

**Annex 6**  
**Result of survey**

## ANNEX 6-1: FERMENTED GARLIC: TAMBON MAEPONG

### 1. Tambon Profile

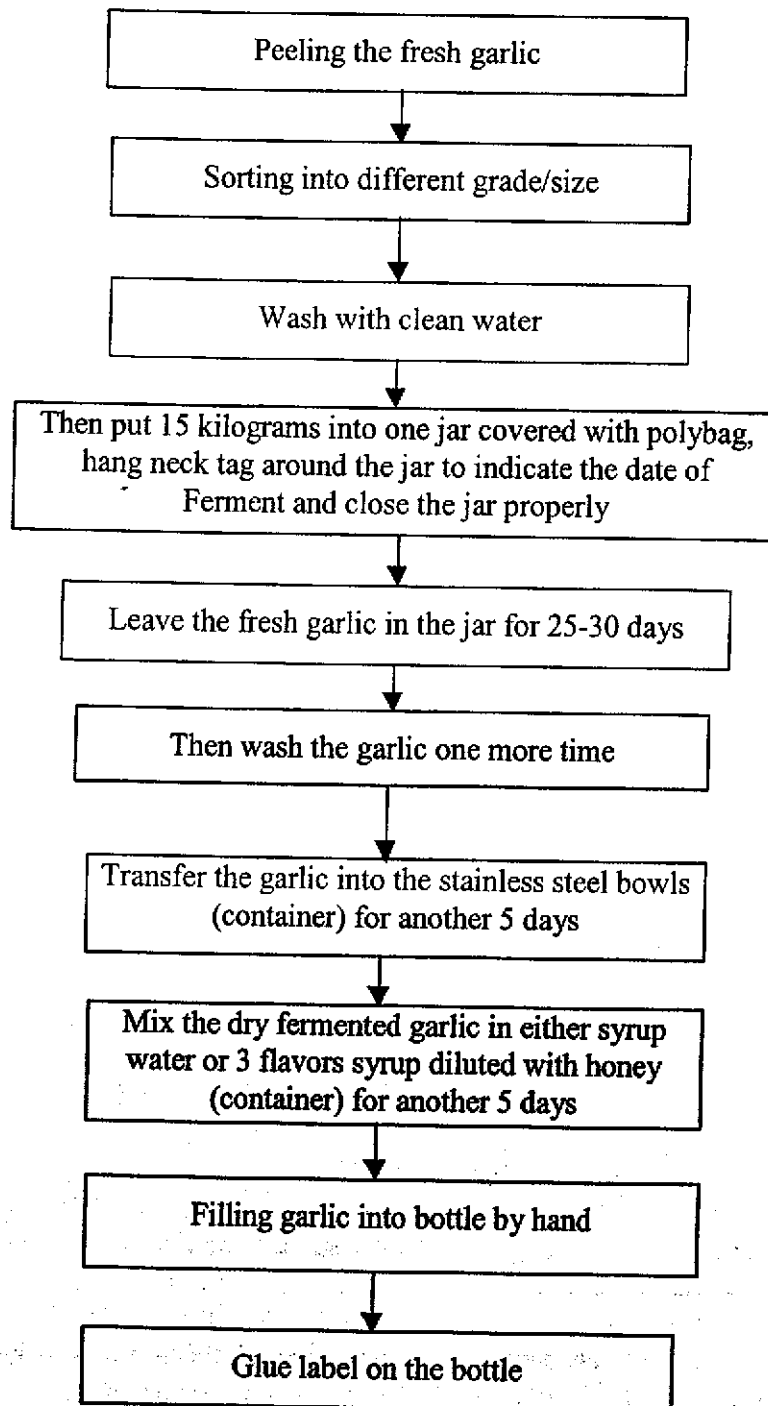
Tambon Maepong is situated Chiang Mai 340 meters above sea level in Amphur Doisaket, with its reservoir "Huay Kaeow" and Klong "Mae Kwang" which produce enough water supplies for growing garlic. The total population is 5,072 people, with 2,561 male and 2,511 female. The main occupation is farmer and cottage industry in farming ordinary garlic and special spice "Tone" garlic (single fruit) that makes "Maepong" famous. "Tone" garlic oil which contain "Allicin" to have many medical properties in preventing and healing various kinds of illness. Garlic is grown in 30% of the total cultivated land of 37,551 rai. Since 1981, the fermented garlic has become cottage industry in Mooban of "Papai".

### 2. Product

"Papai" group is presently producing both ordinary garlic (whole) and another garlic called "Tone". "Tone" garlic is the best seller. Tone garlic is available in 2 different types with 3 sizes for each type as follows:

Type	Sizing (gram)	Pricier per bottle (Baht)		
		Wholesale	Retail	Consumer
3 taste	Large (1,300 g)	110	130	150
	Medium (600 g)	55	70	100
	Small (400 g)	32	40	50
Honey Flavor	Large (1,300 g)	110	130	150
	Medium (600 g)	55	70	100
	Small (400 g)	32	40	50

During production, there is no record of raw material and packaging cost breakdown, because the fresh garlic price varies from season to season which depends on supply, buying negotiations and availability of cash during the harvest time. However, this group claims that their product quality is the best and can sell at a higher price than their competitors. The costing and accounting system is very primitive. When talking about profit, they said that around 25 % of profit is good enough. Production process of the product is shown as below:



Production equipment or utensils consist of earthenware jar (Chinese jar made in Rajburi), plastic pail, polybag and various size of glass and plastic bottles. At presently, there is a surplus of 6,000 new jars.

### **3. Market and Financial Access**

Channels of distribution at present are as following:

1. The group selling directly to various mini marts such as "Lemon Farm" both in Chiang Mai and Bangkok;
2. Sell my to modern trading Company (Big C) though limited partnership "Siriampai" as trading firm; and
3. Selling directly to consumers through government support trade fair, exhibition and festive seasons occasionally both in Chiang Mai and Bangkok.

Many foreign firms and brokers are interested in importing. Enquires came from many foreign countries, such as America, Singapore and Dubai. How to handle export market, taking order, preparing shipping documents and other papers and negotiation skills are needed from export promotion department and Exim Banks to start with.

In 2002, the total sales was only Baht 700,000 with a gross margin of 20%. However, the following problems are faced in the present situation. "Tone" garlic is a seasonal crop, harvest only in March, April and May. In order to store additional fresh stock of garlic, additional cash is needed to pay to the farmers. Otherwise, other private firms or companies will buy all the fresh stock. There are 4 main competitors namely Kriengkrai, Torsangthong, Benjamins and Phairat (former group leader), who now runs her own company with great success both in local and export markets. But the biggest competitor is Kriengkrai who spends large amount of cash to purchase most of fresh garlic during the harvest season. So the real problem of this group is not having enough cash to buy fresh garlic. The market of fermented garlic, especially the single (Tone) type is very promising in both local and export markets. The product quality of this group is outstanding. Presently, they are lacking facilities and facing the following problems:

1. Export promotion support,
2. Distribution of product to various stores,
3. Knowledge of export documentation,
4. Not enough cash to buy and store fresh garlic, and
5. Not enough working capital and lacking of cash-flow analysis and management skills.

In the past (during the last group leader), this group received many kinds of supports both financially and technically from various government sectors. With the efficient management know-how and self-improvement of the present leader, makes the existing group survive after the last leader who left over 6,000 empty jars. However, continued training and technical assistance to become better leader is required for the future growth of this group to become SME.

The business capital came from 149 farmers who invested 100 Baht per person. Only 6 out of 149 farmers invested Baht 100,000 each. Each member is allowed to hold 20 shares. Then later on, the group's finance supports come from various government agencies, such as the Ministry of Industry and the Government Saving Bank that lends Baht 1,500,000. At present, the group is still in debt of Baht 700,000.

#### 4. Human Resources

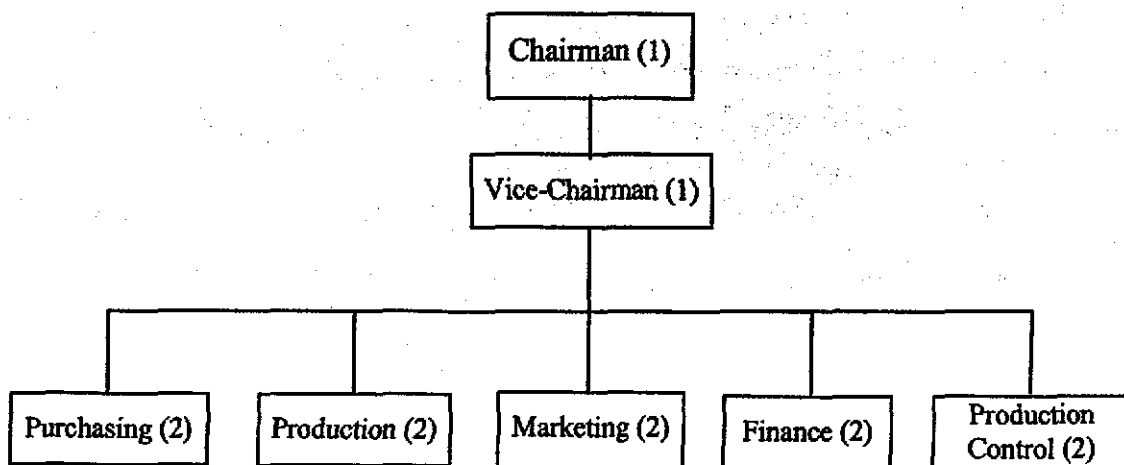
About 38 people producing bamboo shoot, started in 1987 the fermented garlic business, which makes more profit than other produces.

Ten out of 12-group committee members are relatives who control the overall business. It is necessary to have more outsiders to become committee members and assist in the routine work. Otherwise, this group will become monopoly and may cause conflict between members in the future.

There is no indication of any kind to promote other group members to get involved in the business. All major activities are in charge by these two families. Because of the tough competition, this group must work hardly and intelligently to overcome any future problems in management, which is condition of production and marketing to become more successful.

#### 5. Management

The present group organization chart and management team consists of only two big families. It is run as if the family business. The son of the leader is preparing to take-over after his training and finished vocational school. The organization chart of the group is shown below:



## **6. Information Technology**

Presently, the son of the group leader is learning how to use internet, but not enough cash to buy computer and other appliances. Additional "IT" knowledge is necessary for future growth and to be able to compete with their 4 strong competitors.

## **7. Conditions Towards SMCE and Company**

It is still too early to evaluate, because of the capability of the group leader is quite limited. It will be difficult for him to be in charge of a more complicated management team. The conditions towards for this group to become successful SME depends on the following factors:

1. How to overcome and fight 4 competitors in purchasing of fresh garlic;
2. A large sum of money is needed for buying and storing fresh garlic;
3. Time frame for management's skills to be improved by inviting other members to participate in the day-to-day operation;
4. Export market is hard to access and negotiation skills, due to language problem in communication and "IT" know-how, are far behind other competitors;
5. Marketing and sales activities are hard to improve, because of lacking of professional sales person;
6. Business successor is hard to obtain and train in advance; and
7. Knowledge on bookkeeping, costing and gross profit are almost nil.

**To sum up, this group needs further assistance in many aspects and areas**

## ANNEX 6-2: BAMBOO LAMP SHADE: TAMBON PABONG

### 1. Tambon Profile

In the past, Tambon Pabong is full of bamboo tree. The native word for "Bamboo" is "maibong" become the name of Tambon "Pabong" nowadays.

Pabong population consists of 1,751 males and 1,791 females, making a total of 3,542 people. Their main occupation is farming. Pabong is 14 kilometers from the Chiangmai-Lampang super highway.

Water-work and electricity are available in every Mooban and 5 public telephone booth were installed.

### 2. Product

Bamboo lamp-shade comprises of many different items according to their shape and design. Most of the items are used for light/lamp decorating purpose. There are many shapes available such as fish, elephant, bird's cage and heart shape lamp shade. The baskets or shade are made from dry bamboo with iron frame inside forming different shapes.

The most popular shape is "Sai" Thai fisherman using for catching fish. Then second item is heart and fish shape.

The average selling price is ranging from 250 Baht to 1,000 Bath per piece depending on size and design.

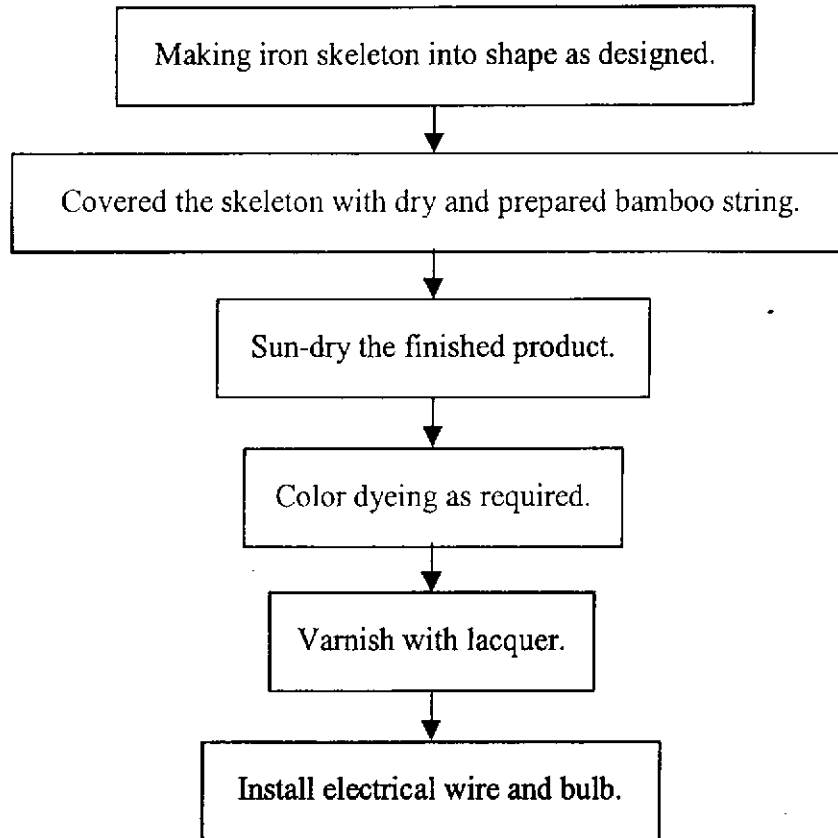
#### Product cost

Costing breakdown is non-existing in this group. However, the leader's son is learning general accounting system for application in the future. The product cost of each item varies from size, shade and design. The costing structure are as follows:

	% of cost
1. Iron skeleton	30%
2. Dry bamboo	20%
3. Electrical wire and bulb	30%
4. Dye and varnish	5%
5. Wages	15%
	<u>100%</u>

No expensive or complicated tools are required in the making process, only good craftsmanship in knitting or weaving is needed.

### Production process



### **3. Market and Financial Access**

The group leader, Mr.Thaval, owns a small shop at the “Vieng Kum Kam” product center with the assistance of provincial Industrial Promotion Department free of charge. The shop is situated at the newly found historical site of ancient city Vieng Kum Kam, a new tourists spot. The sales is very low, but location is good enough for product display and for meeting customers from overseas and made-to-order consumer.

For domestic and export market, the quantity is rather limited, besides difficulty in transport. Most orders are from Japan through local trader in Aumphur Hang Dong, Changmai, which is the main tourist shopping spot. The product point-of-difference from other group are reasonable price, good quality and in-time delivery which is very important. However, because of limit in working capital, this group is facing seriously cash problem. Normally, the payment is made in advance to the maker by piece on delivery, but it takes longer time is collect money from buyers. So the group leader must have enough cash to pay in advance.



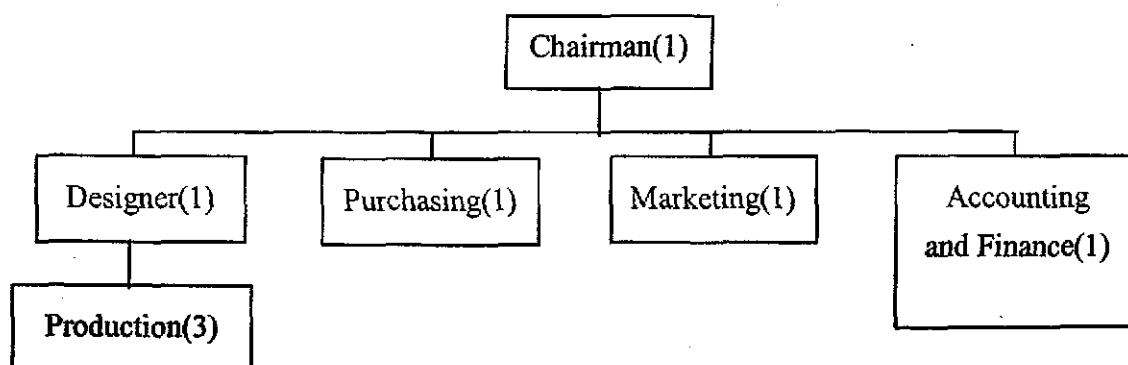
Financial support and more money are badly in need to expand market and increase production output.

#### 4. Human Resources

The leader's son is preparing himself as successor. However, salesmanship is below standard. Knowledge of accounting is being learned to prepare accounts and other financial statements. These records will be used as a tool to make economic decisions on future business plan in marketing, sales and costing.

The attitude -building of group's young successor-must be trained and implemented, which is a time-consuming procedure. Otherwise, the group leader will not be able to manage and perform additional duties. Skilled craftsmanship is hard to find when new orders are obtained. Special training in designing is also necessary for future growth.

Organization Chart



Pabong group was established by Mr.Thaval Somtham(Chairman) in 1987 with the starting working capital of 2,760 Baht from 92 members. Each member contributed 30 Baht per share.

Presently, this group consists of 35 members, 8 management committee members (as shown above), plus another 21 daily wage workers.

#### 5. Conditions Towards SME

This group needs more time to get ready to become SME. The management team is new without solid background in running business commercially. Even if financial supports is received the question is, how to manage money profitably, a problem causes by lack of knowledge of cash-in and cash-out analysis and "IT" technology.

**6. Management Aspects**

Nobody, even the group leader himself or his son who is now learning book-keeping, is able to manage a bigger team. They have no experience and their qualifications are not high enough to handle the management job effectively.

**7. Internet and Information Technology**

“IT” know-how to be learned and no computer or other appliances are available at present.

## **ANNEX 6-3: WOOD CARVING: TAMBON NA KHRUA**

### **1. WOOD CARVING GROUP MOO 12: NO. 197, MOO 12, BAN KHLUK, NA KHRUA SUB-DISTRICT, MAE THA DISTRICT, LAMPANG PROVINCE**

#### **1.1 Group Profile**

Mae Tha District Office is located at Na Khrua sub-district, Lampang province. Physical features of this area comprises broad plains, with the Nam Chang, Mae Phuak, and Mae Tha streams flowing through. To the West, the land is arable for rice farming, while in the East is hill slopes for field crop cultivation. Boundary of the Tambon is described below:

- North: Adjacent to Mae Tha sub-district, Mae Tha district
- South: Adjacent to Ban Kew sub-district, Mae Tha district
- East: Adjacent to Wang Ngoen sub-district, Mae Tha district
- West: Adjacent to Pa Tan and Nam Jo sub-districts, Mae Tha district

The total population is 10,599 people including 5,393 male, and 5,206 female. Their main occupations are rice farming and growing fruit tree and sideline is wood carving.

#### **1.2 Product**

Raw materials included wood, paint and polish as well as equipment e.g. chain saw, carving tools, polishing tools, and lathe. Formerly, teak was used for carving because it was in abundant in this country. At present, other different kinds of wood, such as rain tree has been used. Information about products and production training shall be classified by three sub-groups which are comprised of:

Sub-group 1: Wood carving of animals e.g. elephant, horse, lion, tiger, and deer. Elephants are popular among customers. They use wood carving of elephants for interior decorating and religious ceremony;

Sub-group 2: Furniture and decorating objects such as table, chair, and mirror frame; and

Sub-group 3: Wood carving of flowers, and handicraft such as chopper (helicopter) carved out of the roots of plant.

In addition to the finished products, the members receive orders to produce wood carving as required by the customers as well. To please the customers, the design of carving has been developed. Skills and information have been transferred among members in the village. The right to the design of wood carving is not reserved. Moreover, no brand or trademarks are put on the products.

Production procedures begin with cutting lumber to various lengths and sizes as required. Then the wood will be drawn with a pencil sketch of an animal or anything for carving. After carvings have been finished, Chief of the sub-group will collect carved products to be further polished or painted. The wage depends on the size and quality of products. The cost of products are shown as below:

	Finished carving product with paint	No paint
Price of wood carving at the shop (with no transportation cost)	100%	100%
Wood cost	20%	30%
Carving wage	30%	40%
Paint and wage	30%	-
Average profit	20%	30%

For example: Sale price of a carved and painted wood elephant is Baht 2,500, including Baht 500 for wood, Baht 750-800 for wage, Baht 750-800 for painting, and Baht 500 for profit. If not painted, the price is approximately Baht 1,800 including wood, wage and profit.

### 1.3 Market and Financial Access

The group was registered in 1992. For permanent member, the fee is Baht 60 each. In 2002, the Tambon Administration Organization provided Baht 1,000,000 for the construction of a building for use by the group. This place is called "Handicraft/Community Trade Center" of Na Khrua sub-district, Mae Tha district, located at Moo 12, in front of Wat Ban Khluk. For display and sales of products, the building space is divided into 12 areas for 12 villages. Furthermore, the remaining area is for rent to earn an income for the group. For the sale price, a small piece of wood carving will be added with 10-20 percent of the capital. Meanwhile, a large wood carving (of over Baht 2,000) will be added with 30-50 percent of the cost. Chiefs of subgroups will sell the finished products by themselves. Only 7-8 chiefs have their own shops for selling. Other subgroups produce these products at their houses.

The price ranges from a key ring of Baht 10 to a large wood carving of animal of over Baht 10,000. Distribution channels include selling at the shops or at wood carving houses where middlemen pick up the products. In addition, the carved woods are sold to agents at Ban Thawai in Chiang Mai province. For further painting and distribution, Ban Thawai was formerly a wood carving production village. At present, it is a famous location of retailers, with its production sources in Lampang province. However, painting or finishing works are carried out in Chiang Mai province to meet the demand of customers or to demonstrate for tourists how the wood carving is produced. In conclusion, distribution includes as below:

- 70% to distributors in Chiang Mai province;
- 10% to distributors in Phuket province; and
- 20% to visitors to the village

Business activities of this group are independent, with simple sales promotion such as placing signs of the wood carving along the route to lead tourists or visitors to the village. Moreover, chief of the group informs the members about trading fairs in the province at display shops organized by the government agencies.

Members of the group pay Baht 60 each for registration of permanent membership. Activities include meetings and dissemination of information, without much expenditure. When the budget is provided by the government agencies, it will be recorded and used in accordance with the related regulations. At present, the group of Moo 12 is the leader. People of other 11 villages have been invited to form a larger group. Villagers of these areas earn their living by wood carving.

