able to source and sell is an attractive offer and one which needs to be given serious consideration.

GP's philosophy in trading is to "trade everything in bulk, opt for large shipping volume and values, and create wealth. Enter markets where others dare not go and do business with people from whom others keep away. Be it rice or rat traps, if it is in bulk the company is in it."

### 3. GP the international player

GP's strength is in trading and thus it cannot be stagnant in one place. Its business is one of continuous expansion; it grows by expanding and entering new markets.

The company is involved in businesses ranging from trading and shipping to manufacturing, but in trading it is very strong because the company deals in bulk. Normally GP deals mostly in the basic commodities, but it is always engaging in new products. Since GP is flexible in the handling of new products, this offers the company opportunity to diversify, which at the same time also helps in ascertaining new markets.

The pricing strategy for GP is not a complicated one. If the likely value added from dealing is positive (to their requirements) then the deal is made. GP primarily aims to "buy at the lowest and sell at the highest". It cannot manipulate price drastically for that would affect the company's market share in the long run. Its payment terms for international trade are mainly bankable letters of credit or financial instruments, and especially in the initial period it avoids unnecessary financial risks. On the local level it is sometimes forced to take more risks and work with drafts and open accounts. However, it will only engage in such risky deals after a thorough analysis and well established contacts with the customer.

In trading, GP concentrates mainly on maintaining relationships. Its aim is for a long-term presence, as will be shown in the case in Vietnam, where GP came when others stayed away, and made profits and reinvested and thereby displayed its long-term commitment to the country. Due to the fact that GP came earlier on, it got acquainted with people at the top and it invested to maintain that relationship. In a country like Vietnam where the risk factor is so high, it is important to maintain a good relationship with influential people, and GP has never lagged behind in this regard. Contracts made hold no importance unless one has a relationship on a personal level with the people with whom the deal is made. GP strives to project the image in a specific country that enjoys the most favourable perception amongst the local public. Thus by the time it presents itself as a Thai, Indian, Asian or global company it is already well known to the host market.

The life-line of trading is logistics and networking. GP buys products from various sources to distribute to dispersed buyers. GP concentrates on minimising transit time so that the required commodity is delivered at the right place at the best possible time. There is close integration between various offices in different parts of a country and the headquarters. The headquarters co-ordinates the activities of offices and at times gives advice to the regional offices in the decision-making regarding the location of the sources. GP has a great level of decentralisation in the sense that it clearly defines the guidelines in terms of price and terms within which the offices can operate with full freedom, but in the event that the offices have to make decisions on matters that fall outside the stipulated authority, then they are required to revert to headquarters to seek approval and advice. It should be noted that the head-

quarters does not intervene in all the deals taking place at other offices but is aware of the transactions through its computer network. One of the managers says that decentralisation at this level is a must to ensure efficiency and productivity. When one is in trading, traders are required to concentrate on finalising the deal to meet the demand on time.

Normally in the trading of the bulk commodities, GP deals at FOB and C&F prices, thus exempting the company from the hassles of the clearance and other formalities at port and customs. However, in some exceptional cases GP does cater to customer needs for delivery to destination markets. The FOB terms relieves GP of unnecessary fuss in importation, and allows time to concentrate on exploring and building new markets.

#### **4. G. Premjee's selection of a new market Vietnam**

Mr. Kirit Shah, the C.E.O. of G. Premjee, along with his team, performed the usual research through newspapers, journals, trade publications, and informal and formal communication with people in appropriate circles. The selection of Vietnam as their new market presented them more opportunities than the other countries. Rice, which appeared to be their ace product, was abundant in Vietnam and it provided them with an alternative source apart from Thailand and India.

Vietnam at that time was still a closed country surrounded by risks and uncertainty with very little international exposure. The US embargo was still on, but Mr. Kirit Shah knew that it was only a matter of time before the embargo would be lifted and Vietnam would be flooded with investors. Vietnam at that time was like a sleeping tiger with high levels of unexploited resources and unsatisfied demand. For example, Vietnam had a lot of rice available but had no market to sell to, simply because it had never actually indulged in international trade on a large scale, and whatever it had done was through the countertrade barter system, which deprived it of actual market feedback.

With limited private investment exposure, it was natural that those who got there first and had the courage to take the risks before the lifting of the trade barriers would be the ones who would have a head start when the economy opened up. Besides, they would benefit later on from a positive government perception as a reward for their early and courageous move when others were hesitating.