#### **1.4 Human Resources**

The numbers of the group at the beginning are 40 members. At present (2003), there are 200 members from Moo 12. It is anticipated that by the end of 2003, the members will increase to be 518 members, from Moo 6 and Moo 11 as well. The members of the group come from subgroups of 8-10 persons each. Chief of the subgroup will provide raw materials, wage and are also earns his living by wood carving. They gather as a club or association with objectives to change viewpoints. Furthermore, they make an agreement to do business, particularly to hire villagers for wood carving with similar wage. Due to their cooperation, there are not problems about competition for hiring carvers, and the prices of products are similar. Besides their main occupation as wood carvers, these villagers also grow rice for household consumption.

#### **1.5 Management**

The group is simply organized as a club or association managed by a president, a vice president, a secretary and a treasurer, without participation of the members.

#### **1.6 Information Technology**

This group has been not using the computer for management. Therefore, the development of the technology of this group is so far.

#### **1.7 Conditions Towards SMCE and Company**

The business of Ban Khluk is in the category of SME, managed and developed by villagers. It deems appropriate that members should be trained on proper business management, e.g. cost estimate, creating brand/ trademark, marketing development, etc. Moreover, the problems that should be carry out urgently are as follows:

1. Dealers in Chiang Mai province sell wood carving products with a relatively high price, while the carvers receive less;
2. Wood carving products have no brand or trade mark to specify that they are produced by villagers of Ban Khluk; and
3. In Lampang province, there is no transportation business. Therefore, the wood carving production depends on the transportation service from Chiang Mai province.

## 2. WOOD CARVING GROUP, MOO 11: NO. 42, MOO 11, BAN KHLUK, NA KHRUA SUB-DISTRICT, MAE THA DISTRICT, LAMPANG PROVINCE

### 2.1 Group Profiles

Wood Carving Group of Moo 11 has not currently been registered at any government agency. Objectives are similar to those of Moo 12, i.e. for members to get together, exchange viewpoints, specify fair wage for wood carving, and protect the carvers and price of products. This group is an example of villages for the government agencies and tourists to visit. With wood carving, villagers are able to earn 6,000 Baht/person/month. Additionally, they grow the first crop of rice for household consumption. Furthermore, these people do not like to leave in their village to work in the city.

### 2.2 Product

Main products of Moo 11 include small wood carvings that require lovely and delicate patterns of flowers, vases, interior decorative items, etc. They are different from the works of Moo 12, which are larger. Members of the group are free to produce these wood carving items. They use their houses as premises, and refer to these products as "one sub-district, one product of Ban Khuluk.

The materials are consist of wood, paints/polish, accessories, and carving/polishing tools. The process of wood carving shall be as follows:

- Cutting lumber to sizes as required;
- Designing and drawing on the wood with a pencil sketch of anything for carving; and
- Polishing, painting, and adorning with accessories as required.

By the way, small wood carving products have the cost of polishing/painting higher than the large products.

Wood cost	:	20%
Carving wage	:	30%
Paint and wage	:	30%
Profit	:	30%
Total price	:	100% (of Baht 100-500)

### 2.3 Market and Financial Access

At the village, most products are sold at wholesale to the dealer for further distribution throughout the country.

Distribution channels included:

- 1) Selling at retail stores or wood carving houses at the village (20%);
- 2) Selling to middlemen from Lampang province at Ban Thawai sub-district in Chiang Mai province (70%);
- 3) Merchants from tourist resources e.g. Muang Pattaya, Phuket province, etc. (10%).

For sales promotion, visitors are invited to look at products of several houses. Villagers are friendly and helpful. They take their products to display at the provincial fairs. There are over 20 members who have secured production and selling with regular customers from other provinces.

For the Financial, each member pays Baht 100 for permanent membership upon registering for the first time. The treasurer prepares income and expenditure accounts and informs the members about financial matters. For the joint meeting with Moo 12, the group of Moo 11 provides budget and expenditure as well. This is a fully integrated grouping to conduct wide range of business activities. Such as collecting fund from members, purchasing raw materials and equipment, employing members to work, selling products of the group, maintaining income and expenditure accounts, providing dividend for the members who are shareholders and using some accumulated profits for expansion of production and market. For example, Women's Weaving Group of Ban Chaliang Lap, Petchabun province.

#### **2.4 Human Resources**

If the customers place a large number of orders, these members will allocate works among themselves.

With members who do the private business in wood carving, activities of the group include only get together, attending the meeting, and solving problems of mutual interest

#### **2.5 Management**

At present, there are 210 members. Villagers of 210 families of the total 225 households at this village are engaged in wood carving. Their names are in the list of Moo 11 group, but they cooperate well with Moo 12, and frequently attend the joint meetings. The group is managed by a president, a vice president, a secretary, and a treasurer. In addition to its annual meeting, the members frequently attend meetings with Moo 12 as well. Members are grouped as an association or a club for them to get together, exchange viewpoints, and disseminate information, without joint venture like big earthen jar factory in Ratchaburi province, wood carving group at Moo 12, Ban Khluk, Lampang province.

#### **2.6 Information Technology**

This group is the same as Moo 12 Group which lack on the information technology. The group has not been using the computer for management.

#### **2.7 Conditions Towards SMCE and Company**

Business of Moo 11, Ban Khluk community is a small scale private business. The villagers require knowledge about business management is including maintaining income and expenditure accounting, product cost accounting, expansion of distribution channel, creating product identity, etc. Additionally, the business must be ready for expansion in case of available capital. The production of the group should be supported and promoted to be in the category of SME. However, the important problems that should be carry out urgently are as follows:

1. Most members are villagers who are not low educated. There are only a few who take turns to be the leader, representing the group in the meetings with the government agencies, setting the price of products, and wage of members;
2. Products of the group have no brand or trademark; and
3. No transportation business is available in Lampang province. The group depends on the service of transportation in Chiang Mai province.



## ANNEX 6-4: CERAMIC PRODUCTS: TAMBON KO KHA

### 1. MAE BAN (HOUSEWIVES) CERAMIC GROUP

#### 1.1 Group Profile

Under Administrative Authority of Ko Kha district in Lampang province, Tambon Lampang Luang includes 10 villages that are clarified as follow:

- |                       |                           |
|-----------------------|---------------------------|
| 1) Ban Lampang Luang, | 2) Ban Lampang Luang Tai, |
| 3) Ban Pa Hiang,      | 4) Ban Nang Liaw,         |
| 5) Ban Jude,          | 6) Ban Ma Nua,            |
| 7) Ban Lom Sri Por,   | 8) Ban Kong Han,          |
| 9) Ban Ma Tai, and    | 10) Ban Jude Thoong.      |

Because topographical features of most areas of this tambon are flood plains, therefore, most villagers are farmers; they grow rice, field crops, fruit trees, and raise farm animals. And the boundary Area of this Tambon is described below:

- North : Pong Yang Khok sub-district, Hang Chat district;
- South : Ko Kha sub-district, Ko Kha district;
- East : Chomphoo sub-district, Muang district, and Sala sub-district, Ko Kha district; and
- West : Mai Pattana sub-district, Ko Kha district.

The population of Tambon Ko Kha is 10,826 persons including 5,194 male and 5,632 female. The office of the group is located at Thong Thae Ceramic Factory, with compliments of a member who owns this manufacturing plant.

At the beginning, some members used their own materials, and some used those of the group. These members had produced ceramic items at the factory. Some baked products were damaged or broken. In addition, the distribution was slower than the production rate. As a result of the investment was stuck with stocks and the members has no revolving fund to continue production.

Later, some members suggested that Thong Thae Ceramic Factory should invest, and employ the members to work at the factory. Consequently, the grouping was changed and the factory has invested in purchasing clay, glazing chemicals, as well as takes care of baking, storage and distribution. The Members who work at the factory receive 200 Baht/person/day. The manufacturer specifies the design and quantity of products, and to look for the market. If only a small number of the product is sold, the members are informed to stop working till all the old stocks have been distributed. At the expo, fairs, and Jatujak Weekend market, ceramics of the group and the factory are simultaneously displayed for sales. Only five members have currently been remaining to take turns working at factory due to the fall in sales. In Lampang province and other areas in northern region, ceramics have increasingly been produced. Designs of these items are similarly with no development, creating new products, resulting in quite high competition in the market and no interested in products from customers.

## 1.2 Product

Main production works comprise shaping the clay into earthenware, as well as small stems similar to rattan and weaving them into baskets, vases, and trays; making flowers from the clay and put them on ceramic vases and cups; making small bridges and other decoration items for small aquariums. However, these products do not have unique features. Many places manufacture similar items, while the group produces only a small ceramic products. Thus, their production cost is not advantage.

The procedure of production is begins with clay preparation, shaping, glazing with chemicals, awaiting a baking in the oven, and finishing touch for the second bake. Due to the small size of the products, the production cost is only Baht 100- 500. The cost of include.

Sales price	:	100%
Raw materials and fuel	:	60%
Wage	:	20%
Profit	:	10%

## 1.3 Marketing and Financial Access

Products consist of several sizes and prices i.e. small: Baht 100-200; medium: Baht 200-500 and large: Baht 500 or more, which is rare. The distribution of the products by Thong Thae Ceramic Factory is included below.

- \* Retail store in front of the factory;
- \* A booth at Jatujak Weekend market in Bangkok;
- \* Booths at the fair and expo, as advised by the government sector; and
- \* Dealers purchase the products for further distribution.

## 1.4 Human Resources

In 1999, the group was established with 17 members, 15 of them are female and two male. Each member paid Baht 200 for membership. These members underwent training provided by the Support Foundation branch at Ban Mae Tam (the foundation for the promotion of supplementary occupations and related techniques under the patronage of H.M. Queen Sirikit). After training, they were grouped with support from the Department of Local Administration. At first time, the group had required a kiln for the ceramic production but there was insufficient budget. A member who owns Thong Thae Ceramic Factory offered the group to use a part of her manufacturing plant as the office, and the kiln as well. For the kiln, the group must pay for the rent. Ceramics of the group are different from the items produced by the factory. The members kneaded and shaped the clay into small stems similar to rattan, and wove them into baskets, vases, and trays. Sometimes, they made flowers from the clay, and put them on the ceramic vases and cups.

At present, the group has been dissolved and the remaining four or five members have become employees of Thong Thae Ceramic Factory.

## **1.5 Management**

At the beginning, in 1999, each member paid Baht 200 for membership. The fund was used for production. Members did not pay attention to an increase of the fund due to an opinion that they were unable to continuously carry out the operations of the group. In addition, the production cost was high, with inability to find a sustainable market. Finally, the group was dissolved.

## **1.6 Information Technology**

The group does not use the computer for management or design.

## **1.7 Conditions Towards SMCE and Company**

The group has been dissolved. Consequently, there is no need to register it with the government. Villagers have other occupations, One way is to be employed by the ceramic factory which will give them permanent income. They do not have to take risks or invest in any production and in adjacent villages, ceramic production by local wisdom has been carried out for many years. Their grouping is more stable.

## 2. HANDICRAFT COOPERATIVES GROUP OF BAN MA NUA

### 2.1 Group Profile

Established in late 2001, with objectives to produce and sell ceramics, the group received financial support from a local tycoon, the Cooperatives Promotion Department, and the Cooperatives Promotion Office, Lampang. An old building of a local school at Moo 6 was improved and used as the office and storage facility of the group. At the initial, 74 members including 72 female and two male resided in Moo 6.

### 2.2 Product

Main products consist of crockery and ornaments. Members underwent trainings provided by the Ceramic Center in Lampang province. The handicrafts made from woven rattan stems. These are existing products e.g. creel, chair, and low bed looks like a cot, personally invested, produced, and sold by the members. The group has not produced rattan handicraft because it will not engaged in such production anymore due to additional and continuous orders to produce Japanese ceramic pottery by customers for export to Japan. The ceramics which ordered shall be provided by them are produced without brand or trademark. The customers will pick up these products and ship them to Japan. Therefore, the villagers are not arrange for transportation.

Raw materials include clay and glazing chemicals, while appliances for clay preparation and kneading are required as well. The procedure begins with purchasing clay from other places and excavating prior to delivery. The group will not work on the clay grinding. After having been delivered, the clay will be kneaded till the texture is very fine and ready for shaping. Ceramic items will be glazed before the second bake. Then they will be placed for a while to air them before packaging. The production cost of this group is included.

Wholesale price	:	100	Baht
Cost of clay, glazing chemicals, and electricity	:	60	Baht
Wage	:	30	Baht
Profit for the group	:	10	Baht

As the production cost as shown the above, the cost of clay is not much, but the electricity for the oven is expensive.

In case of more orders from customers, the group will request additional members to assist in the work. In 2002, the group received Baht 351 and 380 from the Department of Local Administration, and used them to purchase one more oven, a showcase, and accessories, as well as to improve the building. The remaining amount was kept for purchase of raw materials i.e. clay and glazing chemicals. Previously, the clay was given for free of charge, but at present, the group must buy it.

### **2.3 Marketing and Financial access**

At present, the former trainer of Lampang Ceramic Center is the regular customer. He has provided designs for products, and placed orders with the group to produce ceramic pottery for export to Japan. These orders are sufficient, and the group is not required to look for the market. In 2003, the group has an additional oven, and plans to increase the production for other customers in case the aforementioned person has no purchasing power to buy all items of the group. A member who has continuously worked at the group would receive an average income of 3,000 Baht/month.

In the village, there are 417 households. The women produce ceramic pottery, while the men, who own approximately 400 pickup trucks, travel around the area to buy ceramics, and take them to other provinces for sales. As a result, the ceramic and rattan products are widely sold throughout the country. Reportedly, in Bangkok, most ceramics of travelling sales trucks are from Tambon Lampang Luang. Funds of the group were used to purchase an oven and appliances to knead the clay. The members obtained the clay, free of charge, from the land of the aforementioned tycoon. However, they had to pay for the transportation. The remaining amount will be kept as revolving fund.

At the beginning, the group received Baht 225,000 as a subsidy from the government and private sectors. In 2002, an additional Baht 351 and 380 was provided for purchasing of equipment and raw materials, as well as for wage and revolving fund. After deducting from the monthly income of Baht 60,000 for raw materials, electricity and wage, approximately Baht 5,000 – 6,000 remain for the fund. The group has a plan to give dividends to members every two years. However, it has not as yet been distributed since the establishment of the group.

### **2.4 Human Resources**

These members were trained by officials of the Cooperatives Promotion Department. At present, there are 74 members, which has not been increased. Upon registering as a member, that person must pay Baht 50 for a share. Moreover, each member will pay Baht 10 monthly for the group fund. Every month, the group will hold a meeting. To run the business, the group formulates production, marketing, and financial plans, as well as provides investment for the members. Approximately six to eight members will take turns working at the group, and receive a wage of 80 Baht/day each.

### **2.5 Management**

Management of the group is directed by the Chairperson, Vice chairperson, Treasurer and an Assistant. Organization includes a production section (20 persons), a raw material purchasing section (2 persons), and the sales section. The Chairperson holds the office for two years, and the group meeting is held monthly. Due to the daily production, daily income and expenditure account has continuously been recorded.

### **2.6 Information Technology**

This production group is still lack on information technology for management.

## **2.7 Condition towards SMCE and Company**

The group has continuously been supported by the government agencies so it is stability, and capable to create business for the group. It deems appropriate that the group should be developed to SME, and relies on itself; otherwise it will not grow into a larger enterprise. The encourage the group to change its status from the community business to SME, it is essential that knowledge and trainings on accounting, marketing, business law, product development, and business finance must be provided to the members.

## **ANNEX 6-5: COTTON FABRIC: TAMBON NA PA**

### **1. Tambon Profile**

Na Pa sub-district, established in 1952, and its 14 villages are located in the administrative area of Muang district, Petchabun province. The major part of this sub-district is a flood plain, with the Pa Sak river flowing through, and the Khlong Bong and Khlong Chaliang Lap are the main water resources. In addition, the reserved forest of this sub-district is located along the mountain range. The boundary area of Tambon is described below.

- North : Adjacent to Dong Moonlek sub-district, Muang district, Petchabun province;
- South : Adjacent to Nam Ron sub-district, Muang district, Petchabun province;
- East : Adjacent to Nang Daeng sub-district, Nong Bua Daeng district, Chaiyaphum province;
- West : Adjacent to Sadiang sub-district, Muang district, Petchabun province.

A total of 12,478 persons, including 6,213 male and 6,265 female. Their main occupation is agriculture and secondary occupation is weaving and general employment. The name of group is " Women's Weaving Group of Ban Chaliang Lap Tai" which was registered at the Provincial Industry Office of Petchabun province in 1996. It has located at 86 Moo 7, Na Pa sub-district, Muang district, Petchabun province. The objectives of the group are as follows:

- Carrying out full range of activities;
- Collecting fund from members to purchase raw materials;
- Hiring members to work on weaving;
- Distributing products of the group into market;
- Keeping accounting records, and distributing profits among members; and
- Using the accumulated profits as fund to increase production and expand the market.

The main occupation of the members is weaving, about 80 percent of members and secondary occupation is the second crop rice farming, about 20 percent of members.

### **2. Product**

Main Products of the group are cotton fabric of ground color, or with Mudmee and Muk designs. Meanwhile, the secondary products are sarong with Mudmee design, scarves, napkins, and other items.

Weaving skills have been passed from generation to generation. Female villagers have considerable skills in weaving and spinning cotton yarn. Works of this group focus on cotton weaving, showing that the villagers have expertise in producing fine cotton products.

Raw material for production i.e. cotton fiber is locally available. Villagers grow cotton for spinning into yarn and weaving into fabric. After the production has expanded locally provided cotton is insufficient. As a result, the cotton threads must be purchased from factories for further weaving. Equipment for production comprises cotton gin and handloom. For production, the following procedures will be performed:

1. Spinning cotton fiber into threads;
2. Bleaching the yarn with chemicals;
3. Dyeing the yarn with color from barks or chemicals; and
4. Weaving the dyed threads into fabric of ground color, or with Thai design like Mudmee.

Monthly rotating fund to purchase raw materials is approximately Baht 50,000 including Baht 40,000 for cotton yarn, Baht 5,000 for bleaching chemicals, and Baht 5,000 for dye.

Hand woven fabric:	100 Baht/m.
Raw material cost:	60 Baht/m.
Remaining for weaver:	40 Baht/m.

For the group, Three (3) Baht/m. shall be deducted from the Baht 40, consequently, the net earning of weaver will be 37 baht/m. As weaving, the member who weaves the fabric is free to design or choose the color. The cloth will be collected for further selling.

The privileges of members would include:

1. Members are eligible to borrow cotton threads from the group and weave them at home or at the building of the group;
2. Members who have no looms at home are able to use the looms of the group; and
3. After the weaving is completed, the fabric will be handed over to the group for further selling. Three baht per meter will be deducted from the sale price to be kept for the group. The cost of the borrowed cotton threads provided by the group will be deducted after the sale as well. The remaining amount will be forwarded to the member who wove that piece of cloth.

### **3. Market and Financial Access**

Hand woven cotton products of Women's Weaving Group of Ban Chaliang Lap Tai have recently been known to customers. Distribution channels shall be classified as follows:

- 1) Distributing at the building of the group: people know this place and they come to purchase the products at the producer price. These people include consumers and dealers.



- 2) Distributing at the fair: at the provincial fair, or the expositions organized by the government sector, this group has frequently been invited to display their hand woven cotton products. The marketing activities of the group are described below.

Marketing plan	: None
Marketing promotion	: None
Product design	: The group has no capability to create a new design. However, the weaver is able to produce the hand woven fabric or product as shown by the sample and ordered by the customer.
Packaging	: None
Trademark	: Tags with the group's name are put on items purchased by the customers.

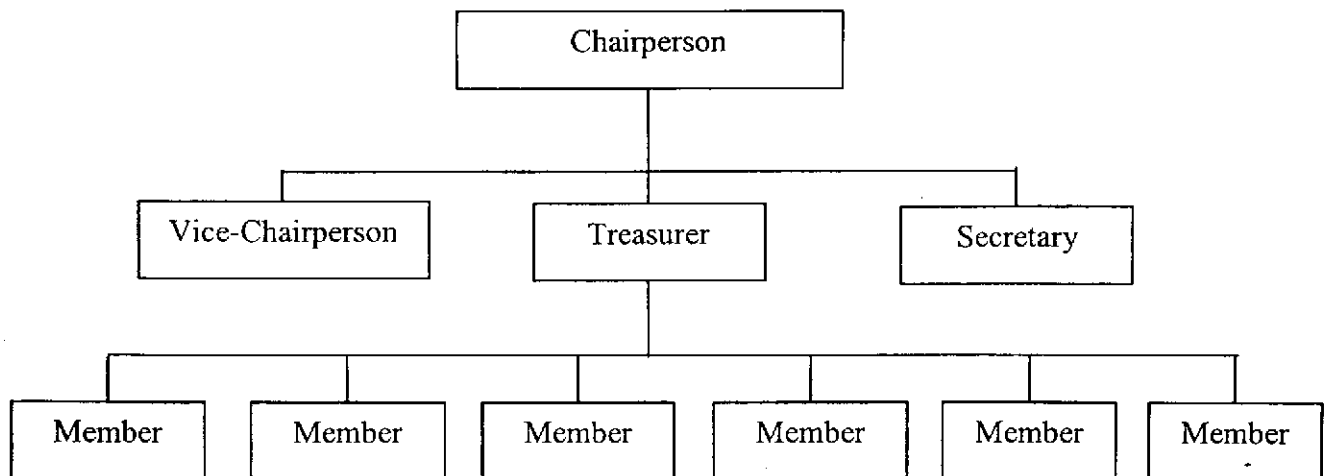
This group was set up in 1986 by 15 members with objectives to weave cotton fabrics on the loom, and sell them to earn additional income for their families. At that time, the 15 members contributed Baht 200 each to the fund. There were two looms provided by members. Later, the group was assisted and supported by government and private sectors, e.g. Community Development Office of Petchabun, Social Welfare Office of Petchabun province, Provincial Industry and several NGOs, in the forms of fund, looms, and raw material (cotton). In 1996, the group was registered at the Provincial Industry Office of Petchabun. At present, there are 43 permanent members who paid Baht 100 each for membership fee. Financial activities of the group are as follows:

- 1) Collecting the member fee for use as rotating fund in purchasing raw material;
- 2) Occasionally receiving supports from the government sector in terms of finance, raw material, and a school building as the group's office; and
- 3) Receiving 3 bath/m from selling products for the group to purchase additional hand looms.

#### **4. Human Resources**

At present, there are 43 members, with 20 hand looms. They are insufficient to meet the demand of customers. Additional hand looms are necessary required due to the policy of the group to have members weaving the cotton yarn into fabric at the building of the group only.

#### **5. Management**



The total member of the group is 43 members. Members and the organization of this group give recognition to each other's right. There is a strong cooperation among themselves and they agree to the management of the group.

**6. Information Technology**

The group is still lack on information technology and using computer to support the management and furthers activities.

**7. Conditions Towards SMCE and Company**

The group should have their own design, and requests the government sector to provide experts on the design and dye of cotton fabric. If the group requires additional hand looms to increase production, marketing and production plans should be formulated in consistent with the market growth.

## **ANNEX 6-6: YAN LIPAO PRODUCTS: TAMNON THA REAU**

**Location: 197 Moo 5 Tambon Tha Reau, Amphor Muang, Nakhorn Si Thamarat**

### **1. Tambon Profile**

Tambon Tha Reau in the past was the place for the trading by boat. The merchants would trade at Pakpanung and anchor the boats at Tambon Tha Reau. When the town was established, the name of Tambon Tha Reau was given. Tambon Tha Reau is in Amphor Muang and covers 16 villages, namely;

Moo 1: Baan Tung Kaew,	Moo 2: Baan Pung Sing,
Moo 3: Baan Jung Hoon,	Moo 4: Baan Kae Soong,
Moo 5: Baan Mon,	Moo 6: Baan Cha Mao,
Moo 7: Baan Wat Don,	Moo 8: Baan Keak Kai,
Moo 9: Baan Mai Seaup,	Moo 10: Baan Mamuang Ngam,
Moo 11: Baan Tha Reau,	Moo 12: Baan Nong Non,
Moo 13: Baan Taowarat,	Moo 14: Baan Jung Hoon Tai,
Moo 15: Baan Mon, and	Moo 16: Baan Kae Soong.

The boundary of the Tambon is described below.

North	:	Tambon Bo Rai, Tambon Paknakorn, Amphor Muang, Nakhorn Si Thamarat.
South	:	Tambon Don Traw, Amphor Chian Yai, Tambon Tangpoon, Amphor Ronpiboon, Nakhorn Si Thamarat.
East	:	Tambon Bangjak, Amphor Muang, Tambon Chamao, Amphor Pakpanung, Nakhorn Si Thamarat.
West	:	Tambon Chang Sai, King Amphor Praprom, Nakhorn Si Thamarat.

A total population in 2002 was 20,085 persons of which 10,015 were male and 10,060 female. The main occupation of villagers is rice farming and the second occupation is to make Yan Lipao products.

### **2. Product**

The main products of the group are purse, bag, and boxes. Other products are bracelet, fan, etc. The skills and know how were given by the ancestors and local wisdom. The products are also improved and developed from time to time using the designs from cloth. At present, the members make the product at home and sell it to the group as parts of finished products. The group will send these partly finished products to be assembled and decorated, such as lock, put the cushion inside, and polish it with lacquer. The highlight of the Yan Lipao products is the neat of both good quality and design. The weakness is the low price as compare to other areas where Yan Lipao products are sold.

The main materials are Yan Lipao, skeleton of the product, rattan and cloth. The equipment used are knife, scissors, needle, glue, and rope. The production process is to make the structure of the product by using wood according to the type and design. Then the maker has to slide Yan Lipao into thread which is usually three (3) pieces can be drawn from each Lipao. The next step, tighten Lipao with the wood structure to form a product according to the type and designs. Finally, put the cloth inside and polish with lacquer.

The most popular products of the group are the 9 inches purse, big bottom purse and boxes. The cost of production is described below.

Material	purse	big bottom purse	box
Yan Lipao	17.50	17.50	10.50
Wood structure	15.00	30.00	30.00
Cushion	150.00	150.00	110.00
Hanger	40.00	40.00	17.00
Locker	-	-	10.00
Labor	180.00	350.00	120.00
<b>Total costs</b>	<b>402.50</b>	<b>587.50</b>	<b>297.50</b>

The price list of the products is as follow:

- Purse : wholesale price is 550 Baht/piece, retail price is 580 Baht/piece.
- Big bottom purse : wholesale price is 850 Baht/piece, retail price is 890 Baht/piece.
- Box : wholesale price is 360 Baht/piece, retail price is 380 Baht/piece.

The product is wrapped with plastic for protection. At present, the products are sold in domestic market and also the members of the group helping to expand the market to nearby areas.

### 3. Market and Financial Access

The distribution center is the office of the group where 50% of products is sold here. For 30% of products is sold to regular customers in town and nearby provinces. And 20% of the products is sold at the fairs that held by the government agencies. At present, the group does not classify groups of customers. However, the promotion of One Tambon One product Policy by the government can help the group to enhance this. However, the marketing plan does not prepare by the group but the production and sale are depended on the demand from the customers based on previous sales. The highlight of the product is good quality and designs. In 2002, the group was able to sell about 200,000 Baht/month. The expenses of the group are composed of marketing cost of 10-20% of profit, water and electricity at 1,000 Baht/month, and telephone bills at 1,000 Baht/month. The group now also

brings other products from other areas to sell and show at the group center. In return, the group also displays their products at other areas in accordance to the objective of One Tambon One Product Policy in building network of the different kinds of products by various groups.

At present the group is well organized and unique. This is due to the fact that the competition is high with other producers especially in terms of price and designs. The problem facing is the price to be competed with the local middlemen. There are more than 2,000 villagers or families making Yan Lipao products, therefore, the dealers can get low price especially for low grade products. They can sell at the lower price as compared to the products manufacture by the group.

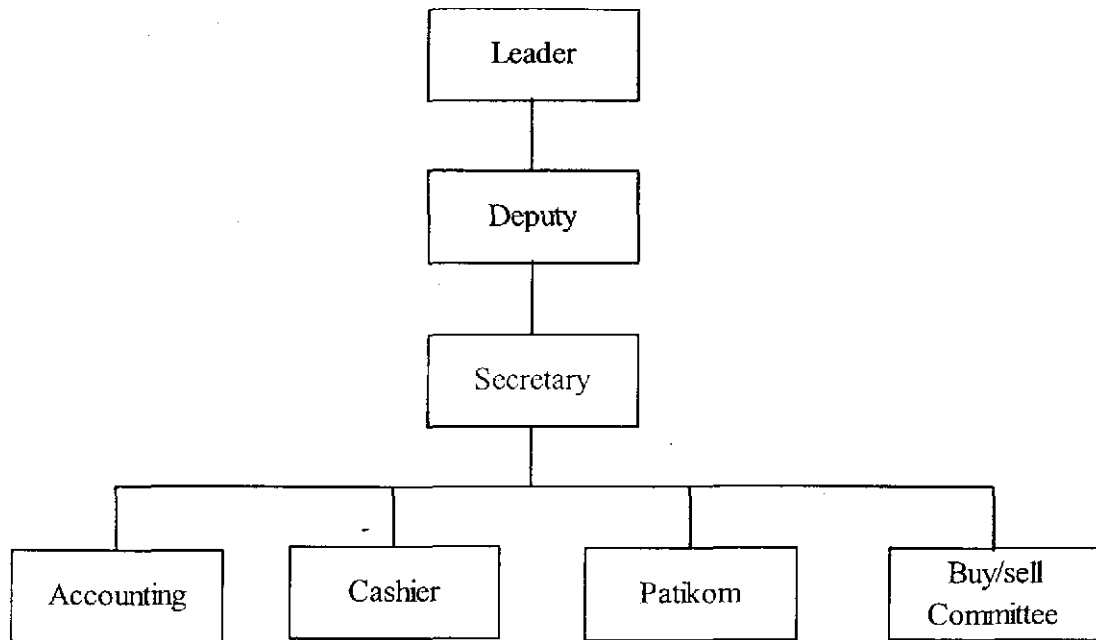
For the sources of fund, the member has to buy shares at 100 Baht/share but can not exceed 10 shares per person. At present, the group owns Baht 600,000 of fund in a savings account. The fund is used for procurement of materials to be sold to the members and decoration of the finishing products. The assistance that the group received from the office of Community Development was Baht 288,000 to build the office in 1990 and as the revolving fund of the group In 2001, the group was able to give the dividend to member at 147.0 Baht/share. And it is expected that in 2002, the return and performance would be better than last year. However, as far as the expansion of the market is concerned, the group thinks that it's difficult due to shortage of working capital and materials. Especially, Yan Lipao which insufficient in Nakhorn Si Thammarat province. The group has to buy from other provinces such as Ranong, Krabi and Trang. The longer distance to get Yan Lipao the higher cost of materials. Moreover, the group feels that in the future less people will engage in making Yan Lipao products as these requires patient and hard work. If local people have other job opportunity, they would turn away from Yan Lipao products.

#### **4. Human Resources**

In 2003, the total members of the group are 185 members. 80% of the members are with primary education. The rest graduated at secondary school and vocational schools. Only 11% of the members make Yan Lipao product as the main occupation and the rest are rice farmers, India rubber and grower of palm, and others such as traders or hired labors. However, the training needed by the group is the development of the design and type of product.

#### **5. Management**

The leader of the group is Mrs. Jaruwan Bunchuck. The group is located at 197 Moo 5, Tambon Tha Reau, Amphor Muang, Nakhorn Si Thammarat province. The group was established formally in 1988 with the objective is to raise fund for the members, assemble the products for sale, and to produce a good quality products so that the high price can be achieved. The organization chart of the group is the following:



The group holds a meeting per a year in order to evaluate what the group has done in the past, especially the complaints from the customers. The group will take the comments and correct the problems so that the production could be improved. However, only for complaints received, thanks to good quality of products. The suggestion from customers includes a new design and new type of products.

#### **6. Conditions Towards SMCE and Company**

The development that the group would like to have is the continuation of public relation and promotion of the products. The group also would like to have the promotion and fairs organized by both public and private sector. In addition, the group will try to assemble the final products by itself, instead of sending the partly finished products for assembling in town of Nakhon Si Thammarat province.

## **ANNEX 6-7: COCONUT SHELL PRODUCTS: TAMBON CHAIBURI**

**Located at 42/1, Moo 1, Tambon Chaiburi, Mooing district, Phattalung province**

### **1. Tambon Profile**

Muang Phattalung was located at Khao Chaiburi in A.E.1458. The first governor was Paerisi Tapet. Praya Pakdee was the 9<sup>th</sup> governor who looked after the town for 5 years. He died during the war between Thailand and Burma. In 1767, the governor at that time moved the town to the new area where Tambon Chaiburi is located nowadays in Muang Pattalung. Tambon Chaiburi consists of 12 villages, namely the villages is clarified as follow:

- |                       |                        |
|-----------------------|------------------------|
| 1) Ban Kokwao,        | 2) Ban Eyeyai,         |
| 3) Ban Makoktai,      | 4) Ban Ta Sum Pao Tai, |
| 5) Ban Mai,           | 6) Ban Makok Tai,      |
| 7) Ban Ta Sumpao Nue, | 8) Ban Promkot,        |
| 9) Ban Chaikao,       | 10) Ban Paksa,         |
| 11) Ban Kokching, and | 12) Ban Ta koi.        |

It is an old town and is close to hills. At present, the historical evidence still exists and the town is still maintained with a rural picture, where paddy field can be seen everywhere. The soil is muddy mixed with sand. Precipitation is around the year.

Tambon Chaiburi covers 34,082 rai or 54.312 square kilometers and its boundary is located as follows:

- North : Tambon Makok Nue, Tambon Panangtung, Amphor Khuam Kanun;
- South : Tambon Prangmu, Tambon Phaya Chan of Amphor Muang;
- East : Tambon Lumpum, Amphor Muang;
- West : Tambon Phanom Wang, Amphor Khaunkanun.

Total population of Tambon Chaiburi is 8,422 persons in 2001 of which 4,103 male and 4,319 female. The number of household is 2,115 in the same year. The main occupation of people in Tambon is rice farming. The group was formed under the leadership of Mr. Pleam Chukong who live in Moo 1, Tambon Chaiburi. The intension of forming the group is to assemble the products made by the members for selling at the leader's resident.

Since 1982, the group was established when the housewife group was initially setup and later developed into the Coconut Shell Product Group until now.

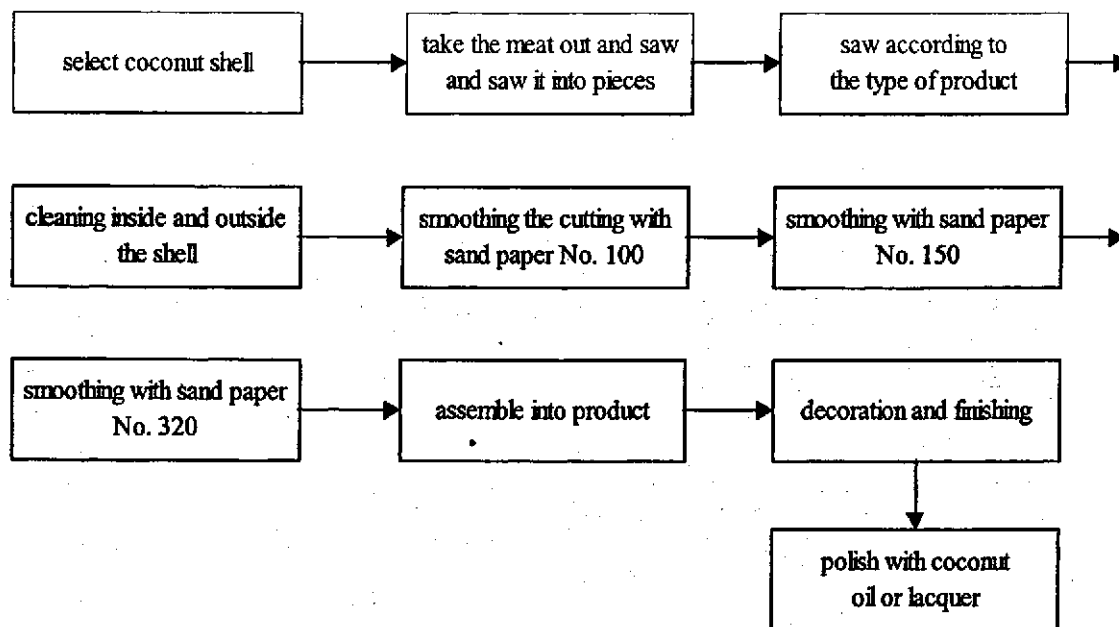
At present, the group has 104 members from 47 families, of which 40 members from 15 families are holding coconut shell production as the main occupation. The rest of the group produces coconut shell products as a complimentary activity to rice farming and coconut plantation.

At the beginning, the leader of the group, Mr. Pleam, made the Tuppee for his own use. The product is look good and the skill of making the product is a local tradition, which is transferred from ancestors. Later on the provincial offices in Phattalung province has supported the coconut shell activity by sending the products to the contest from time to time and received the first prize. Since then the leader of the group has persuaded the members to make more the products and to develop new and better designs. The main idea the design is that the products should be used efficiently and applicable anywhere. At present, most of the designs are developed from the cooperation between the leader and the Department of Agricultural Extension. They are then transferred to the members of the group. The leader has gained a lot of experience from his study visits for application to the group products.

## 2. Product

The coconut shell products are produced from the coconut shells which are residues from the household use. The main features of the Coconut Shell Products are neat, charming and durable. There are many kinds of products, such as Taluew Joa Ru, Tuppee, and plates. These three are the main products of the group with high demand from the market. The volume of production is 12,000 pieces per month to supply regular demand from the permanent customers.

The production process for those three products is not much different from each other, except for the finishing stage, for which the assembling activity is different. The production process as follows:



At present, the problem of the group is the shortage of coconut shells which are the main inputs. Therefore, the group cannot make the products to meet the customer's demand. The group has resolved this problem by procuring coconut shells from other or provinces, such as Nakhon Si Thammarat and Surat Thani.



The cost of production for the three main products (Taleaw and Tuppee use the same kind of materials and equipment) of the group is as follows:

	<u>Quantity</u>	<u>Price/unit</u>	<u>Value (Baht)</u>
<b>Main materials</b>			
Coconut shell	1	20 Baht/50 fruits	40 Baht
Stick	1	2.50 Baht/piece	250 Baht
<b>Other component</b>			
Rattan	1	350 Baht/100 pieces	35 Baht
<b>Labor</b>			
For 100 pieces/day			
Labor for handheld		2 Baht/piece	200 Baht
Labor for tithing handheld		1 Baht/piece	100 Baht
<b>Other equipments</b>			
Sand paper no. 3	100 pieces/day	25 Baht/piece	75 Baht
Motor	1 piece	1,400 Baht	1,400 Baht
Saw	1 piece	50 Baht/piece	50 Baht
Saw blade	1 piece	7 Baht/30 pieces	23.30 Baht
Screw motor	1 piece	2,500 Baht/piece	2,500 Baht
<b>Total cost for 100 pieces of Taleaw and Tuppee</b>			<b>4,673.30 Baht</b>

#### **Plate**

	<u>Quantity</u>	<u>Price/unit</u>	<u>Value (Baht)</u>
<b>Main materials</b>			
Coconut shell	1 fruit	20 Baht/50 fruits	40 Baht
<b>Other equipments</b>			
Sand paper no.3	100 pieces/day	25 Baht/piece	75 Baht
Hot glue	1 piece	40 Baht/100 pieces	40 Baht
Motor	1 piece	1,400 Baht/piece	1,400 Baht
Saw	1 piece	50 Baht/piece	50 Baht
Saw blade	1 piece	7 Baht/30 pieces	23.30 Baht
Pressing machine	1 piece	1,000 Baht/piece	1,000 Baht
<b>Total cost for 100 pieces of plate</b>			<b>2,628.30 Baht</b>

**Notes:** Some equipment can be used for 20 years and can produce many pieces of products, such as motor, saw, screw motor, pressing machine. If these costs are not included, the production cost of Taleaw and Tuppee is 723.30 Baht per piece and 178.3 Baht per piece for plate.

The main problem of the group is the shortage of raw materials that is the coconut shells to satisfy the increasing. The other problem is some members of the group can not finish production on time.

The design of products is simple because it is used for kitchen ware or display. Therefore, packaging is not recognized for these kinds of products. The wholesale of product will use newspapers to wrap and pack into boxes for shipment. For retail, newspapers are used to wrap it up and put into plastic bags.

### 3. Market and Financial Access

At present, the products of the group have a certain market for at least 10 years. The leader, therefore, is not worried about the market. Instead of he focuses on the quality and price of products. These are accepted to the customers and the number of customers is increase from year to year but the production does not meet with the increasing of demand. The export market of the production from the group is Canada, Malaysia, Srilangka, Indonesia, America, Japan, Italy, Sweden, Korea, Brunei, Holland, Belgium, Newzeland, and Maldief.

The members and the leader of the group have been helping each other in expanding the market. Furthermore, the group is in consultation with the government agency for the design and use of the label or logo for the products in the future.

The three main products of the group is distributed as wholesale for 70% and 15% sold at the center. And 15% remaining is sold at the fairs occasionally held by the government agencies. The retail and wholesale price is the same at 15 Baht per piece for the three products. At present the total sale is 220,000 Baht per month. The leader of the group reveals that the price is suitable with the quality of products and will not raise the price up in the near future.

The management of the production belongs to individuals for selling at the center or at the leader's house. When there is an order from abroad, quota will be allocated to members to produce. At the deadline for shipment, the members will bring the products to the center and pack into boxes for delivery.

As far as product development is concerned, the group studies the needs of the customers before producing as well as to check on available. Before the production starts, the group will hold a meeting and listening to the complaints or suggestions from the customers. The problems will be corrected and the group focuses on quality improvement. The sale promotion is done by the members in talking with their customers. The group plans to expand the market in the future.

For the financial, the group received Baht 80,000 from the Department of Community Development as the revolving fund in 1990. The members of the group use this fund to purchase materials and equipment for production. In 2000, the group received Baht 465,000 from the Department of Agricultural Extension to build the Center for Product Distribution and Sell Promotion, which is located nearby the resident of the leader of the group. Part of the fund was also used for the training, study visit and hiring the resource persons. In forming of the group, the purpose is to sell products which are made by the members of the group and the members do not have to put any shares to the group.

#### **4. Human Resources**

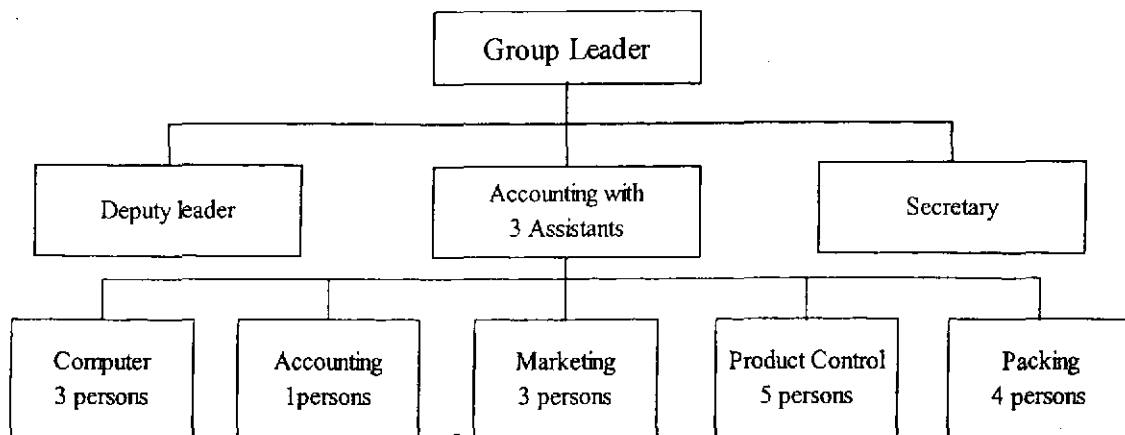
All members of the group completed with primary school. Only one member holds a Bachelor Degree and works as an accountant for the group.

#### **5. Management**

Since its establishment, the group has distributed dividends to the members based on the quantity of products sold. For 3% of the total sale will be deducted for the group to use as the central fund for the procurement of office supplies and equipment of the group. Everyday, the members will look after the center and sell products to visitors. The members can bring the work to perform at the center or the leader's house.

What the group needs urgently is a person who can speak English well because most of the visitors and customers are foreigners. If the group expands the market, the shortage of coconut shells will be the main issue. At present, the group has to buy from other provinces. In addition, training courses are needed to improve their production capability, since some the members can finish the production according to the schedule but others can not.

**The organization set up of the group is as following:**



## 6. Information Technology

At the moment the products from the group can be accessed by internet at their home pages [www.thaitambon.com](http://www.thaitambon.com) and [www.muangluang.com](http://www.muangluang.com).

## 7. Condition Towards SMCE and Company

At present, the coconut shell products are recognized by the customers, especially foreign visitors. The group cannot produce sufficiently to meet the demand as well as the quantity ordered. This is due to inadequate supply of raw materials, lack of skills for some members, and limited resources. Therefore, the group needs to proper production planning systematically to cope with orders from both internet and visited customers.

## **ANNEX 6-8: BUFFALO SKIN PRODUCTS: TAMBON PAKPOON**

**Located at Moo 5, Tambon Pakpoon, Amphor Muang,  
Nakhorn Si Thammarat province**

### **1. Tambon Profile**

Tambon Pakpoon was the gateway for people who travel by water from Gulf of Thailand to Muang Nakhorn Si Thammarat. Paknum Pakpoon was the former name of Tambon Pakpoon. People who live here are consisted of Thai Islamic and Buddhists. The Thai Islamic migrated from Nongjok, Bangkok since King Rama II. The Thai Buddhists migrated from Petchaburi province. In the past, MoKlan was the famous community at Tambon Pakpoon. At present, Tambon Pakpoon comprises of 12 villages, namely:

Moo 1: Baan Sai Mooang Has,	Moo 2: Baan Don Ta Lay,
Moo 3: Baan Sak-Ngam,	Moo 4: Baan Haey Sai,
Moo 5: Baan Saeng Jan,	Moo 6: Baan Tha Tean,
Moo 7: Baan Bo Pho,	Moo 8: Baan Pakpoon,
Moo 9: Baan Talad Paruhas,	Moo 10: Baan Sala Bangpu,
Moo 11: Baan Pak Paying, and	Moo 12: Baan Paknumkao.