GP was no exception, and if it needed to penetrate this market then it would have to initiate countertrade with state-controlled companies. As the company's philosophy is that risk offers them an opportunity, they rarely let opportunities go by. The Vietnam market was selected despite all the uncertainties surrounding the business climate in the country. Very soon Vietnam would move towards growth and the inflow of investment from all over the world. Geographically located in a strategic position to act as a springboard to Indochina markets with good access by sea, Vietnam offers high potential for investors because its resources and market have hardly been exploited in the past.

It would be appropriate to point out that Vietnam welcomed foreign investors with open arms, but the gesture stopped at the point of personal relationships. Financial support, benefits, tax holidays and other incentives never figured in their invitation. The information available in Thailand on Vietnam was

not satisfactory. There were no authenticated data and thus an investor aiming to go to Vietnam had to do everything on a self-help basis. GP, which had planned to start with rice trading in bulk and countertrade in other products like urea and coffee, was mainly concerned with finding the correct channel so a deal could be struck. At the same time this, would give them more information about the market and the players, in which and with whom they would be operating.

## 5. Entry into Vietnam

The opportunity for GP to enter the Vietnamese market came in 1988 when it received a request for pharmaceuticals from Mr. Bonney Ghosh in Vietnam. GP was quick to seize the opportunity and with minimum waste of time the deal was completed. This opened the door to Vietnam. There was a natural affinity between Mr. Ghosh and GP, because the former was an entrepreneur who had been involved in the trading business since 1985. He possessed an excellent knowledge of the Vietnamese market as he frequently travelled all over the country and had also managed to have contacts with influential people at different levels. His experience of the Vietnamese market was in itself a great asset for companies that were looking for entry into it. Mr. Ghosh possessed good market knowledge but lacked financial backing, while GP had the funds but was looking for a capable person, and Mr. Ghosh happened to be the perfect intermediary. It was agreed that Mr. Ghosh would concentrate on building market for GP, while the latter would source products at a price and provide financial backing lower than existing market practices. Mr. Ghosh would be operating on a commission basis with the long-term goal of integration him into the GP organisation. GP was projected as an Indian-managed company as Indians enjoy a very positive image in Vietnam.

The first orders after their partnership involved rice, and gradually moved on to other products like urea and other fertilisers. Very soon Vietnam became an exporter of rice and an importer of fertilisers. GP was involved in both trades. it was importing fertilisers to sell in Vietnam and boost the production of rice, and in return, was exporting rice to the world and earning foreign currency to fund the fertiliser trade.

While GP was initially involved in the trade of basic commodities of rice and fertiliser products where goods change hands with minimal handling and promotion, they soon discovered that products enjoying good potential for growth were pharmaceuticals. Pharmaceuticals may be categorised into patent medicines and formula products. Patent medicines are usually sold yearly in large quantities. However, formula products like chewing gum, peppermints etc. are used continuously throughout the year. It was the formula products that at this stage possessed more potential.

As prices in the market are normally low for these products, much depended on sourcing potential and distribution capacity. The existing players in the Vietnamese market lacked the backup of any local manufacturer of the product and consisted only of traders who were importing the product from overseas and distributing it locally. The country itself is scattered into many different zones situated over great distances, reducing the chance of a nation-wide monopoly by any single trader.

The reason for the intense competition which resulted was that in the beginning of the 1990s it had become fashion for a company to be in Vietnam to establish a market share and build a brand name even though it sometimes meant operating at a loss. Large multinational companies could evidently afford to operate in the red for the first few years, which was virtually driving the small companies off their feet. If GP were to enter this field, it would be necessary to have a good financial backing, a world-wide sourcing policy, and an excellent distribution network, which in this case pointed favourably to their existing strength accumulated in trading.

Since GP's traditional sales in Vietnam were growing very fast, it became clear that the pharmaceutical division needed to be handled completely separately and called for a new company with its own operational, cost and profit structures. The very nature of pharmaceutical trading was completely different from that of the existing range of products, handled mainly on a non-personal level. Pharmaceuticals called for a strategy similar to a consumer product and the need for a separate division of operations was obvious from the start. The solution was found in JFT, a company which was owned by Mr. Ghosh, that was already involved in pharmaceutical products. Arrangements were made between GP and Mr. Ghosh that although the company's name would stay JFT, it would also be known unofficially as GP (Vietnam) and would also fall under GP's umbrella of companies. It was felt that sticking to the name JFT would present a better image of the new products, that GP would be marketing, as the former already bore the image of a long-term committed player that had come to Vietnam when others hesitated and was not like the many new companies that had come only after the removal of trade sanctions on Vietnam. The financing for the project was to be done internally; that is, the headquarters in Thailand would transfer funds to Vietnam through its bankers in Singapore. The actual amount was substantial, mainly because of inventories, and credit terms to the retailers and manufacturers, and lack of financial government support made the financial requirements greater. The office space had to be leased from the state as foreigners are not allowed to own land, which also resulted in high rent charges being imposed by the national government.

The selection of the staff was made mainly from the local market perspective, because the situation demanded personnel who could whole-heartedly push the products to the different corners of the country and penetrate into this new market. However, the company does employ expatriates at the senior level who are selected by the Headquarters.

Since JFT was already involved in some minor pharmaceutical products, the contact with retailers was much easier, but retailers and manufacturers were hesitant to try out new products with little exposure in the market. JFT first introduced its products to customers on a trial order basis. The company had to cater to the demand for credit terms to the customers, maintain stock, and above all provide support services. The support services were mainly in the form of inviting foreign manufacturing companies to send their teams of experts in order to educate, consult and seek advice from the retailers and manufacturer using their products. These programmes are ongoing, as they don't relate to one-time trade affair deals.

Keeping inventories was also a new concept for JFT, as it had been involved in trading with a minimum handling of goods. Retailers and distributors using the formula products were not willing to wait



for the shipment of goods that took one month or more, but instead were more satisfied in seeing the stock locally available, and making the deal there and carrying the goods away.

Because of inventory-keeping, JFT had the option of selling the drugs at the peak, but also bore the risks of storage. For GP, the formula products business was completely different from rice trading, as it did not end with the delivery of goods and payment receipt. Customer's satisfaction was of paramount importance indeed, making them buy in the future. This ensured creation of a brand name and developing a corporate image, two tasks that JFT has focused on extensively.

Dealing in pharmaceuticals was easier in the past compared to now, because in the beginning the Food and Drug Administration in Vietnam was still quite undeveloped and any product endorsed by the FDA of the USA enjoyed high credibility. The standard packaging, weights etc. all were mainly according to Western standards, because the major sourcing was through imports. However, as of today the Food and Drug Administration is becoming increasingly stricter, which has been reflected in the banning of some drugs recently. One of the officials in GP says that "Vietnam can afford to be strict today because they have not been buying for a long time, and now that they need to buy they can go in for the best".

Once again GP's international exposure all over the world proved beneficial. They did not need to change anything in order to adhere to new standards of acceptance, as they were mostly sourcing from manufacturers of well-established pharmaceutical products in the world market.

As of today, JFT is counted among the top seven distributors of the formula products. It hopes to continue sourcing product from abroad but it has plans for the distant future to set up its own factory to produce locally. The reason the company is for the moment still shying away from setting up its own factory is because of the many limitations and much bureaucratic red tape. Starting from the limitation on ownership of land, one must consider infrastructure, financing, and a phenomenally high cost of living, especially for foreigners. However, in the event that the company does go for it in the near future, it will benefit greatly from the abundance of a cheap labour force which is rated as very smart and hardworking. However, that decision will only be made in the years to come, as for the moment importing is still considered cheaper than manufacturing in Vietnam.

## **6. Marketing strategies for pharmaceuticals**

GP sources products from India, China and Europe through its trading offices in these respective places. It concentrates mainly on the formula products as these bear the best prospects of growth in Vietnam. There is very little or no product adaptation as GP distributes well-established world brands. Its product management is therefore mainly restricted to product line management, drop/add decisions or the like.

There is no price ceiling imposed by the government. Since GP is not the only operator in this product, however, control over price is very limited. The market defines the price level. It is the law of supply and demand. Offering higher margins and consistent supply of quality products to dealers is GP's

strategy to motivate dealers to improve sales. The dealers are also granted credit usually according to the market standard.