Tambon Pakpoon covers 69.34 square kilometers or 43,335 rais. The geography is a flat land and along the coast with sandy soil. The Pakpoon Tambon Administration Organization is located in the north of Muang Nakhorn Si Thammarat. The location of Tambon is described below.

**North:** Tambon Photong, Amphor Tasala, Nakhorn Si Thammarat province.  
**South:** Tambon Phosadet and Tambon Nakien, Amphor Mooang, Nakhorn Si Thammarat province.  
**East:** Tambon Tachak, Amphor Mooang, Nakhorn Si Thammarat province, and Gulf of Thailand  
**West:** Tambon Don Tako, Amphor Tasala and Tambon Nareang, Amphor Promkiri, Nakhorn Si Thammarat province.

In 2001, the population of Tambon Pakpoon was 44,000 persons of which consist of 18,100 male and 25,900 female. The main occupation of people at Tambon Pakpoon is rice farming, fisheries, and orchard. The second occupation includes construction, labor, and making buffalo skin products.

The buffalo skin product group is located at Moo 5, Trok Rongjae, Tambon Pakpoon, Amphor Mooang, Nakhorn Si Thammarat province. The group was formed in order to teach and transfer of the knowledge of buffalo skin carving to the next generation. The leader

of the group is Mr. Tavee Kongburi. The group was established since 9<sup>th</sup> January 1999 and has registered with the provincial office of Community. The group has performed the activity since then or about 3 years.

## 2. Product

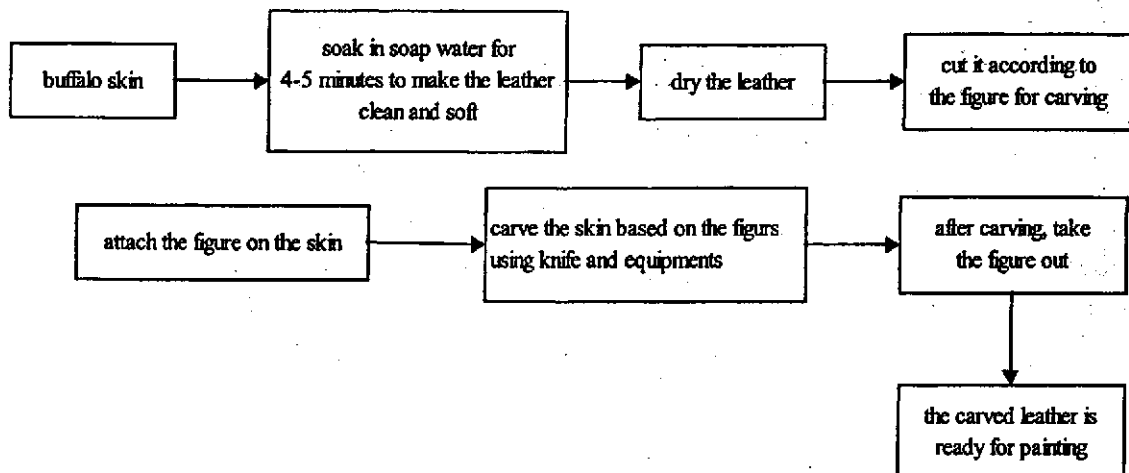
The skills and know how on buffalo skin carving are local traditions which were taught and transferred from the ancestors. The pioneers of the group are Mr. Somkit Tongdee and Mr. Shen Kongyong, who taught the buffalo skin carving to the local people in the community. The group has developed the designs and pattern of carving since then as well as the packaging of the products by using white paper as background and wrapped with clear plastic.

The main products of the group are the figures of the Ramakien drama such as Hanuman, Angel, Swan, etc. Local cartoons are other products of the group.

The selected items of products are described below

1. Praram figure : production is 1000 pieces per year.
2. Sida figure : production is 1000 pieces per year.
3. Pla Tapean figure : production is 50 pieces per year.

The highlight of the buffalo skin carving is neat with many designs when compared with the other groups. The production process of buffalo skin carving is the same as any figures, except their details. The process composes of the following:



At present, the main problem of the group is the buffalo skin shortage, due to the competition of skin usage from other industries such as shoe and bag productions. The production costs of the main three productions (for 10 pieces of Praram and Sida figures) are as follow:

<b>Main materials</b>	<b>Quantity</b>	<b>price</b>	<b>value (Baht)</b>
Leather	1 kg	123.30 Baht/kg.	123.30
Soap	1 kg	5.00 Baht/kg	5.00
<b>Labor</b>			
Wages	3 days	100 Baht/piece	1,000.00
<b>Materials</b>			
Sand paper	7 pieces	15 Baht/piece	15.00
Stabler	1 piece	50 Baht/piece	50.00
Color (gold)	4 piece/tube	70 Baht/tube	175.00
Color (black)	5 piece/tube	30 Baht/bottle	60.00
<b>Packaging</b>			
White paper	1 piece	8 Baht/piece	20.00
Plastic bag	1 kg	60 Baht/kg	25.00
<b>Total cost for 10 pieces of Praram or Sida</b>			<b>1,473.30 Baht</b>
<b>Average cost per piece</b>			<b>147.33 Baht/piece</b>
<b>For 2 pieces of Pla Tapean</b>			
<b>Main materials</b>			
Leather	1 kg	123.30 Baht/kg.	123.30
Soap	1 kg	5.00 Baht/kg.	5.00
<b>Labor</b>			
Wages	1 month	2,000.00 Baht/piece	4,000.00
<b>Materials</b>			
Sand paper	7 pieces	15 Baht/piece	15.00
Stabler	1 piece	50 Baht/piece	50.00
12 color	1 tube/color	70 Baht/tube	1,680.00
<b>Packaging</b>			
White paper	1 piece	8 Baht/piece	16.00
Plastic bag	1 kg	60 Baht/kg	5.00
<b>Total cost for 2 pieces of Pla Tapean</b>			<b>5,894.30</b>
<b>Average cost per piece</b>			<b>2,947.20</b>

Note: The equipment used for the carving is as follow:

Titok	1	piece @	30	Baht
Knife	1	piece @	50	Baht
Sharpening	1	piece @	200	Baht

The equipment can be used for many carving with a life-time of 5-6 months and 3 years for the sharpening.

The retail price of Praram and Sida figures is 450 Baht/piece and wholesale price 300 Baht each. The price for Pla Tapean is 5,500 Baht/piece at wholesale price. The main buyers are foreign visitors.

### **3. Market and Financial Access**

The 50% of the products are sold at the fairs held by the government agencies. For the 45% is distributed to the tourist areas province such as Bangkok, Chaing Mai, Kanchanaburi, and Phuket. Only the 5% of is sold to visitors at the center of the group.

At present, the group deals with regular customers and the market is quite certain for more than 3 years. The group does not have to promote the products. The customers are quite confident with the quality of the products. However, the group still develops new designs and patterns of products according to the customers' demand. But, at present, the productions can not meet the demand. The products have been distributed to other provinces of the Kingdom. The leader mentions that since the products are the artworks, their value can not solely based on price.

For the finance and fund, every members will have to buy share at 100 Baht per share. Besides, the group received a grant from government agencies, such as Tambon Administration Organization, Healthy Office at the Amphor, and Community Development Office. In 2002, the group received Baht 44,200 from Community Development Office of the province and the group used that money for its activities.

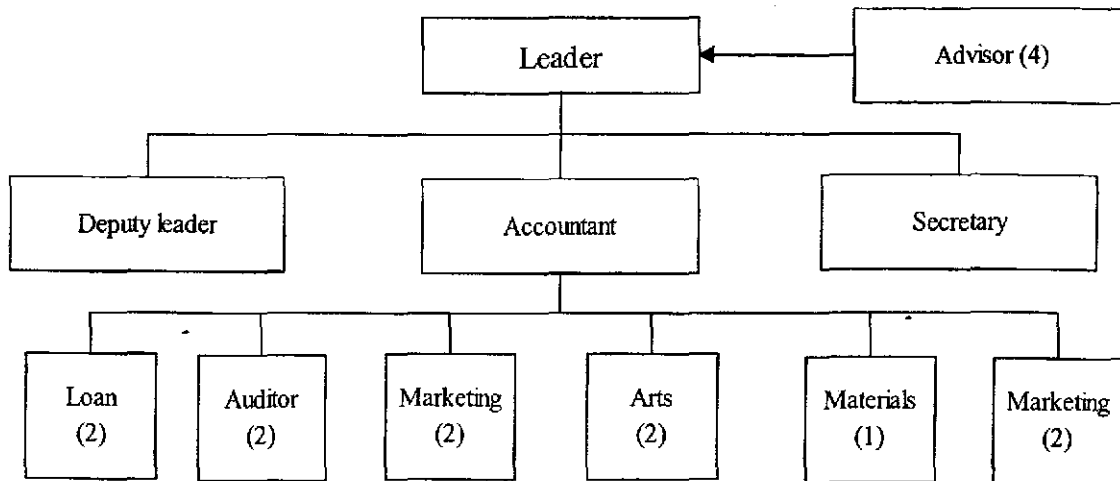
### **4. Human Resources**

Total members of the group are 73 persons. However, the members who work for buffalo skin carving as the main occupation is about 30-40 persons. The rest works a hire labor and traders and partly on buffalo skin carving. It is reported that 40 persons graduated at the primary education level, and the rest is in secondary level, which three persons are not educated.



## 5. Management

The organization of the group is as follow:



At present, the group has not returned any profit or dividend to the members. However, the group holds a meeting once a year in order to discuss the problem and market expectation. The group still needs more working capital for the members for borrow to purchasing materials. Moreover, the shortage of leather is the main issue that the group encounters. The group has to go as far as Samut Prakan province to buy the leather or buffalo skin. The high demand of leather from other industries is also the problem for the group.

## 6. Information Technology

The group has not use the computer or information technology to help for management or further activities.

## 7. Condition Towards SMCE and Company

The group feels that working capital is necessary required to buy the equipment. In addition, teaching for the next generation to make the buffalo skin carving should be enhanced so that local cultural can be transferred and conserved by the next generation.

## **ANNEX 6-9: SALTED EGGS: TAMBON LAMED**

### **1. Tambon Profile**

Tambon Lamed is located in Amphor Chaiya, Surat Thani province. The Tambon consists of 7 villages, namely of villages are shown as follows:

Moo 1: Baan Thayai,                      Moo 2: Baan Watkaew,  
Moo 3 : Baan Naluang,                Moo 4 : Baan Paktho,  
Moo 5 : Baan Lamed,                 Moo 6 : Baan Pakdan, and  
Moo 7 : Baan Sai Ngam.

Tambon Lamed covers 76.00 square kilometers. The land scape is classified into 3 types:

- Highland in Moo 6 in the west;
- Low land in Moo 2, 3, 5 and part of Moo 6,7 and
- East coast Moo 1, 4, and 7.

The weather is hot and humid and Tambon boundary is described below.

North : Tambon Toong, Amphor Chaiya;  
South : Tambon Khao Tan, Amphor Chaiya;  
East : Tambon Pum reang, Amphor Chaiya;  
West : Tambon Chaiya, Amphor Chaiya.

In 2002, the population of Tambon Chaiya was reported at 4,002 persons, of which 2,347 male and 2,455 female. The population density is 63 persons per square kilometers. The main occupation of people in Tambon Chaiya is rice farming, India rubber plantation, shrimp farming, fisheries, fruit orchard, livestock raising, and trading. The people have different occupation depended on the area where they live. For instance, people who live in the highland of the West Coast have work on India rubber plantation, fruit tree, and trading. And those who live in the low land areas have rice farming, livestock raising. And as people who live in the East Coast have shrimp farming and fisheries.

It is reported that 50% of total member work on salted eggs as the main occupation. Other half work on the India rubber and palm oil plantation as the main occupation, while salted eggs production is their the second occupation.

## 2. Product

The main production of the group is off course salted eggs. The production process is transferred of technology from the ancestor. However, the production development is carried on the assistance from the government agencies, such as Community Development Office of Surat Thani province, Chamber of Commerce, and Office of Industry. The design of the packaging is from the assistance of Industrial Promotion Center Region 10 and the Office of Commerce of Surat Thani province.

Since salted eggs are raw, it needs to be boiled before consumption. Therefore, it is not registered with the Food and Drug Organization. The main feature of salted eggs is the nucleus is red and delicacy. However, they can be kept for more than 45 days, otherwise the quality will be degraded. The producer will sell nucleus for other kind of food production, such as moon cake.

The salted eggs are composed of eggs, fresh water, ash, mud, and salt. Equipment used to produce salted is composed of big bowl for mixing salt and mud, clue, label, boxes, plastic bag, and plastic rope. The formula used produce salted eggs is the mixing of mud and salt at the proportion of 3:1 and 5:2. These proportions will have the impact on the quality of salted eggs such as the eggs can be boiled after 10 days or can be fried after 7 days of the process.

The process of production starts with the mixing of mud and salt according to the required proportion for each salted eggs. The next step is mixing with water then put the eggs with mixed mud and salt and wrap with ash with 0.50 centimeter thick. After that, patting the eggs into plastic bags of 8 and 17 eggs per bag. Then putting them in box with the label and specify the date of production and the date that they can be served. Before the eggs are sold, the box shall be tighten with plastic rope.

For the product cost, there are two sizes of production that is at 8 and 17 eggs per box. The cost of 8 eggs per box is as follows:

- Eggs	at	2.60	Baht/egg	=	20.80	Baht
- Box	at	1.90	Baht/box	=	1.90	Baht
- Labor						
* Mixing	at	0.05	Baht/egg	=	0.40	Baht
* Packing	at	0.50	Baht/box	=	0.50	Baht
- Mud	at	15	Baht/1,000 egg	=	0.12	Baht
- Salt	at	120	Baht/1,000 egg	=	0.96	Baht
- Ash	at	30	Baht/1,000 egg	=	0.24	Baht
- Others; water, clue, rope and bag				=	1.00	Baht
<b>Total</b>				=	<b>25.92</b>	<b>Baht</b>

The cost of 17 eggs per box is as follow:

- Eggs	at	2.60	Baht/egg	=	44.20	Baht
- Box	at	2.90	Baht/box	=	2.90	Baht
- Labor						
* Mixing	at	0.05	Baht/egg	=	0.85	Baht
* Packing	at	0.50	Baht/box	=	0.50	Baht
- Mud	at	15	Baht/1,000 egg	=	0.26	Baht
- Salt	at	120	Baht/1,000 egg	=	2.04	Baht
- Ash	at	30	Baht/1,000 egg	=	0.51	Baht
- Other; water, glue, rope and bag				=	2.00	Baht
<b>Total</b>				=	<b>53.26</b>	<b>Baht</b>

The equipment used to produce salted eggs are consist of bowl, basket, shelve, and shed.

The price of the salted eggs is the following;

- 8 eggs/box: wholesale price is 30 Baht/box and retail price is 35 Baht/box.
- 17 eggs/box: wholesale price is 60 Baht/box and retail price is 70 Baht/box.

Packaging is also simple. At present, the salted eggs from Chaiya are available at the provincial level. The members of the group will also get to help each other to expand the market with improvement of the product quality.

### **3. Market and Financial Access**

The salted eggs are sold at the local central market and at Tambon Chaiya with the market share of 70% of the total production. The rest 30% is sold to Surat Thani Cooperative, a regular buyer. The market for salted eggs varied from time to time. Actually, a big demand will be at the New Year and Song Kran Festival. During these occasions, visitors buy for gifts. The marketing of salted eggs is very simple, demand is just about the same as supply. Production plan is not necessary due to base on the previous year sales. The highlight of the product is red nucleus with good quality.

For the financial and fund, each members shall hold the share at least 10 shares at 10 Baht per share, but not exceeding Baht 1,000 in total. At present, the fund is used to buy boxes for packaging.

The assistance that the group received from the Department of Community Development is Baht 130,000 and Baht 77,000 from Tambon Lamed Administration Organization. This fund is used as the revolving fund for the group to buy materials, like

eggs, boxes, and others such as mud, ash, plastic bag and rope. At present, the members of the group produces salted eggs on their own plan and can sell anywhere. However, when there is a fair, the members of the group will produce salted eggs and sell together.

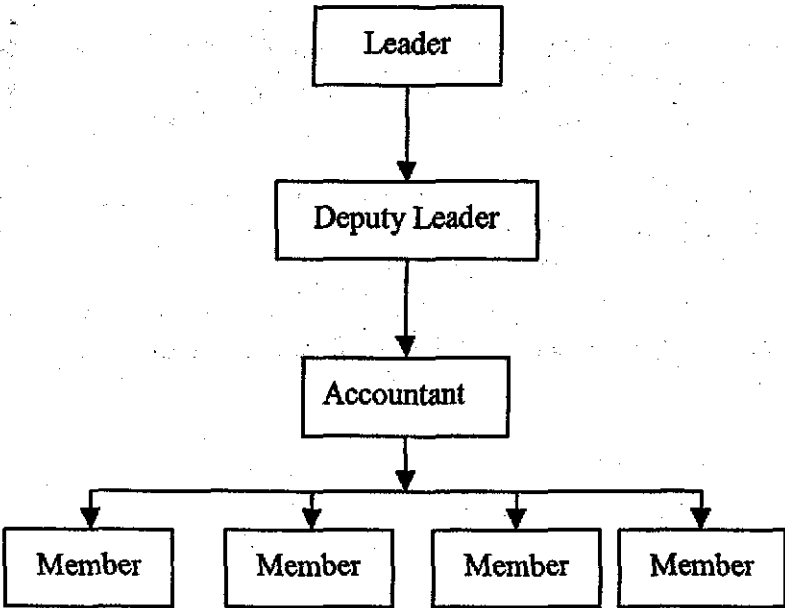
At present, the group does not provide any dividend or profit to the members. The training needs from the members are packaging and color improvement. As far as the market expansion is concerned, the group foresees that the shortage of working capital for purchasing of eggs in each lot required substantial amount of cash. At the same time, the repayment period is very short which causes problem to the group. Moreover, the supply of eggs in Amphor Chaiya is not enough, therefore, eggs have to be purchased from Nakorn Pathom, Ratchaburi, Samut Sakhon, and Samut Prakan. The longer the eggs are preserved the higher cost will incur.

**4. Human Resources**

For the 80% of them graduated at primary school, grade 4. The rest finished secondary school and college.

**5. Management**

The leader of the salted eggs production group is Miss Prapaisri Nitmee. The group is located at 102 Moo 6, Tambon Lamed, Amphor Chaiya, Surat Thani province. The group was established informally in 1998 in order to raise fund for the members. In 2003, the total number of members is 56 persons, The organization chart of the Chaiya salted eggs is shown as follows:



The member of the group will make salted eggs according to his/her own plan. The group is formed loosely. If there is a festival then the members will make salted eggs together at the center of the group and sell together. The problem that the group encounters is the competition of the local merchant in procuring the materials. The weakness of the group is that no truck or pickup to deliver the materials to the member's house meanwhile the price of materials sold by the group sell and the merchants is not much different.

The group has conducted a meeting once a year to evaluate the operation of the group and make corrections based on the complaints from the customers. Fortunately, very few complaints were received in the past, due to the fact that salted eggs from Chaiya is guaranteed in quality and contest held yearly made the product improved further.

#### **6. Information Technology**

The group has still not used the computer to management or further activities.

#### **7. Condition Towards SMCE and Company**

At present the operation of the group does not receive much support from the government agencies, especially Tambon Lamed Administration Organization. Since most of the government agencies concentrate on the infrastructure, such as road, water supply and so forth, the group does not have much information for the trade fair held by the government agencies. Furthermore, the local administration did not order salted eggs from the group but they produce by themselves to sell at the fair.

The needs from the group are the production boxes should be made locally so that their cost will be reduced. The salted eggs should be kept longer than 45 days. The group intends to reduce the poor quality of eggs in its production. At the moment, the broken eggs are at the rate of 1.7%.

## **ANNEX 6-10: PUMREANG SILK WEAVING: TAMBON PUMREANG**

**Location: 87 Moo 2, Tambon Pumreang, Amphor Chaiya, Suratthani province**

### **1. Tambon Profiles**

People at Pumreang were moved from Baan Wiang after the war with Burma during the king Rama I. Since the location of Pumreang is a good place for fishery and trading therefore, the community is quite prosperous because of good transportation and trading with other towns. Tambon Pumreang is 1 kilometer from the sea and locates in Amphor Chaiya. Tambon Pumreang covers 5 villages, namely of villages are shown as follows:

Moo 1: Baan Lang,	Moo 2: Baan Hua Len,
Moo 3: Baan Nuea,	Moo 4: Baan Nuea Nam, and
Moo 5: Baan Leam Sai.	

The weather is hot and humid. The road connects from Amphor Chaiya to Tambon Pumreang is 6 kilometers long and is important to Tambon Pumreang because it provides access to the sea. Leam Po is a famous tourist place near Tambon Pumreang. For the boundary of Tambon is described below.

North	: Takrob, Amphor Chaiya;
South	: Gulf of Thailand;
East	: Gulf of Thailand;
West	: Tambon Tung and Tambon Lamed, Amphor Chaiya, Suratthani province.

The population in 2002 was reported at 7,509 persons which consist of 3,743 were male and 3,766 female. The main occupation of people is fisheries, shrimp farming and trading. The occupation is different from place to place according to geography and weaving is the famous occupation in the past.

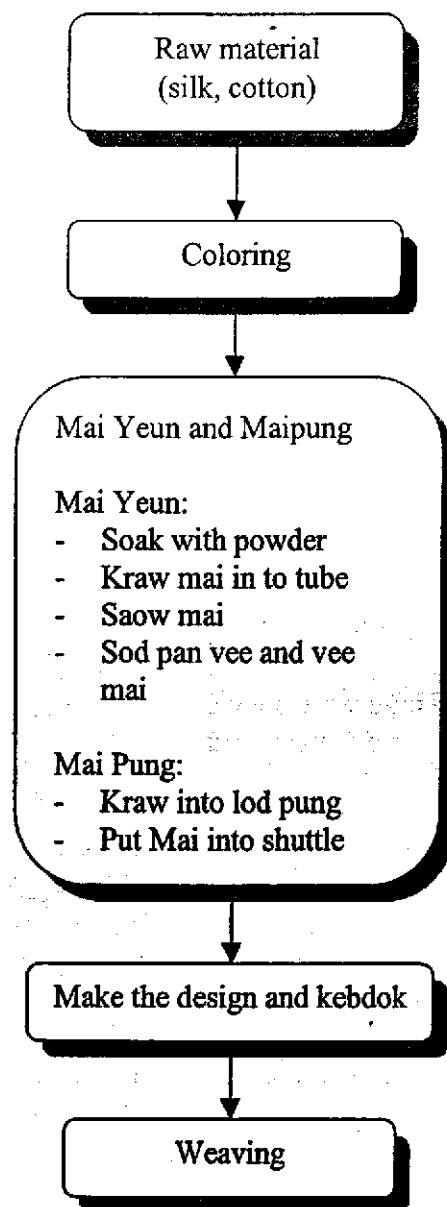
At present, the members weave silk or cloth at their houses and at the center. However, 95% of the total members work at their own houses after the fisheries activity. In some family, female works on weaving and male on the fisheries activity.