The strategy GP has opted for is to make the products available everywhere in the target market. To achieve this they push sales through many channels: wholesalers, retailers, and direct selling to the hospitals and clinics. GP is mainly active in retailing by keeping long-term relationships and creating value. As one staff member said, GP's action to deliver products to traders is done quickly, to make the products always available and in satisfactory quantity for the consumers's needs. The delivery of the material is done using the most convenient mode of transportation, from rail service to trucks, according to which is economical and quick.

The maintained stock level is based on experience of past sales, and it is here that GP bears the risk of overstocking or understocking, as it cannot be pinpointed what the exact consumption will be.

Under the pressure of the high degree of competition from other big international brands, advertising is needed to create brand awareness and brand and corporate image. The media that GP uses are TV, signboards and billboards. The promotion is maintained largely through good relations. Retailers are encouraged to sell and in return they are given higher margins, or alternatively better credit terms. Gifts are also given during festive seasons. The advertisements are aimed at endorsing the products, brand names and company's names more extensively across the country. GP expects that the promotion will intensify in the future due to ever increasing competition.

## **7. Evaluation**

### **7.1 GP's Philosophy**

In the trading business it is necessary for companies to ensure that their products are always satisfactory to the customer's demand because there are rarely any second chances granted.

GP has continuously entered risky markets and has made the maximum use of the opportunities available in the target country. Above all, GP penetrated emerging markets long before most others and as a consequence, has secured a huge competitive advantage. When GP entered a new market it displayed a long-term commitment, started up with minor risks, and diversified later on to a more direct market presence, in many cases eventually leading to local manufacturing.

GP places little emphasis on marketing strategies regarding product profile as most products are standard commodities that can easily meet customer's needs. The company concentrates on values, pricing, logistics and place, thus realising more margin and making products available in appropriate quantities and in the right locations at the right time. Promotion is focused rather on relationship building.

Every market calls for its own business strategies, and hence flexibility in terms of autonomy is also very essential. Except for the central policy of the company, divisions are given the authority to oper-

ate and make deals. Every division is treated as a separate entity and it can make its own decisions. The online computer networking and exchange of information between the GP offices all over the world highlights the importance of information for this group.

GP has reinvested its profits in a particular country with long-term goals. As a staff member of GP says, the company has been 100% honest in the things that it has done and has always maintained good relationships even though at times it suffered losses. But the company has no regrets. Customers value relationship, and the company makes sure that every one of their staff members values it too. To do business on this level a firm needs to know how to absorb losses in short-term fluctuations so that it can reconvert these into profits in the long run.

## 7.2 Strengths and Weaknesses

GP, although very successful, knows its shortcomings and strengths as well. There is a lot of information flowing but it is not properly systematised; e.g., there is a lot of information going out from the headquarters rather than from the divisions.

Another point to note is that this group has repeatedly invested in risky countries, thus spreading its risk, meeting less competition and reaping huge benefits at times, but also leaving themselves exposed to uncertainties that could severely damage their operations and future. It would be prudent for the company to conduct more feasibility studies, and for certain high risk projects to gain cooperation and participation at the government level or with well established local players so that it can save itself from unexpected setbacks.

Finally, GP should also be aware of potentially demotivating local high potential managers, as the company seems to build its strength almost entirely on a structure managed by ethnic Indians.

## 7.3 The Vietnam Case

The most critical factor of success in the Vietnam case is the joining of hands between GP and Bonney Ghosh. While GP needed experienced and knowledgeable persons having insight into the Vietnamese market, Mr. Ghosh on the other hand needed financial backing, and the deal proved complementary to both parties. GP was able to enter the market and later expand, and Mr. Ghosh was able to be part of this growth. The initial start-up was on a commission basis but today Mr. Ghosh is a member of the GP group. Human resources need to be developed for long term benefits. GP usually looks for people like Mr. Ghosh whenever it wants to enter a market, for it makes things much easier to have an insider available. It is a mutually beneficial relationship.

The company started its rice business in Vietnam when it was rather risky, but today it has moved deeply into other lines of business like construction, manufacturing, hybrid seeds and pharmaceuticals.

The success and growth of the pharmaceutical sector has been gradually, and GP has got a taste of operating a distribution network, including diversification of its original trader's role to developing a brand name and a company image.

GP has been marketing and selling pharmaceuticals but things are still rather sketchy, because JFT still does not concentrate enough on product line management in particular and strategic marketing in general. JFT has mainly concentrated on selling as much as possible, and therefore somehow lack a strategic direction.