### **2. Product**

The main product of the group is Pumreang Cotton weaving, Pa Ki, and Pa Fai Sai Fon. The second products are Pa Fuen, Pa Kao Ma, Pa Nung, and Pa Fai Kem Mai. The weaving skill is a local tradition that was developed by the leader of the group with some advice from the Office of Community Development. The leader based on the history of Muang Srivichai and Chaiya creates the designs. The designs are so called Lai Srivichai and Lai Saket Dao.

The main feature of Pa Tho Pumreang is the design and also good quality. The main designs are Lai Kraduntong, Lai Dokjan, Lai Dokmali, Lai Dokkanyang, Lai Dokpikunkaew and Lai Dokpumkaobin. However, The materials from the South are very limited. Therefore, the materials that are not available in town and need to be order from Bangkok. The silk thread is bought from Chumphon province and Bangkok (such as Bangkok Silk Company) and cotton thread purchased from Saha Union Company in Bangkok.

The materials used to make Patho Pumreang are composed of silk thread, cotton thread and others, such as color. The equipment includes Kikratuk, Rawing, Lod Maiyuen Lodpung, Rangkan, Krad, Maisod, Mai lookpan, Mai Trakraw, Konmen, Vee, and rope. The steps of production are as follow:





In making Pa Tho Pumreang the costs are the following:

	PaTho Pumreang (4.5 yards)	Pa Ki (yard)	Pa Fai Saifun (yard)
- Silk (Baht)	900	120	-
- Cotton (Baht)	-	-	60
- Labor (Baht)	800	20	20
<b>Total costs</b>	<b>1,700</b>	<b>140</b>	<b>80</b>

Silk used to make Pa Tho Pumreang is 200 Baht per yard. Silk for Pa Ki is 120 Baht per yard and cotton 60 Baht per yard. The members will receive 20 Baht per yard for the labor. (In one day each member can weave 10 yards of cotton, and 5 yards for silk) The equipment used for the weaving is Ki Kratok at 7,500 Baht per piece with a life time of 20 years.

The retail and wholesale price are the same as follow:

- Pa Tho Pumreang	2,000	Baht/piece
- Pa Ki	200	Baht/yard
- Pa Fai Saifun	90	Baht/yard.

The product is packed in the plastic bag with a good design. The product is sold in the province and the members try to find for new markets. The group extends to make a logo of the group.

### 3. Market and Financial Access

The distribution place is the shop and the Pumreang market where 90% of the total production are sold. The rest of the production is sold to regular customers such as Surat Thani Cooperative and others. Market of Pa Pumreang is not certain and depending on the festival and fair. The production is sometime over supply and the group has to sell the stock a discount price so that the group can generate the revolving fund. No marketing plan and production plan are performed due to limited order and the regular customers are very rare. The production is based on the previous year sales. The main features of the product are the new design and good quality.

At present, the group has not yet paid dividends to members as fund are with the stock of materials at the group. If the group has to expand the market it feels that the lack of working capital will be the main problem. Besides, the raw materials such as silk, and cotton are not available at Amphor Chaiya, are procured from Chumpom and Bangkok. The problems the group faced that they uncertain market and poor management of the group. As weaving activity is only a hobby, not the main occupation, it is not the priority activity of the members, therefore causing delay of delivery to the customers.

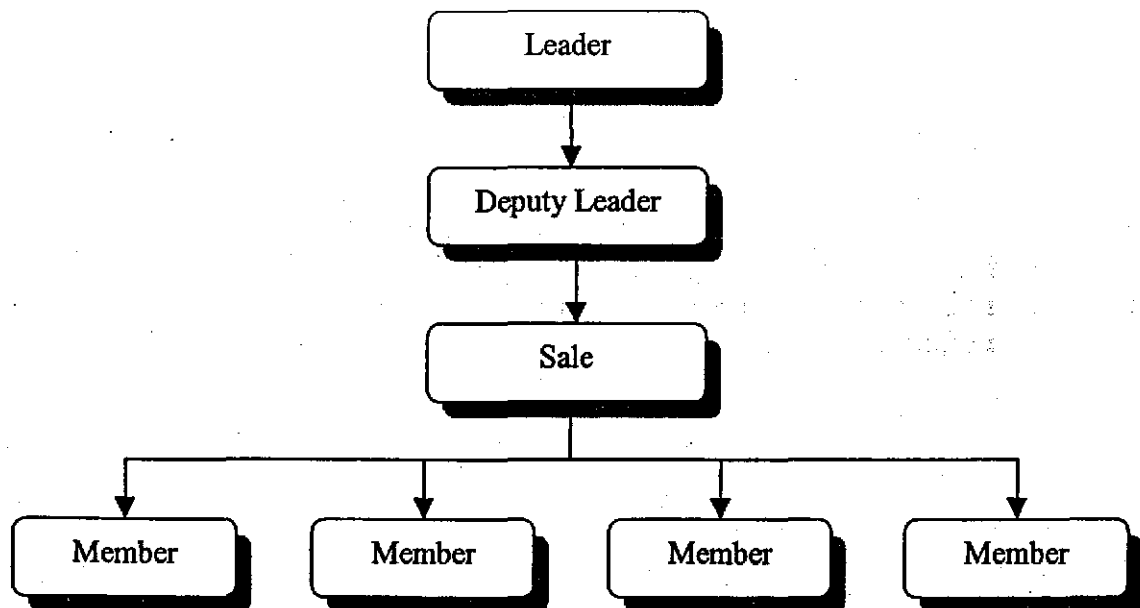
For the fund of the group, the members of the group have to invest at least 10 shares, but not exceeding 1,000 Baht per person, at the price of 10 Baht per share. At present, the fund is used to buy materials for the members, such as silk. The assistance that the group received from the Office of Community Development is the revolving fund. The group uses this fund to purchase silk, thread, color and spare parts.

#### 4. Human Resources

The number of members is 150 persons with primary education of 95%. The other 5% is graduated at secondary and college level. Only 10 of the total members make their living with silk weaving or Patho Pumreang as the main occupation. Training for design development is necessary for the group.

#### 5. Management

Pumreang Silk Weaving Group is located at 87 Moo 2, Tambon Pumreang, Amphor Chaiya, Surat Thani province. The leader is Mrs. Wanma NuieMeen. The group was established in 1996 with the objective to collect Patho Pumreang and to raise fund for the and to promote and re-activate the silk weaving in the community. The organization chart of as group is the follows:



The group is formed loosely since the Pa Tho Pumreang weaving is not the main occupation of the members of the group. The problem of the group is lack of working capital to procure the materials. Every year, a meeting is held so that the group can listen to the comments and complaints from the customers. Besides, the group also has other meetings when the members come to deliver their products and to pick up money.

**6. Information Technology**

The group is still lack on the computer using and information network.

**7. Condition Towards SMCE and Company**

The development of Pa Tho Pumreang should be continued with more public relation assisted by the government as well as the product fairs. Since Pa Tho Pumreang is the second source of income the group members can utilize their leisure time to be productive. Moreover, the Pa Tho Pumreang should be a part of promotion activities in tourist area.

## **ANNEX 6-11: RED HOMMALI: TAMBON NONG SAI**

**Location: Moo 2, Baan Takuddasa, Tambon Nongsai, Amphor Nangrong,  
Buriram province**

### **1. Tambon Profile**

The group registered with the Department of Agricultural Extension, Ministry of Agriculture and Cooperatives in 1994. The objective of the group is to procure inputs for its members and for processing and sale of products.

### **2. Product**

The products of the group are Red Hommali, Daeng rice and Kaew Daeng which are milled in Kaew PanTip. The group provides milling service to the members and other people and about sells by-products from the milling rice.

The group bought paddy 10% from the members and 90% from other farmers in 2002. The criteria in buying paddy are 1) the paddy should not have more than 5% of Kaew Kao and 2) moisture content should not exceed 16.5%. The group uses pick up truck of the Chairman to buy paddy from the farmers, to process and deliver the red rice to customers, who make advance payment. When the rice volume is big enough, the group requests the private sector to transport by ten-wheel trucks. The group receives 580 Baht per ton for the milling and other profit from selling rice hushs. In 2002, the group purchased Kaew Hom mali daeng of 292.28 tons and 411.769 tons of kaew tip at the price of 7,000 Baht per ton. However, based on the past experience, for 300 tons of paddy the loss after milling is 4.3 tons, or 1.43%.

The group also provides milling service to villagers every Sunday about 20 bags per week. The service fee is 3.5 kg of rice per bag plus the by-products from milling.

The operating cost comprises procurement expense, such as labor for purchasing and hauling. The labor is composed of 4 workers at day time and 2 workers at night time. Milling rate per day is 80 bags of 90 kg per bag. Labor use for milling is 2 laborers working 16 hours a day. The labor use is 98 days per year with an expense of Baht 76,271.97. The fuel cost per trip is Baht 200 for transporting paddy. Six-wheel and four-wheel trucks are used for transporting paddy at the proportion of 70:30. The fuel cost is the same for these trucks, 200 Baht per trip, and the total expense for 139 trips year is Baht 27,800. In addition, there are other expenses for milling such as fuel, oil and grease, repair, and weight loss due to moisture content. These costs sum up as Baht 248,774 representing 89.52% of total variable

cost. The rest is the milling cost for villager which is 29,120 Baht or 10.48% of total variable cost. Table 1 presents the detailed of the variable cost for the milling activity of the group.

**Table 1: Variable Costs of Milling Rice of Nongsai Farmer group, Buriram province, 2002**

	Item	Baht
1.	Paddy loss from purchasing: Kaew hommali 4.151 tons and Kaew tip 5.848 tons, a total of 10 tons at 7,000 Baht per ton	70,000.00
2.	Labor cost (6 workers at 130 Baht per day, 80 bags a day and 90 kg./bag). A total of 7,823.70 bags with 97.78 days of milling time.	76,271.97
3.	Transportation with six-wheel trucks for 98 trips and four-wheel trucks for 41 trips at 200 Baht per trip.	27,800.00
4.	Oil and grease	3,000.00
5.	Fuel for milling of 7711.65 bags	34,702.45
6.	Electricity at 450 Baht/month	5,400.00
7.	Repair belt	8,000.00
8.	Repair rubber for polishing rice	16,000.00
9.	Kenaf rope for tighten bag	1,000.00
10.	Water	600.00
11.	Repair for milling rice of villager	6,000.00
12.	Labor for 2 workers at 130 Baht/day and 300 Baht for fuel, a total of 560 Baht for 52 days is	29,120.00
	<b>Variable cost</b>	<b>277,894.00</b>

Source: from interview.

The group has bought 9 rais of land and the Department of Agricultural Extension supported the building, warehouse, and milling equipment. The group has invested another Baht 200,000 for the equipment so that the quality of rice would meet the requirement of the customers. The total investment is Baht 3,070,500. Depreciation is Baht 79,162.37 per annum. If the cost of machine for milling rice of villager is excluded, the total investment is Baht 3,045,500 representing 99.19% of the total investment. The depreciation will them be reduced to Baht 76,662.37 as shown in Table 2.

**Table 2: Investment Cost of Nongsai Farmer Group Rice Mill, Burirum province.**

Item	quantity	value	Life (yr)	Depreciation (Baht)	Repair (Baht)
Land	9 rai	480,000	-	-	-
Building	2	2,096,000	40	52,400	
Milling machine	1	400,000	30	13,333.33	
Weighing machine	3	13,500	5	2,700	
Quality test kit	1	51,000	7	7,285.71	
Cart	2	700	3	233.33	
Fan	1	1,500	10	150	
Calculator	2	2,800	5	560	
Engine	1	25,000	10	2,500	6,000
Total		30,750,500	-	79,162.37	6,000

Source: interview.

The milling activity generated a total revenue of Baht 500,230.65 in 2002. Its details are as follows:

(1) Service fee at 580 Baht per ton for of 694.05 tons, totally Baht 402,549.

(2) Revenue of by-products from milling, that is rice brand and rice husk. The price of rice brand is 1 Baht per kg and rice husk is Baht 5 for 45 kg. The revenue from this part can be derived as shown in Table 3:

**Table 3: Revenue of by-products from milling**

Item	paddy	rice	husk	brand
Kew tip 1 kg.	0.5625	0.1875	0.22	0.03
Quantity of 405,921 kg.	228,330.56	76,110.18	89,302.62	12,177.63
Kaew hommali 1 kg.	0.5475	0.1825	0.2376	.0324
Quantity of 288,129 kg.	157,750.63	52,583.54	68,459.45	9,335.38
Total production	386,081.19	128,693.72	157,762.07	21,513.01
Distribution	deliver	deliver	sell	sell
Revenue (Baht)	-	-	17,529.12	21,513.00

**Total revenue from by-products**

**39,042.12 Baht**

(1) Revenue from milling rice service to villagers is Baht 75,747.53 and it is composed of the following.

- revenue receive as paddy =  $3.5 \times 20 \times 52 = 3.64$  tons at 4,700 Baht/ton = Baht 17,108
- revenue from by-products is Baht 58,639.53

**Table 4: Summary of revenue from milling rice service**

by products	conversion/kg	production(kg.)	price(Baht/kg)	revenue(Baht)
rice brand	0.065	5,747.4	3.00	17,542.20
coarse rice brand	0.065	2,249.0	1.00	2,249.00
husk	0.285	25,638.6	0.11	2,848.73
plai kaew	0.035	3,148.6	6.00	18,891.60
<b>total</b>				<b>58,639.53</b>

### 3. Market and Financial Access

The group has a contract with a private company. Therefore, it does not have to promote the marketing. After milling rice is delivered to the company, the volume for new job is not certain, which is mainly depended on the orders from the company.

Total revenue from milling is Baht 500,230.65 of which the milling shares 80.47% of the total revenue. Revenue from selling husk and rice brand is 7.80%, which make a total of 88.27%. The rest is the fee received from milling rice of villagers. After deducting the fixed cost of 15.83% and variable cost of 52.87%, the profit is Baht 157,573.58, representing 31.30% of the total revenue. The details are as shown in table 5:

**Table 5: Summary of revenue by weight**

Item	Baht	%
<b>Total revenue</b>	<b>500,230.65</b>	<b>100.00</b>
<b>Milling</b>	<b>402,549.00</b>	<b>80.47</b>
<b>By products</b>	<b>39,042.12</b>	<b>7.80</b>
<b>Revenue from milling fee</b>	<b>58,639.53</b>	<b>11.72</b>
<b>Variable cost</b>	<b>264,494.42</b>	<b>52.87</b>
<b>Fixed cost</b>	<b>79,162.37</b>	<b>15.83</b>
<b>Total cost</b>	<b>343,656.79</b>	<b>68.70</b>
<b>Profit</b>	<b>156,573.86</b>	<b>31.30</b>

Another Committee is assigned to look after the grocery store that is opened from 6.00-19.00 hours. Three people rotate to work at the store and receive the wage at Baht 120 a day. There is one cashier and one accountant who will collect money at the store in the evening. Their honorarium is 300 Baht per month. In 2002, the store earned Baht 25,000 profit. Customers can buy on credit.

So far the store has not yet pays any dividend to the members and the group has not yet set as a criteria for this matter. However, the chairman has a concept to pay the dividend which based on the following: 1) pay from the profit but not exceed 8%, 2) set aside some as reserve, 3) pay according to the transactions, 4) donate to charity, 5) provide assistance the to public, and 6) provide assistance to members.

Fund from selling share at 50 Baht per share amounted to Baht 165,000. In 1996, the group received a support from the Department of Agricultural Extension (DAE) to build a go-down with a capacity of 500 tons and an office building of Baht 2,096,000. In 1997, the group received a working capital from the DAE of Baht 500,000 for the purpose of buying and selling paddy.

In 1999, DAE supported a rice mill at the cost of Baht 200,000 but the rice mill could not operate. The group then got an advice from the private sector to do business with traders in Samut Sakhon province. Therefore, the group invested another Baht 200,000 for operation of the rice mill in 2000. The group was able to process 300 tons of paddy and deliver rice to the private sector. But the group had lossed its labor costs of more than Baht 10,000.

#### **4. Human Resources**

In 2002, the group has 196 households of 180 persons. 91.84% of the total members graduate at primary school level and 8.16% of the members finished secondary school. The main occupation of the members is rice farming in rainy season. In the dry season, the members work on off-farm activities, half of them in the Amphor and the others work outside.

#### **5. Management**

The group is composed of 6 persons: a Chairman, a Vice Chairman, a secretary, accountant and 2 members. The chairman looks after the rice mill and makes contacts with customers. The members of the committee are assigned to take care steam rice in Samut Sakhon province. The too-gram steam rice is sold at 3 Baht per cup. Therefore, one kilogram of rice can generate Baht 30, while the cost is at 12 Baht per kg, plus the marketing cost of Baht 1 and other management cost at 0.50 Baht per kg.



**6. Information Technology**

The group does not use the computer to manage or further activities.

**7. Condition towards SMCE and Company**

The Chairman of the group reveals that the milling activity has increased the income to the farmers, thanks to more production of Kaew Daeng variety as compared to other varieties such as Kaew Ta hang and Leang Pateaw.

There is a potential of the group to move to SME if its operation system and organization are improved. This can be done by encouraging the members to participate more with the business of the group and expand contacts with other companies. The running capacity of the milling at present is only 33%, therefore, 67% of the capacity is still available for expansion. One of the suggestions from the Chairman is to sell steam rice to the factories. In addition wholesale of rice to the domestic market is also possible.

## **ANNEX 6-12: COTTAGE INDUSTRY: TAMBON NAPO**

**Location: 9 Moo 13, Tambon Napo, Amphor Napo, Buriram province**

### **1. Tambon Profile**

Amphor Napo is located in the north of Buriram province. It is closed to Maha Sarakham and Khon Kean provinces and consists of 5 Tambons and 65 villages. The main occupation of people is rice farming and agriculture.

In 1999, there were 7 projects under the patronage of Princess Sirinthorn for improving the quality of life:

- (1) Infrastructure Improvement Project;
- (2) Agricultural Development;
- (3) Occupation Development;
- (4) Social, Education and Health Development;
- (5) Environment and Natural Resource Development;
- (6) Research and Development; and
- (7) Project Management.

The group registered with the Tax Office of Na Po district. The group pays a lumpsum tax at 850 Baht per year. The main occupation of 1,700 members is rice farming, and silk weaving is the second occupation. Only 300 members have silk weaving as their main occupation.

The group is outstanding and has received many awards from the silk contests since 1991. The famous products are Pamai Mudmi with its main features in the thickness of material, light, soft and good quality. The most important is that the center provides transfer of technology to other arts centers in other provinces.

### **2. Product**

**Products:** Pamai Mudmee, Pamai Peun Reub, Pamai Hang Kra Rok, tie, Pa Sabai, Pa Panko, Pa Sarong, artificial flower, bag, tissue box, key chain. The main input is silk. There are 2 kinds of silk that is Mai Pung and Mai Yeun. Mai Pung is bought from the members and farmers in the area. During the peak demand, the group will buy silk from sellers in Nong Ki and SaengSang districts. There are four grades of silk.

Grades	price (Baht/kg.)
Mai pleuk	500
Mai Hua	480
Mai Noi	850
Mai Loie	600

Mai Yeun is purchased from Jun Mai Thai Company in Phetchabun province, and partly bought from Khon Kean province. The center also has the materials for sale to members as well.

The process starts with dying and coloring silk and puts it in bundle for weaving. The group can produce 1,000 pieces of scarves per week. Mudmi Prayook is produced 5 meters per person per week. There are 100 workers to produce Pa Mudmi and the production is 500 meters. Pasin Hua Daeng Teen Daeng are made at 20 meters per person per month with 3 workers, the production is 60 meters/month. The skill was transferred from an censors and the products are improved from time to time. This is the key factor that the group which builds up the image. However, other people are also manufactures similar products with low quality and this affected the group's image.

The costs of production for 3 main products are analyzed in this study, that is, scarf, Pa Mudmi Prayuk and Pasin Hua Daeng Teen Daeng.

There are 4 sizes of scarf being produced at the center. The price lists of the products are as shown in table 1:

**Table 1: Summary of price list of the products**

size	Wholesale price (Baht/piece)	Retail price (Baht/piece)
17 inch x 2 meters	330	450-500
17 inch x 1.7 meters	280	350-400

The variable cost of production for 10 scarves is Baht 2,040.50, or 204.05 Baht/piece. The cost of the silk is 46.57% of the total variable costs. Labor shares 22.06% and other cost is lower than 10%. Wholesale price of scarf is 330 Baht/piece.

The total variable cost is 61.83% of wholesale price. The remaining is the fixed cost, marketing cost and profit.

**Table 2: Variable cost of scarves production: 17 inch x 2 meters size of 10 pieces, Na Po Cottage Industry Center, 2003**

Item	Baht	%
Mai Yeun 0.5 kg. after dying is 400 grams	350	17.16
Mai Pung 1 kg. after dying is 800 grams	600	29.41
Labor for dying 45 Baht/kg.	67.50	3.31
Labor for coloring of 20 meter	200.00	9.80
Color	100.00	4.90
Mudmi 2 bundles at 30 Baht each	60.00	2.94
2 bags of color at 5 Baht/bag	10.00	0.49
Rope	3.00	0.15
Ka seup	100.00	4.90
Ka Daen Sen	100.00	4.90
Weaving at 45 Baht/piece	450.00	22.06
Total variable costs for 10 pieces	2,040.50	100.00
Average cost per piece	204.50	

Source : Interview

The cost of Pa Mai Mudmi Prayuk at 16 meters in length is Baht 3,917.50 or 244.84 Baht/meter. The cost structure is the same as scarves that is silk is the main cost of 49.76% and labor is 22.46%. Other costs are not exceeding 10% as shown in Table 3. The wholesale price of the material is 400 Baht per meter and retail price is Baht 450. The variable cost is 61.21% of wholesale price and 38.79% is the fixed cost, marketing cost and profits.

**Table 3: Cost of production for 16 meters of Pa Mai Prayuk, Na Po Cottage Industry Center, 2003.**

Items	Baht	%
Mai Yeun 1 kg.	700	17.86
Mai Pung 2.5 kg. @ 500 Baht/kg.	1,250	31.90
Dying at 45 Baht/kg.	157.50	4.02
Coloring at 10 Baht/meter	160.00	4.08
Tighten for 16 meter	300.00	7.66
Rope	10.00	0.26
Coloring	200.00	5.10
Ka seub	100.00	2.55
Ka deun sen	160.00	4.09
Labor for weaving at 55 Baht/meter	880.00	22.46
Total costs for 16 meter	3,917.50	100.00
Average per meter	244.84	

Source : from interview.

Cost of production for 12 meters of Pa Sin Hua Daeng Teen Daeng is Baht 3,354 or 279.50 Baht per meter. The structure of production cost is slightly different for scarve and Pa Mai Prayuk. The cost of mudmi labor is 17.80% and weaving of 23.26% Silk shares 35.78% of the total costs and other costs are lower than 10% as shown in table 4. The wholesale price is Baht 600 and the retail price Baht 700. Therefore, it is 46.58% of the wholesale price which make a good profit to the center.

**Table 4: Production costs of Pa Sin Hua Daeng Teen Daeng for 12 meters.  
Na Po Cottage Industry Center, 2003.**

Item	Baht	%
Mai Yeun 1 kg.	700.00	20.87
Mai Pung 1 kg.	500.00	14.91
Dying at 45 Baht/kg.	90.00	2.68
Labor for mudmi at 150 Baht/bundle for 4 bundles	600.00	17.89
Rope	14.00	0.42
Color	250.00	7.45
Coloring	200.00	5.96
Ka seub	100.00	2.98
Ka Dean Sen at 10 Baht/meter	120.00	3.58
Labor for weaving at 65 bath/meter	780.00	23.26
Total Costs for 12 meters	3,354.00	100.00
Average per meter	279.50	

For the equipment, the investment of the center includes building, equipment and others at Baht 4.26 million. Depreciation is estimated at 140,408.17 Baht per year. Table 5 is shown the items of the equipment as follow:

**Table 5: Quantity, price, value and depreciation of equipment, Na Po Cottage Industry Center, 2003.**

Types	Quantity	Price	Value (Baht)	Life (yr.)	Depreciation (Baht/yr.)	Repair (Baht/yr.)
Building	4 units		3,800,000	30	126,666.67	
Ki	50 sets	8,000	400,000	50	8,000.00	
Kie	30 sets	70	2,100	2	1,050.00	
Mai Kon Kie	5 sets	60	300	20	20.00	
Gage for silk	10 pieces	40	400	20	10.00	2
Luk Raeng	5 sets	100	500	50	75.00	
Tao Yok Mi	1 set	1,500	1,500	20	30.00	16.67
Daen Sen	1 piece	1,500	1,500	50	14.00	
Yoak Mud	2 piece	350	700	50	1,500.00	
Mai Pub Hoo	50 pieces	300	15,000	10	300.00	
Mai Nung	50 pieces	300	15,000	50	150.00	
Mai Kae Hua	50 pieces	150	7,500	50	60.00	
P.V.C.Pipe	50 pieces	60	3,000	50	100.00	
Mai Hab Hok	50 pieces	100	5,000	50	100.00	
Bowl	5 pieces	300	1,500	1	1,500.00	
Stove	3 pieces	150	450	10	45.00	
Lock	45 pieces	25	1,125	10	112.50	
Shuttle	100 pieces	35	3,550	5	700.00	
Nylo rope	1 set	60	60	1	60.00	
<b>Total</b>			<b>4,259,135</b>		<b>140,408.17</b>	<b>18.67</b>

The operating costs comprise water, electricity, telephone and other at 600, 1,700, 1,600 and 6,100 Baht per month, respectively. The operating cost per month is Baht 10,000 or 120,000 Baht per year. It can be said that the costs of this group is quite high.

### 3. Market and Financial Access

The products of the group come from the members. The group charges 10 Baht/meter for selling their products. Some products, the group buys from members and other from the trainees and sell to customers. In this case the group collects 40% as selling fees. The group hires 3 members at 200 Baht/day as the sellers at the center.

Customers are composed of local and foreign visitors as well as assemblers or wholesalers. The customers come from Suan Jitlada, Phu Fa Shop, Siam Discovery as well as private company from Chiang Mai, Khon Kaen, Nakorn Phanom and Bangkok. The group collects cash for wholesale and sends products by mail. The customers who buy products

from the group also export to international markets. Volume of sale is 500,000 Baht/month making a reverse of Baht 300,000 for retail and Baht 200,000 for wholesale.

For the financial and fund of the group, the women group of Amphor Na Po was established in 1995 to raise fund. In 2001 the group owns Baht 230,000 as a fund for the occupation development for the members. In 1997, funeral fund was established as a welfare to women group and old people. In 2001 the total member is 4,000 persons with a fund of Baht 180,000. In 2001, the group also set up the savings group for production of Amphor Na Po and the group members were 1,225 persons, from 40 villages with a fund of Baht 1,256,000. Moreover, the group has requested a financial support from Social Invest Fund, Government Savings Bank to conduct training program on silk production. The budgets received were Baht 659,300 and Baht 800,000 in 2001 and 2002 respectively.

The group also raised fund from its members of 1,200 persons and in 2001 the fund form shares selling was Baht 410,000.

#### 4. Human Resources

In 2002 the total members were 2,000 persons, in which 1,500 persons finished primary school and 500 persons finished secondary school.

In connection with these projects, the Cottage Industry Center was established in order to provide services to the villagers. The program is to have women network at Tambon and village levels to run the center. The assistances received are the as follows:

(1) The Coordination Committee of the Royal Project Initiative of Princess Sirindhorn supported the building and training center with the budget of Baht 405,770. The training program for the quality improvement is as follow;

- Silk weaving course	Baht 272,880,	60	participants	30 days.
- Embroidery	Baht 45,610,	20	participants	30 days.
- Bags making	Baht 43,240,	20	participants	30 days.
- Tie making	Baht 44,040,	20	participants	30 days.

(2) Acedamic Institution of Department of Education supported 1 building and budgets for training of tie making bag making and silk weaving for three courses at 7,000 Baht per class.

(3) Social Investment Fund supported the training for silk weaving, embroidery, and organic fertilizer production for women group of Baht 1,447,465 with 600 participants.

(4) Tambon Administration Organization supported 6 training courses of silk weaving for 20 participants per course. The budget was Baht 30,000. The fund available in 2001 was Baht 180,000. The budget of Baht 30,000 was for 2 training courses on the silk processing for 20 participants per course, such as tie making, bag and flower making.

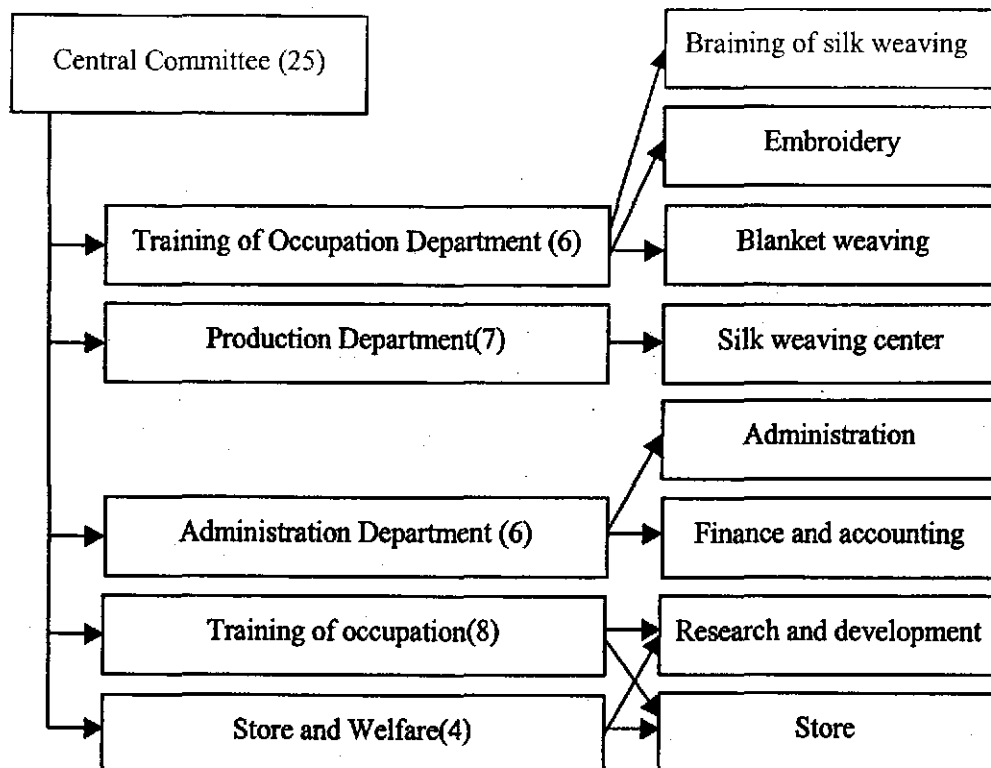
(5) Coordination with the savings group network for the transfer of technology and conservation of the Thai local tradition. Moreover, the group received supports for the training on management and occupation promotion from the Community Development

Network Institution for towns and rural areas. The budget were Baht 139,100 and Baht 130,000 respectively. The objectives of the center are as follows:

- (1) To transfer technology for occupation development to members and the general public in order to make good quality products;
- (2) Training, occupation promotion, increase income and quality of life of people in Amphor Na Po;
- (3) To be a center for solving of economic, social, politic and environment at problems in the community;
- (4) Procure materials for the women activities, including silk weaving and other commodities;
- (5) Buy products from the members and sell at the center; and
- (6) Lending money to members.

## 5. Management

The structure of the organization is composed of 3 levels. The Central Committee comprises 25 members. The second level composes of 5 departments with 4-8 members per department and the third level consists of divisions. Figure 1 shows the organization of the group.



**Figure 1. Organization Chart of Cottage Industry Center at Amphor Na Po**



**6. Information Technology**

Sale promotion is advertised in Internet and from direct propaganda.

**7. Condition Towards SMCE and Company**

The products are accepted as good quality and the group is well known to customers. The group takes complaints from customers seriously and make connections. Sale volume of each year about Baht 6 million. However, the group still lacks of good management system because it runs as a family business, which makes it difficult to plan. Hence, the group needs to be restructured and set up criteria and regulations with more as participation from the members, before it can become a SME.

## ANNEX 6-13: KRATIP KAW: TAMBON SAPONTONG

### 1. Tambon Profile

There are 96 households in Moo 9: Sapontong Sub district. The population is 450 persons. The low income group compose of is 91 households with 442 persons. The agricultural households are 13 with 59 persons. The households that performs cottage industry are reported at 20 with 117 persons and income of Baht 106,300. The traders are 4 households with 21 persons and generate an income of Baht 29,600. Other groups inched 5 households with 21 persons and an income of Baht 43,000.

### 2. Product

Kratip Kaw is rice containers which have 6 sizes from the diameter of 3.5 inches to 15 inches. Fa chi, the food cover, is 5.5 inches in diameter. Chopstick container has only one size. The price of the products is as follows:

Size of rice container	buy back price (Baht)	wholesale price (Baht)	retail price (Baht)
3.5 inc.	30	35	40-45
6 inc.	40	50	60-70
8 inc.	55	60-70	70
10 inc.	130	150	160-170
12 inc.	170	175-180	200
15 inc.	200	250	300
food cover	17	18	20
chopstick box	15	17	20

If the product of the member does not meet the quality set by the group, it will be reduced Baht 5 from the price lists. The famous rice containers are those with the first three sizes. The chopstick box is made according to orders from Japanese customers. At present, the rice containers and chopstick are regrind by the Japanese and German customers and the group can not meet the it demand.

The main material is Pai Bong from a forest in Tambon Nong Pon-ngam. The Pai Bong is bamboo with 50-110 cm. in length. The local people cut into pieces and sell to the members of the group. The bamboo must be more than 1 year old and its length about 50-55 cm. The price is 2 Baht per piece. If the length is 100-110 cm., the price is Baht 5. The second material used is rattan. The price is 2 Baht per piece. And the price per stem is Baht 13-15. Each stem can be separated in to 16 pieces and the labor casts 0.50 Baht per piece. The third material is Mai Teen Kratip which can be obtained from the forest. The price is 5 Baht per piece for big size and Baht 2 for small size. These materials can still be found in the area.

It starts with boiling bamboo for one hour. Then cuts it into pieces before drying. The next step is to make them in the same size and to form the container. The product then needs to be smoked before distribution for selling.

The equipment used for rice containers are knife, saw, and scissors. The costs of the equipment are Baht 1,760 with the depreciation of 460.50 Baht per annum. The repair cost is 125 Baht per year. It requires replacement every 4 years at the cost of Baht 500.

**Table1: Quantity and value of equipment used to make rice container, Baan Non Mayao,2003**

Item	quantity (unit)	price (Baht)	value (Baht)	useful life (Year)	depreciation (Baht/Year)
Knife	2	120	240	10	24.00
Saw	1	135	135	10	13.50
Kob Saimai	1	100	100	10	10.00
Hin lubkob	1	80	80	1	80.00
Tabai	2	115	230	5	46.00
Ti read tok	1	650	650	5	130.00
Lak Joa	1	10	10	5	2.00
Scissor	1	200	200	5	40.00
Stove	1	115	115	1	115.00
<b>Total</b>			<b>1,760</b>		<b>460.50</b>

The cost of production for the 6 inches size of rice container is follows:

Bamboo	3	pieces	Baht	6.00
Teen	1			5.00
Fa	2			4.00
Rattan	2			4.00
Rice straw	-			0.20
<b>Total</b>			<b>Baht</b>	<b>19.20</b>

Each time people do not make one container at a time. For instance boiling bamboo of 40-50 pieces they can make 15 containers. The labor is Baht 100 a day and it takes 397.50 man-day to make 15 containers. The cost of material is Baht 288. Therefore, the average cost per container is Baht 45.70.

For Fa Chi, is consists of 2 pieces of bamboo and can make 3 pieces of rice containers, so the average cost per piece is Baht 1.33. Rattan is at 2 Baht per piece. Fa Pid Kon is Baht 2. Rice straw is Baht 0.20. The total cost at this stage is Baht 5.53. The number

of 45 pieces of bamboo can make 67.50 pieces of Fa Chi. Labor used to make Fa Chi is 4.95 man-day at Baht 100 a day, so its labor cost is Baht 495. Cost of materials is Baht 373.27 (5.53x67.5) which makes a total cost of Baht 868.27. Therefore, an average cost is 12.86 Baht per piece. It seems that it is better than rice container.

Making chopstick box requires of 1 piece of bamboo at Baht 2 and labor for 45 boxes at Baht 1,012.50 (10.125 man-dayx100 Baht per day). The cost of materials is Baht 90 then the total cost is Baht 1,102.50, on an average cost per piece at Baht 24.50. This cost is higher than wholesale price of Baht 9.50. If the cost labor is not considered it will make a profit of Baht 13 a piece.

It may conclude that the price setting does not consider the opportunity cost of labor. One can see that only Fa Chi product can make profit, the rice container break can make a even and while there is a lass for chopstick box.

In 2002, the group made 8,500 pieces of Fa Chi, and 100 pieces of rice containers for orders at 35 Baht per piece. Therefore, it made Baht 3,500 for rice containers. However, 1,000 pieces of rice containers were sold in the domestic market. The chopstick box was made according to the order at 100 pieces with selling price of 17 Baht per piece and total is Baht 1,700.

### **3. Market and Financial Access**

The main markets are nearby province, such as Khon Kaen, Ubon Ratchathani, Petchabun and Bangkok. The production very much depends on the order form both domestic and foreign are markets which are uncertain. Some of the products can be substituted by others. The Kratik can substitute Kratip. For example, Kratik can keep the temperature longer and looks more hygienic.

The group was formed in 1988 and officially registered with the Office of Community Development in 1994. The objective of forming into group is to raise fund for the group. The Office of Industry provided Baht 50,000 to Baht 60,000 to the group. Moreover, the Department of Nok Rong Rean provided Baht 11,000 to the group as revolving fund. The member of the group can borrow this money and repays in kind such rice containers.

### **4. Human Resources**

The number of members of the group is 30 households which consists of 6 male and 24 female. All members are rice farmers with bamboo rice container making their second occupation. Most of members finished primary school.

**5. Management**

The structure of the group is loosed. The leader of the group is responsible for marketing with customers. Secretary, Accountant and members are the committee members of the group. The group has not yet paid dividend to the members. It intends to separate the profit into 3 parts: at least 20% pays to the committee, members 30% sets aside for the members and the rest is used to buy equipment and office supply. The leader gives 70% of the orders to the members and 30% for himself.

**6. Information Technology**

The computer or information network are not use with management for this group.

**7. Condition Towards SMCE and Company**

Based on the structure of the group and the products it is suitable for the cottage industry that is household industry. It is not suitable to expand as SME unless the management and organization set up needs to be arranged. In this regards it will have an impact on the present members and leader who is assembling and distributing the products at the moment rather than works on as a group activity.

## NNEX 6-14: ARTIFICIAL FLOWERS: TAMBON KONSAN

### 1. Tambon Profile

The office of the group is located at 1 Moo 3, Tambon Konsan, Amphor Kon San, Chaiyaphum province. The chairperson of the group was trained from the Folk Arts Center in Phra Nakhon Si Ayutthaya province, and product artificial flower as her secondary occupation for 14 years ago. Since this is a good opportunity with table is markets, the chairperson decided to work on this business with her husband. There are 16 kinds of artificial flowers, but the most popular flowers are Kathaleya, Lilly and Dok Krajeaw.

The group was established in 1999 and has registered as One Tambon One Product of Chaiyaphum province. The objective of the group is to help the unemployed people for work. The member of the group is 35 persons, of which 2 are male and 33 female.

### 2. Product

The main input is cloth to make the flower depending on the type of flowers. For instance, New still cloth is used for Lilly flower, Vilanae cloth is good to make Kathaleya flower, and Pan Kaew for Dok Krajeaw. Polyester cloth is used to make leaf. Each order has to be 10 at least rolls at 55 yards per roll. The supplier deliver to the members' houses. Nowadays the group can buy cloth at lower price than before, establishing direct contact with suppliers through trade fairs. Besides the cloth other components are iron string, tissue, glue and tape. The price of materials and production are as follow:

**Table 1: Summary of the price of materials and production**

Type of Materials	Price	Quantity	Production	Type of Production
New Still	8,500 Baht/roll	55 yards	9 flowers/meter	Lilly
Milanae	3,500 Baht/roll	55 yards	22 flowers/meter	Kathaleya
Pan Kaew	2,700 Baht/roll	55 yards	25 flowers/meter	Krajeaw
Polyester	4,700 Baht/roll	55 yards	40 flowers/meter	Lilly Leaf
Color	22 Baht/bottle	-	100 flowers/bottle	Lilly
String	35 Baht/kg.	-	100 pieces/3 kg	Hand held
Tissue	60 Baht/dozen	-	50 pieces/dozen	Hand held
Latex glue	50 Baht/bottle	-	200 pieces/bottle	Hand held
Tape	180 Baht/dozen	-	16 pieces/roll	Flower
Kaesome	0.45Baht/piece	-	14 pieces/flower	Lilly

The process starts with purchasing cloth, cutting, dying and preparing the leaves. The quality by the chairperson. The different kinds of flowers use different molds and different sizes. Table 2 shows the equipment and molds to make flowers. The investment for machine is Baht 39,000 with a depreciation of Baht 1,450 a year.

**Table 2: Investment cost of machine to make Kathaleya flower, Artificial flowers Group at Baan Hua Na Muang, 2003.**

Type of equipment	Quantity	Price	Value (Baht)	Life (Yr.)	Depreciation (Baht/Yr.)	Repair (Baht/Yr.)
Compressor	2	8,500	17,000	30	556.67	260
Cutter Mold for flower	2	300	600	20	30	
For small kleep	2	450	900	20	45	
For large kleep	2	450	900	20	45	
For leaf	2	600	1,200	20	60	
Compress Mold	1	1,600	1,600	20	80	
For small kleep	1	1,600	1,600	20	80	
For large kleep	1	2,200	2,200	20	110	
Cutter Machine	2	6,500	13,000	30	433.33	
<b>Total</b>	-	-	<b>39,000</b>	-	<b>1,450</b>	<b>260</b>

Source : Interview

Different cutters and compress of molds should be made available for different kind of flowers as 16 types of flowers have different types of leaves and petals. The flowers can not be wet, so the members of the group have to work at the center especially in the wet and cold season. The group is located at the house of chairperson.

Lilly Flower is composed of 2 flowers, 12 petals and 9 leaves, 14 kaesorns and 21 handhelds. Its cost also included tissue, glue and labor for all the process. Total cost per bundle of flower is Baht 39.90 as shown in Table 3. Wholesale price is Baht 45 and the profit is 5.10 Baht/bundle or 11.33% of the wholesale price. Retail price is Baht 55 and the profit is Baht 15.10 or 27.45% of the retail price. Table 4 presents both wholesale and retail prices of flowers.

**Table 3: Cost of production for Lilly per bundle, Artificial flowers group at Baan Hau Na Muang, 2003.**

Items	Cost (Baht)	Baht/bundle
2 Dok tooms		5.00
Cloth for making flower	1 meter for 9 bundles	19.08
Cloth for making leaf	1 meter for 40 bundles	2.47
String	105 Baht/100 hand held	1.05
Kaesorn 14 pieces	100 pieces/45 Baht	6.30
Tissue	110 Baht/100 hand helds	1.10
Glue	25 Baht/100 hand helds	0.25
Tape	15 Baht/16 bundles	0.94
Labor for cutting,		
Compressing	10 Baht/9 bundles	1.11
Coloring	5 Baht/100 kleeps	0.05
Attach hand held	5 Baht/100 pieces	0.05
Assemble		2.50
<b>Total cost per bundle</b>		<b>39.90</b>

Source : Interview

**Table 4: Wholesale and retail price of different kinds of Artificial flowers group at Baan Hua Na Muang, 2003.**

Type	Wholesale (Baht)	Retail (Baht)
Mali	3.50	10
Krajeaw	10.00	20
Rose	20.00	30
Lilly	45.00	55
Cladiolus	38.00	45
King	38.00	45
Paksa sawan	38.00	45
Kathaleya	15.00	20
Madam	38.00	45
Wanda	38.00	45
Irish	35.00	45
Carnation	18.00	25
Daesy	18.00	25
Daew Kra Jai	18.00	25
Putsikep	10.00	12
Fa Mui	38.00	45

Source : Interview



### **3. Market and Financial Access**

The strong point of the artificial flowers looking natural, at reasonable price and various types for choices. Its weak point can not net by water and its color is not durable. Krajeaw is good for sale in June and August during the flowering season of Krajeaw. Mali will have a good sale on Mother's day in August. Lilly and Kathaleya are sold all year round at 300 bundles/month. Sale promotion is done through participating at the trade fair. With more trade fairs, the group can sell more flowers.

For the source of the fund, in 1999, the group received a support from the Department of Community Development in form of mold, compressor and cutter machine. The value of the support is more than Baht 200,000.

Each member holds shares at 10 Baht per share, up to 10 shares. At present, there are 9,000 shares in group.

### **4. Human Resources**

Fourteen of the total members finished primary school and the rest is not known. At present, 11 members produce artificial flowers as the main occupation and 24 persons or 68.57%, work as part time.

### **5. Management**

The group comprises of a Chairperson, vice Chairperson, a secretary, an accountant and 11 members. The marketing activities are managed by chairperson's husband. Regulations on the distribution and use of benefits in the group are not well established yet. For example, the group paid dividend of Baht 8,000 last year but the money was used to buy fans, chairs and construction road not for business.

### **6. Information Technology**

The group is still lack on computer and information network.

### **7. Condition Towards SMCE and Company**

The group works like a family business. If there is a high demand, it is difficult to increase production because this business is labor intensive. Thus, it needs to restructure the organization of the group to cope wits new situation.