One of GP's most critical decisions along the road will be the drafting of a long-term business plan in Vietnam, encompassing among others strategic product development and production decisions. In the meantime, GP seems to be heading in Vietnam for a potentially prosperous but hazy future.

## 8. Conclusions

The success story of GP is not one that was achieved overnight; it has been operating quietly over the years. The company's divisions compete among themselves and they thus always look to new markets as a challenge because they offers opportunity for more profit and growth. Financial strength, fusion of synergy, flexibility of management, networking, committed personnel and an entrepreneurial spirit weave out a web of prosperity.

Staff members in GP say that they see the world without borders, and thus doing business for them is to concentrate on one global market. A company like GP cannot afford to stand still, as any lethargy would knock the company out of the market. It is time for Thai companies to venture out to new markets before the Thai market gets saturated and the emerging markets become overcrowded with other investors.

The market situations in today's world have greatly improved with the opening up of neighbouring countries like China, India and Vietnam. The local companies in Thailand should make a move for those new opportunities or they will be left in the lurch.

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### SOURCES:

- Case prepared by Ms. Suwapaktr Kalayanasant and Mr. Ashok Chand.
  - The case has been revised by Mr. Bonney Ghosh and has been approved by Mr. Kirit Shah.
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# Tutorial Notes



## I. CARRYING OUT STUDENT PROJECTS

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### 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. G. PREMJEET'S VENTURING INTO VIET NAM

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G. Premjee's case may offer possibilities to elaborate on:

### **Vietnam**

The recent political, economic and trade development in Vietnam may be discussed. The case offers also a good opportunity to compare the potential for Thai investment in Vietnam and Myanmar, and furthermore it also offers potential to reflect on the possibility that Vietnam could sooner or later overtake Thailand as the leading economy in the region. Finally, it is worth assessing why Thailand and some Thai companies in particular are missing out in Vietnam both in terms of investment and in terms of trade.

### **Transitional Economies**

The risk of doing business in transitional economies may be discussed.

### **Commodity Trading**

Commodity trading is a very specific field of trade, involving special shipping and financing procedures or tools. Some commodities like sugar, rubber or metals are very institutionalised by means of exchanges, funds or professional analyses; others like rice are not. This case study offers the possibility to go into detail concerning this specific area of international business.

Furthermore, it offers a good opportunity to look into commodities and commodity markets in Thailand, both past experiences and future scenarios.

### **Trading versus Distribution**

G. Premjee's diversification from being a trader in bulk products to a distributor of branded products may offer the possibility to compare both options and the impact on the firm's strategic management, international marketing policies, investment policies or shipping and logistics activities.

### **Intercultural Management**

Concerning human resource policies in regard to investments abroad, companies have the opportunity to opt for either ethnocentric, polycentric or geocentric policies concerning foreign staffing. G. Premjee opted clearly for an ethnocentric policy by favouring home nationals, in this case ethnic Indians. Students may evaluate the advantages and disadvantages of opting for home-national managers and may compare it with the other extreme: opting for host nationals only.

During the initial research on G. Premjee, the management confided to us that they have tried several times in the past to send Thais to overseas management positions. However, this attempt almost always resulted sooner or later in the forced repatriation or the departure of the Thai manager from G. Premjee. This problem occurred mainly in less developed nations as in Africa, the Arab countries or Central Asia. It is worth while for the students to study this problem and to elaborate both on Thai cultural aspects and on company-specific aspects in their evaluation.

Finally, this case study also offers the possibility to look more deeply into the role and future of Thai-Indian businesses in Thailand.

### **Distribution of Pharmaceuticals**

The distribution of pharmaceuticals encompasses many specific points of interest such as Food and Drug Administrations. FDAs are mostly a necessity to protect local consumers, but at the same time often lead to abuses such as red tape, bribery, unfair protection of local producers interests and so on. It is worth while to discuss what the situation is in Thailand and in its neighbouring countries and how companies can tackle those challenges.

Next, elaborating on the distribution of pharmaceuticals also offers a good possibility to discuss intellectual property protection in developing countries, as pharmaceutical patents are many times counterfeited (with or without the knowledge or cooperation of the local government) under the guise of protection of the vital interests of poor consumers. Pros and cons of the arguments of both parties and their impact on international business may be discussed in class.

## **APPENDIX 1:**

### **Possible Structures for Case Studies on International Expansion Projects**

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#### **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.