## ANNEX 6-15: JAPANESE DRUM: TAMBON AKARAJ

### 1. Tambon Profile

Tambon "Akaraj" is famous in making drums for more than 50 years ago. The original maker was Khun Ta Perm Poopradit. His first successors were Kamnan Hongfah Yodyoi, followed by the present Kamnan Yutha Saenghinhoi.

Its total population is 3,200 persons, consisting of 1,700 male and 1,500 female. Their main occupations are farmers and making drums. Khun Chalerm Paopayak is the Group leader with his own shops and factory. He also collects and sells various drums from other members.

### 2. Product

Drums have in different shapes, sizes and designs. The most famous drums are Japanese drum, Long drum, Plain drum, and Rumwong drum. Every type is made-to-order in any quantity.

The main raw materials are processed cow skin, wood, and string. Cow skin is purchased from Bangkok and wood is available from many provinces. The life span of drum is around 2 years.

There is no actual cost breakdown by type and by size of drum in details. The raw materials used for making drums are as follows:

Items	% of raw material
1) Cow skin	30%
2) Wood	60%
3) String and other accessories	10%
	<u>100%</u>

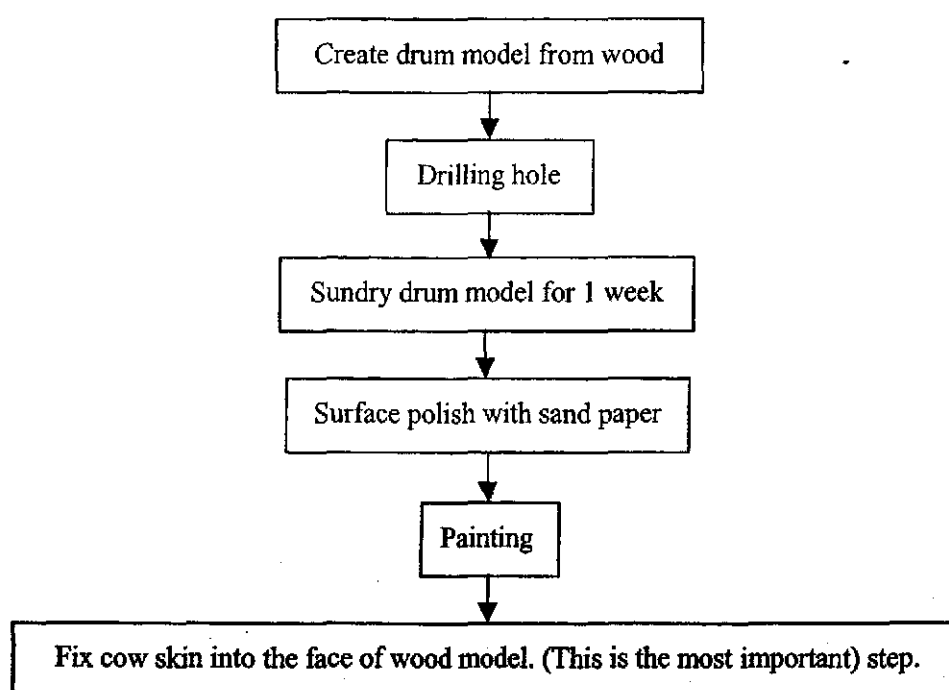
The average cost of break-down of each drum is described below.

Raw materials cost	:	50%
Labor cost	:	20%
Gross Margin	:	30%

The main equipment used for making drum are as follow:

- 1) Wooden latching machine worth Baht 20,000;
- 2) Drilling tool for making hollow hole, worth Baht 200,000;
- 3) Nail, hammer and iron wire; and
- 4) Electrical saw.

The total production capacity of all type and size is around 500 drums per month. The production processes of making drum are as follows:



The sound of the drum is fine or not depends on the proper fixing of the cow skin. It needs high skilled labor and time consuming to make a drum with a good sound (tone).

### 3. Market and Financial Access

The tough competition among drum makers must be closely observed. Because most of makers produce more or less the same type of drum, make from the same raw material and selling at almost the same price. There is no product-of-difference, except decorating with multi-color accessories.

The domestic sale represents almost 90% of the sale revenue and export only 10%. The main export markets are Japan and Africa. Selling prices vary from sizes and designs. The most popular sizes are between 8" to 12". The highest selling price of the biggest Japanese drum is around 100,000 Baht/each. The lowest is only 150 Bath/each.

They are in need of government support on the following areas:

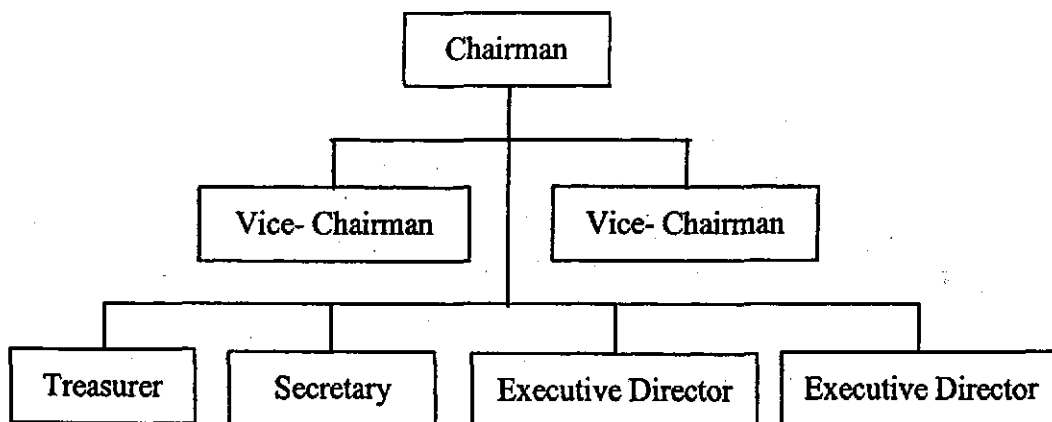
- 1) Additional working capital.
- 2) Public relations activities and promotion in both local and export sales.
- 3) Marketing expert to advise them how to find permanent markets and how to create brand awareness and identity.

#### 4. Human Resources

The present group leader is now turning to run other business. No definite organization chart is established.

#### 5. Management

The present Working Committee comprises of the following position.



Human resources development program is almost nil. Further self-training program of each member to improve productivity is not foreseen.

**6. Information Technology**

No knowledge of Internet or E-mail facilities or know-how, because no member is capable of learning "IT" technology.

**7. Condition Towards SMCE and Company**

Most of groups member run his own shop and factory and help themselves in every respect. It's hard to combine efforts to form any groups into cooperative or company. Each group has his own pride, hardly get-together to solve problems and promote market and sales.

Difficult to find a capable person in the group to organize and form into a very successful business venture.

Each group has his own customer and stores. They are quite happy with their present income or profit. They know only how to manage business as one-man show. Higher education or training in order to make them a better manager is hard to convince at the present time.

## **ANNEX 6-16: WATER HYACINTH PRODUCTS : TAMBON KLONG WUA**

### **1. Tambon Profile**

Tambon “Klong Wua” or in English “Buffalo Canal” is small village established over 100 years ago. Most of the people are farmers and they raise buffalo to plough their farms. In the dry season, these buffaloes will be raised along the canal. Thus the name “Buffalo Canal” was called ever since.

Tambon “Klong Wua” is only 6.5 kilometer from the city of Ang Thong province and can be reached easily by road. Besides water and electricity supply are available other facilities such as telephone, Internet and other modern communication system are also available.

The total population in “Buffalo Canal” is 1,724 persons, including 817 male and 907 female. Besides being farmers, making and selling bags and boxes made of water hyacinth is their second income earner.

Fresh water hyacinth is available in every canal in the village and the farmers cut and dry them for processing all year round.

### **2. Product**

Water hyacinth is kind of water plant originally grown in Java. The King Rama the Fifth brought one sample into Thailand. Nowadays, Hyacinth is found everywhere over water bodies. The plant, after drying can be used for making of excellent bags and other beautiful multipurpose boxes in various sizes and shapes. Avoiding from moisture contact or getting wet, the finished products will be the last for a very long time. To keep the product in dry places can prolong the usage.

The most popular items are lady bags with many patterns and beautiful designs. In addition, there are plenty of boxes and holders with different sizes and shapes for multipurpose usage in the household.

Most the product’s designs are those adapted from modern patterns abroad, with decoration, to make the product look more attractive and fashionable for selling at higher price. These products are hand-made by professional craftswoman with many experiences and know-how. This skilled craftsmanship is a local tradition and can be learned easily. It takes only a few days of hard work and practice.

The cost of products is quite varies depending on size, design and pattern. The neatness of knitting and weaving will make the product more attractive and can be sold at a higher price.

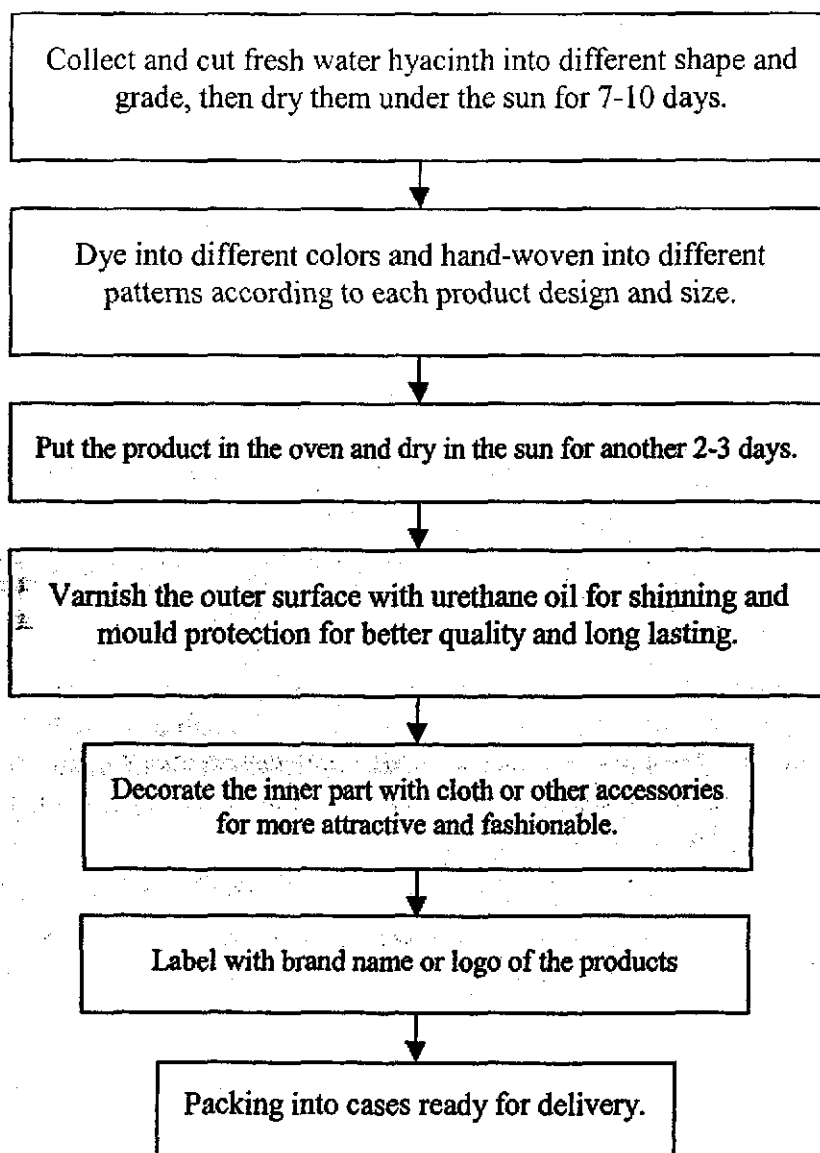
Normally, each item will give a gross margin of 30%, while the cost is around 70% of it’s selling price. The fresh hyacinth can be picked and collected almost anywhere free of charge.

There is not much investment in tools, only the wooden mould and some small pieces of accessories are regained. The craftsmanship in knitting is the most important cost factor, which represents more than 30% of the product cost.

**Table 1: Summary the whole and retail prices of the popular products:**

Products	Wholesale (Baht)	Retail (Baht)
1) Square bag	130	140-150
2) Lady handbag	130	140-150
3) House-shape basket.	190	200-210
4) Gift-boxes	60	70
5) Square tissue holder	60	70

Production process



### **3. Market and Financial Access**

The leader, Mrs. Pranee Chatavorn, is the lady who has a strong personality in driving this group to become so successful from the past and for a better future. By the way, the most of the products are manufactured to made-to-order for both export and domestic markets. The products also sell the office/showroom located at the Tambon. The office is built on a piece of land donated by the group leader. The total annual sales in 2002 amounted to 1,200,000 Baht with a net profit of 40,000 Baht (after deduction all expenses).

The products are available at the factory site and at trade fairs and exhibitions organized by many government bodies in Bangkok and other provinces during festive seasons throughout the year. However, group requires permanent market places to display and sell the products. For export markets, the group prepares made-to-order to the following countries: Japan, Canada, America and Italy. The selling price of products is varies depend on sizes and designs. The highest price item is sold at 250 Baht per piece and lowest at 40 Baht per piece.

Initially, finance supports obtained from the following financial institutes:

- 1) SIF fund of Baht 310,000;
- 2) Ang Thong provincial development fund of Baht 164,000; and
- 3) OTOP fund of Baht 900,000 from the Ministry of Agricultural and Co-operatives.

Presently, there is enough money to keep the business going with about Baht 100,000 cash, as the working capital. Bookkeeping and other records are well documented and also profit & loss is available for group members to audit anytime.

### **4. Human Resources**

The group leader keeps on training younger people which were selected from the members as successors. However, it takes a long time to educate and convince these young people to become businessmen. These young members are still lacking of bookkeeping and "IT" knowledge. Marketing and sale training are the most important parts to be conducted. Because of tough competition, designing of new patterns and market expansion are badly in need. Most of present sales person's age is over 50 years old. It is difficult to train them to become marketing and sale experts.

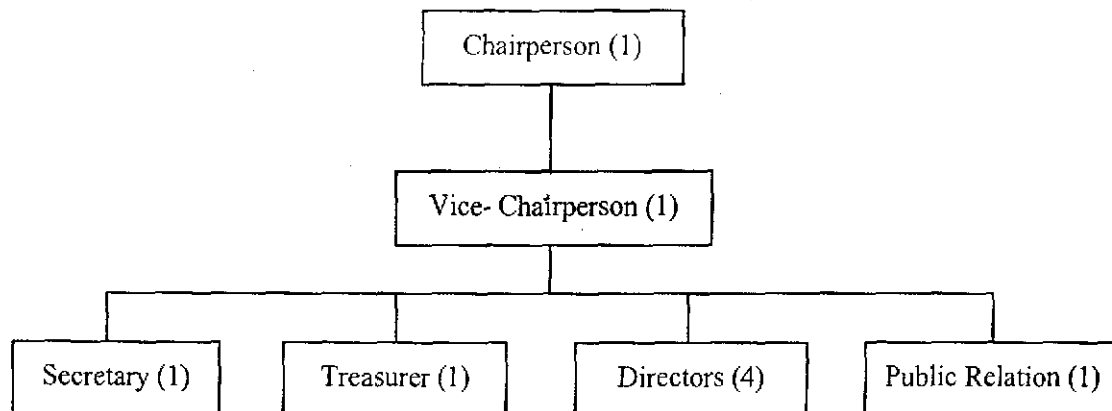
### **5. Management**

The group leader's son and daughter are highly educated but are not willing to assist the group's business full-time. They are now employed by government agencies with well-paid salary.



The group leader has a very good vision in future business development. She works hard intelligently and become one of the very important and successful people in the community. She is now designing the product logo and brand name including printing her photo in the product label. The organization of the group is shown as follows:

### Organization Structure



### 6. Information Technology

Though the use of computer is not yet started, the group leader is now learning how to use the computer, which is belong to her daughter and also has a plan to buy a computer and other appliances very soon. However, in order to use the Internet effectively, more knowledge on "IT" is required.

### 7. Condition Towards SMCE and Company

The group will be ready for SMCE within the next few years. Its permanent office for demonstration and as product display center, and those have no problem cash in and cash-out. Though the annual profit is not high enough to expand market, she confirms that, no additional working capital is required to solve by members. She also suggested that the government should combine all the different bodies from various ministries into only one working team under OTOP Committee so that it can provide all supporting activities for better control and inspections.

Though the group leader possess a certain knowledge of managerial skill, fur then experience and vision for leadership must be trained and also the assistance from experts in management aspects in order to become a good leader.

## **ANNEX 6-17: REED MAT: TAMBON BANGKAJA**

### **1. Tambon Profile**

Chanthaburi province, besides famous for various tropical fruits such as “durian” and Gem stone, another well-know industrial product is “Mat” made from “Kok” grass (Reed family)

Tambon Bangkaja-Khao Noi Thachalab(fishing village) is famous in designing and marking of lady handbags and business brief cases with beautiful designs and shapes, selling at higher price than other ordinary mat products.

This Tambon has a total population of 4,095 persons, including 1,993 male and 2,102 female. Their ancestors come from Chinese immigrants. The main occupation is fruit plantation and Gem stone processing.

The Tambon is situated 5 kilometer from the city of Chanthaburi. Modern highway transport system, electricity and water supply are available. Mrs. Raenu Jitsanguan is the present group leader.

### **2. Product**

The most popular items of “Kok” handicraft products, are lady handbag, business briefcases, dolls, multipurpose square and round boxes.

The lady handbag and briefcase design and pattern are different with those from other groups by using leather to decorate handle and other parts to make them more attractive, thus higher price is accepted by consumers. They are also very fashionable with modern style.

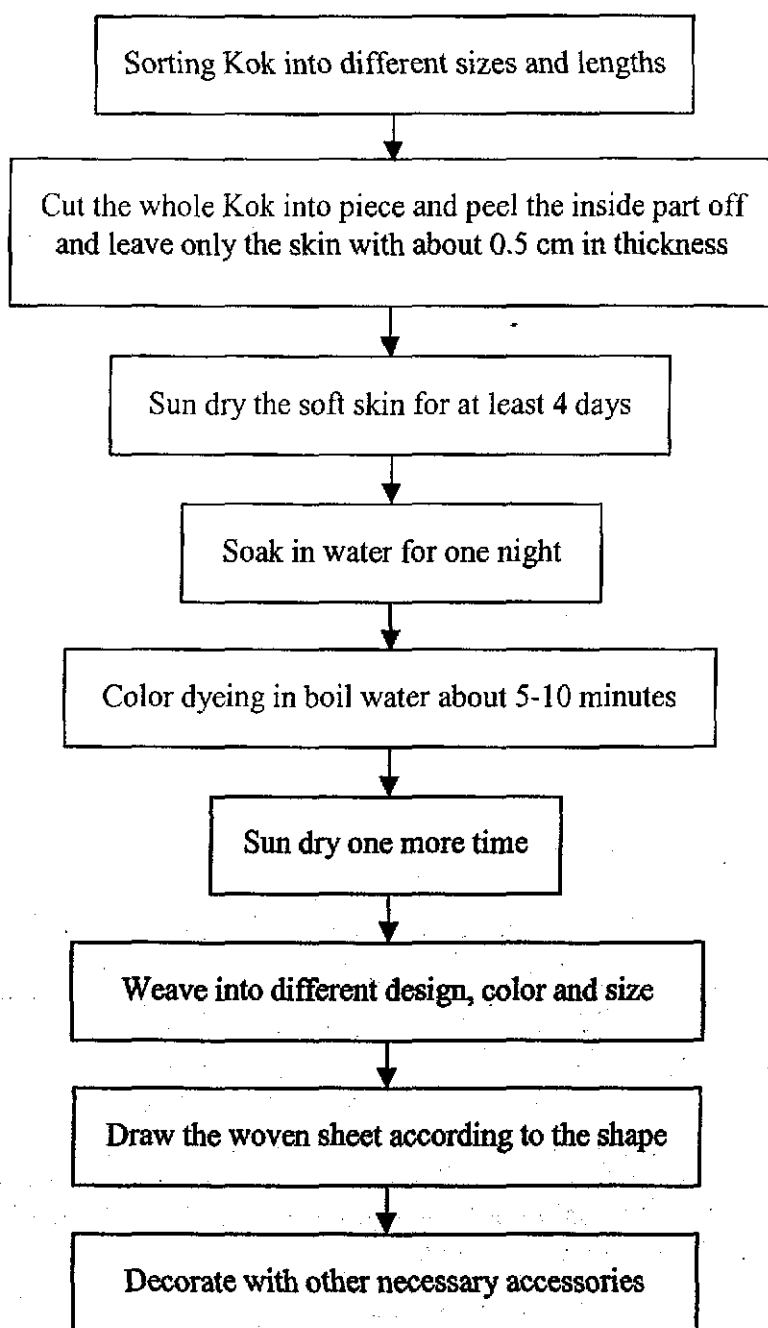
The average selling price varies by size and design. The most expensive item is 400 Baht per piece and lowest price is 145 Baht per piece. But the price sells at the modern gift shops and fashionable stores amounts to 3 times higher. The product wits trade mark-up is very high, especially in foreign countries.

In addition to the neatness as its main quality, every Kok string is almost of the shape and size. The buyer’s name can also be made by the Kok string and attacked to the product.

#### **Product tool**

1. Sawing machine.
2. Weaving wooden frame
3. Cutting knife
4. Hot water bowl

All items are hand-made and electrical hand sewing machine is used. The production process is below.



Product cost varies by design and by size. There is no standard cost for each product. However, cost breakdown by raw materials of the following best sellers are:

Product	Raw material	Cost (Baht)	Total cost/unit (Baht)
1) Business Brief-case	1) Artificial leather	40	145.00
	2) "Kok" mat	50	
	3) Other accessories	55	
2) Lady hand bag	1) Artificial leather	15	115.00
	2) "Kok" mat	45	
	3) Other accessories	55	
3) File	1) Artificial leather	33	98.00
	2) "Kok" mat	35	
	3) Other accessories	30	

The average gross margin of each product is around 35-40%, including labor cost, which is varied on design of each item.

### 3. Market and Financial Access

The annual sale was around Baht 500,000 in 2002. The most of sales are within domestic market. Furthermore, The products are distributed and sold in trade fairs and exhibition organized by other government agencies at festive seasons as gift items and souvenirs. From time to time, visitors have arrived at the group leader's house and bought directly from the maker. Export sale is still very limited and no efforts have been put to promote export sales yet.

This group received no financial support from government, except few sewing machines provided by the provincial promotion center. Most of the working capital came from individual contribution and the group profits. Again, as required, the group needs permanent selling stores to display their products in various parts of the country.

### 4. Human Resources

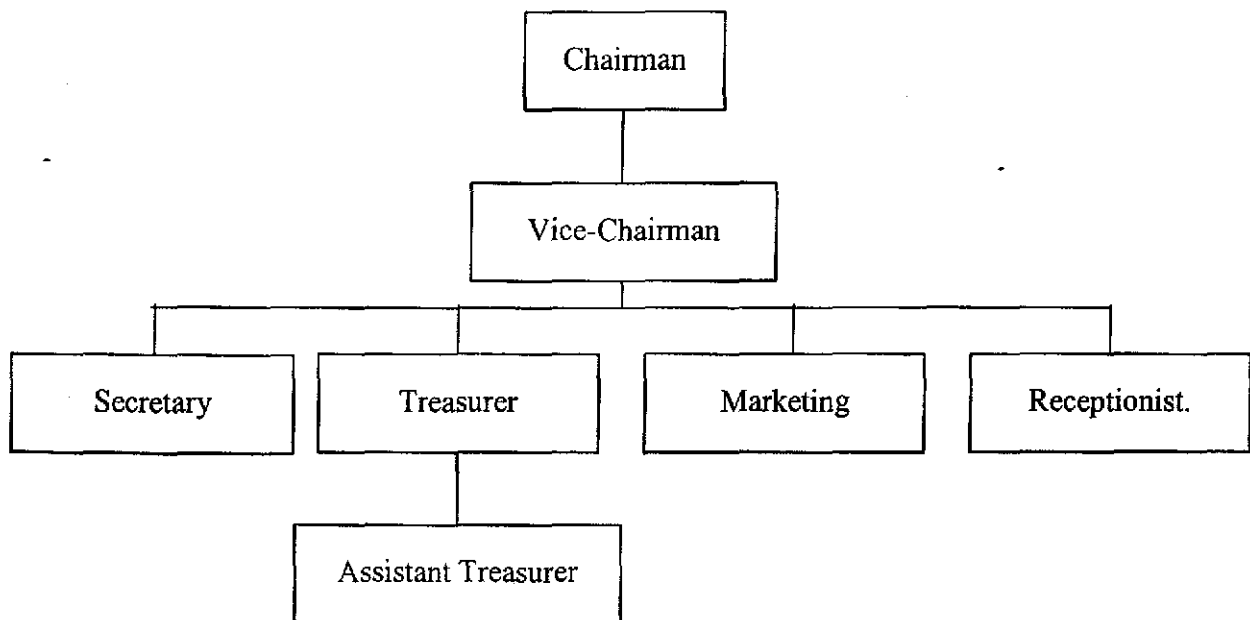
It will take long time to establish, because of the following factors:

1. Management skill of the present Committee member.
2. Need financial support in order to increase production.
3. Market to sell the product is a major problem.
4. Ability to keep records and "IT" knowledge is nil.
5. No young successor will be available in the near future.

Market expansion is still a long way to go.

## 5. Management

It's quite difficult to start, because no young people is willing to carry on their mother's business. Most of group member are over 50 years old. This group consists of 23 members. No written organization chart is available and only 7 members work as routine work.



## 6. Information Technology

The technology is non-existing in this because of low educational background and willingness.

## 7. Condition Towards SMCE and Company

No planning for future growth is envisaged educational level and qualifications of the members are low and lack of knowledge and courage to form a bigger group. Efficient young successor is hard to find.

## ANNEX 6-18: PROCESSED DURIAN: TOMBON KHAO BAISRI

### 1. Tambon Profile

Tambon “Khao Baisri” is very fertile for growing many varieties of famous tropical fruits. Its population consists of 2,920 male and 3,027 female which make a total of 5,947 persons. Their main occupation is growing fruits.

This group was established in 2000, with a total of 25 members who subscribed 730 shares at 100 Baht per share. Later on Baht 500,000 was provided from the Market Promotion Department. Altogether, a total sum of Baht 573,000 as working capital is in use. The group leader, Khun Vanida, is look after the group’s business in general.

### 2. Product

Chanthaburi is a well-known province for growing durian (King’ s of fruit). Durian is a seasonal fruit, which is available during summer season between Aprils to August. When the durian season come the selling price is very low. Furthermore, the fresh durian can only be preserved for a short time, therefore durian processing has been developed by the supporting of The Agricultural Department. Since then, the processed durian became one of the most popular product favored by the Thai consumers and Asian people.

Processed durian is available in three main products form: fried slice, fried chip and durian paste. Fresh durian is the main ingredient. Because of the uncertainty of supply of fresh durian in Chanthaburi and also from the south of Thailand.

Tambon Khao Baisri produces the best quality with modern facilities and hygienic conditions. The existing production capacity is estimatly at 3 ton/year. There is no problem in production know-how. However, if the harvest of the fresh durian is more than demand, there is not enough cold storage for fresh durian. The government should assist in providing additional cold storage facilities.

The Khao Baisri processed durian is sold and trademark under the name of the group founder “ PA GLAB”. The packing unit, content, net weight and selling price of each type are show below.

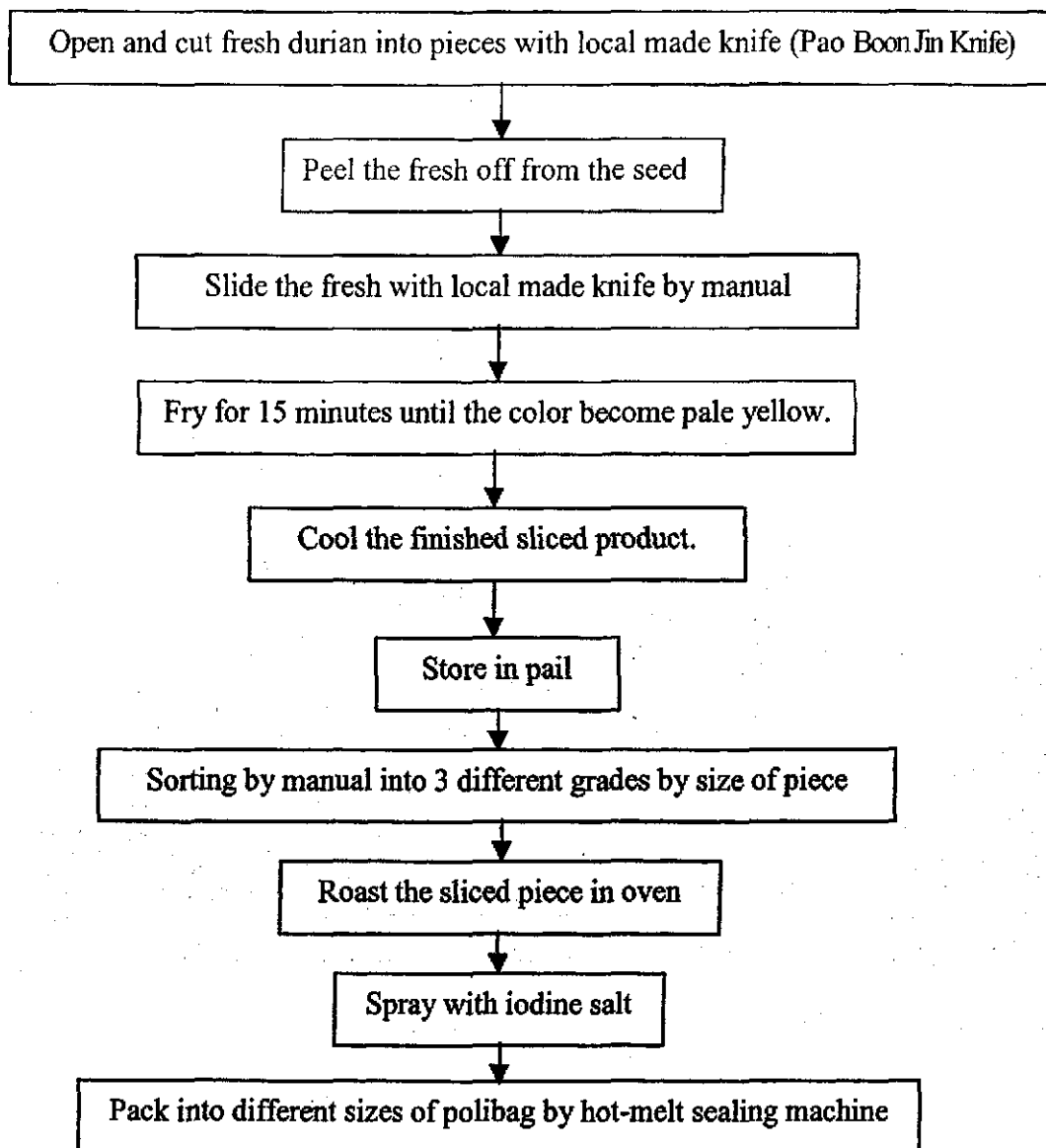
Type	Packing (Sizing)	Net weight	Selling Price (Baht)		
			Wholesale	Retail	Consumer
1. Fried Slice (grade A)	Large	500 g	-	150	180-200
	Small	250 g	-	80	100
2. Fried Chip	-	280 g	-	80	100
3. Durian Paste	Large	500 g	-	42	50-60
	Small	250 g	-	23	25-30

“PA GLAB” processed durian is distributed to local market by the following channel:

- 1) Government trade fairs and exhibitions;
- 2) At the factory site in tambon Khao Baisri;
- 3) Through middlemen who visit the factory occasionally; and
- 4) Then these middlemen will sell to supermarkets and minimarts.

Raw Material are consist of fresh durian and Iodine salt. And the equipment are included peel knife (local-made), sliding knife (Local-made), frying pan, stainless steel container, stainless steel oven roaster, semi-automatic sealing machine and polybag (various sizes)

The production process of durian is shown below.



With the present production capacity and raw material availability (without cold storage), the output is around 4,000 kilograms per year, at an average selling price per kilogram is Baht 300.

If the total of fresh durian from Chanthaburi and southern of Thailand can be purchased group is able to produce up to 6,000 kilograms per year.

The use the durian is classified into 3 categories:

- 1) Fresh durian when it is still raw will be processed into slice form.
- 2) When the durian is fully ripen, the fresh durian will be sold
- 3) The over-ripen durian will be used to make durian paste.

The size of the sliced durian is varies, as big size can be sold at higher price. The product cost break-down by percentage is as following:

Items	% of cost
1. Processed durian	50%
2. Vegetable oil for frying	25%
3. Gas	10%
4. Wage - Peeling/Slicing	15%
- Frying	
- Roasting	
- Packing	

### Remarks

The existing production equipment is borrowed by free of charge from other nearby tambon named "Khao Kaew".

### **3. Market and Financial Access**

Within the group, there are 3 main persons in charge of marketing, PR and management. However, the group leader (Khun Vanida) has established recently a private marketing company to handle both domestic and export market activities.

The group leader observed that the existing product, manpower and production facility could handle the existing business quite well without any problems. However, if the group wants to expand the business the following problems will occur:



- 1) Top management to handle the expanded business;
- 2) Continued support from the government for research and development of new products such as, preserved rose apple and processed jack-fruit (Kanoon). Though these two new products are now available in market but quite very limited. These two products will be used to supplement the low production season of durian to keep the group busy and earn more income.
- 3) More cold storage space is in need to present keep the fresh durian, but its investment is rather high. The group cannot afford, therefore, the government support is necessary in this area;
- 4) For marketing expansion to domestic and export markets, more experienced marketing and sales specialist is required which means additional investment needed;
- 5) For marketing public relations and advertising, there are some supports from various government agencies and some media free of charges. However, more supports are necessary for developing new packaging for export markets as well as for assisting in introducing "PA GLAB" brand to attract more Thai consumers nationwide.

#### **4. Human Resources**

For human resources, production know-how is currently sufficient. What this group is lacking of top management and marketing experts for further expansion into SME Company. The general management skill is below standard. The knowledge in cost accounting and book keeping is still to be improved. For business expansion plan and marketing of new products training is regained, which will need time. Though this group's organization is well planned, in actual practice, its routine operation and responsibility is still to be re-organized for better result.

#### **5. Management**

Management of this group is far better than other groups. But it is only among family members. Further management skill is needed to handle export business and marketing activities.

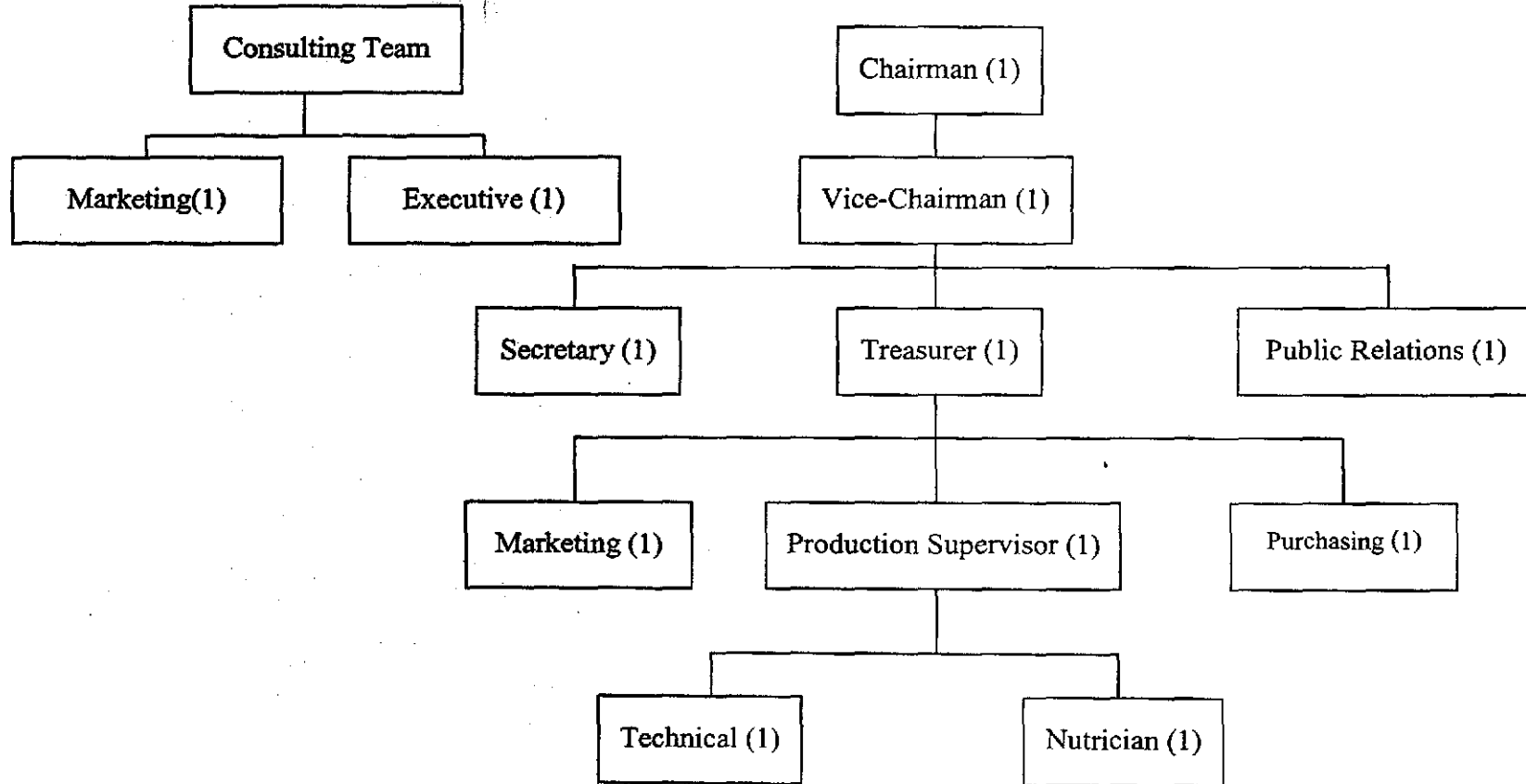
#### **6. Internet and Information Technology**

Knowledge of "IT" is being learned by the group leader but further training on how to handle it properly would need more time and efforts.

## **7. Conditions Towards SMCE and Company**

This group is well aware of OTOP program and it functions well. But as mentioned earlier improvement in many areas is necessary. Government supports, both financially and managerially skilled, are needed. Professional assistance by experts in production, marketing, management and "IT" is highly recommended and urgently needed to make this group become SME in the next 12 months. This group is well equipped with many persons who are willing to commit themselves to become successful entrepreneur.

### Khao Baisri Group Organization Chart



## ANNEX 6-19: DOLLS MAKER: TAMBON BAN SINGH

### 1. Tambon Profile

“Singh” means “Lion”. Tambon Ban Singh, is a plain area with modern irrigation system, sufficient for agricultural farming and animal raising. The villagers claims that there were lions in this area, therefore the name Singh (Lion) was called.

The total population is 11,016 persons with 5,288 male and 5,728 female. The main occupation are farming and handicrafts.

Presently, many villagers are skilled in making of baby dolls, animal dolls of various shapes. This is their main income. There are a total of 1,500 persons, which consist of 500 male and 1,000 female, engaged in this occupation.

### 2. Product

The toy maker business started has been for 20 years ago when the wholesalers from Bangkok hired people in Ban Singh to make mattress pillows and other bedding products. With the increased competition from mass production of mattress and pillows, these people turned to produce stuff dolls. Again they met with tough competition, and started to make various shape of animal dolls, such as bear, dog, and lions. These stuff animal toys now become a very profitable business.

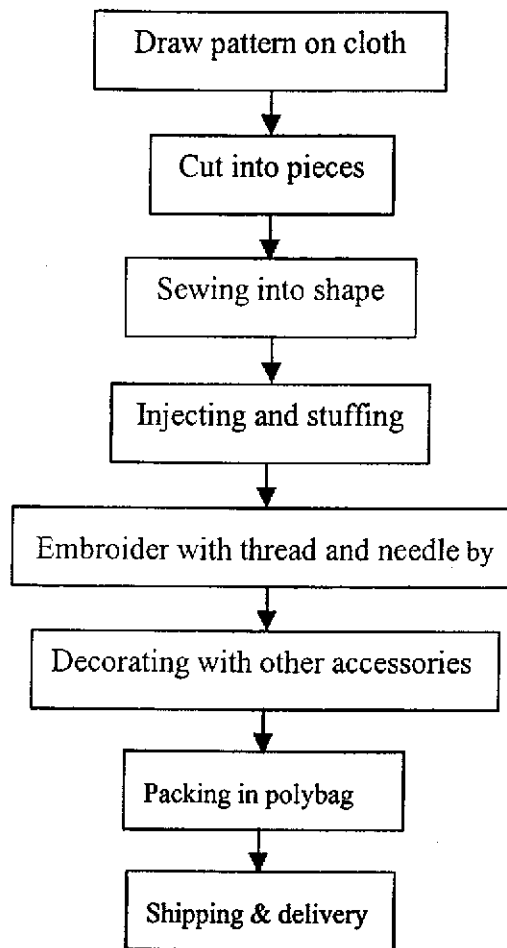
Other additional problem facing this by group is the registration of patent of design. Many brokers, with the help of local lawyers, copy their pattern and designs and submit for patent registration in claiming that their products are original. They request this group to pay money otherwise they will sue is court. Around 10 cases happened per year.

The cost breakdown of each item can be estimated as follows:

1) Wage	40%
2) Raw material	40%
3) Packing and delivery	5%
4) Gross profit	15%

The daily wage is paid on piece basis. Some skilled labor can earn up to 500 Baht /day.

The important equipment is the industrial sewing machine, which accounts for most of the investment. Another necessary tool is the electrical cutting machine. There are two types, manual and hydraulic. Other machine is the injecting machine. The production process is shown as follows:



### 3. Market and Financial Access

There are 3 best sellers:

- 1) Long-Leg baby doll;
- 2) Bear; and
- 3) Sleeping Dog

These products are made by hands with local wisdom. The adaptation of various shapes and sizes are produced from oversea catalogues.

The group leader strictly controls the product quality before shipping to export and domestic markets. Most of the export items are made-to-order. Japan is the main export market and the second is Malaysia which through trading firms in Hatyai district, south of Thailand.

Competitive products are from China and Vietnam with low price and also quality.

Export sale represent 20% and the rest 80% is sold in local market. The total market size per year is approximately Baht 4,000 million, while Tambon Ban Singh shares about 20%, or Baht 800 million per year. Because of increased export market demand, the growth rate is estimated at 15 %, inspite of tough competition from China and Vietnam. The major problem of local market is the imposing of VAT by the Revenue Department. In financial terms, each group member contributed a small amount of money to make up to Baht 50,000 to start the group's business. Later on, of the Ministry of Industry provided 10 sewing machines worth of Baht 200,000.

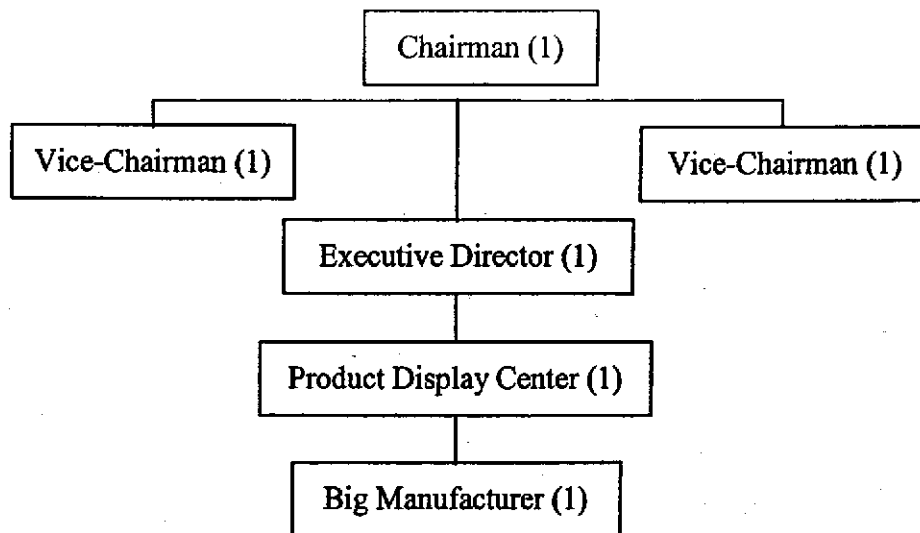
In addition, with the support of the provincial Labor and the Welfare Department 2 product display centers were established.

#### 4. Human Resources

There are skilled labor exists However, to cope wits the modification of original design and creation of new pattern, more skilled labors for sewing are in need.

#### 5. Management aspect

The Present Group Organization's Structure of the group is shown as follows:



Every 2 years, a meeting among the group members will be held to elect 17 committee members for running the group activities. Among these 17 members, the chairman and vice-chairman will be elected.

The present chairman is Mr. Somwang, who manages his private company to supply material to the 35 group members.

The main raw material is synthetic fabric, so-called "animal hair cloth", which is mostly purchased from elsewhere and sold to members by Mr. Somwang. Mr. Somwang said that plenty of supply there is no shortage of material. However, the general knowledge of accountancy or bookkeeping needs to be trained, as well as lacking of knowledge on costing and price policy regain improvements.

There is no problem in inter-group relationships. Although they are competitions among members but they are assigned to make different model and size of the toy, and their cooperation works well.

Mr. Somwang started to gather 35 people and formed into 3 main business groups as shown in the structure below:

#### Dolls and Toy Business Group's Structure

1. The Chairman is the main supplier of all kinds of raw materials for making toys and dolls to the members.
2. The Vice-chairman is the main wholesaler and retailer and markets his own brand "OPOR" and runs his own retail shop. The annual sale revenue is about 600 million Baht.
3. Contact manufacturers, for production acceding to made-to-order and sell to both retailers and wholesalers.

Independent group who owns retail shops along the main road and buys products from various toy makers directly.

The present management group is lacking of "IT" knowledge and related training is necessary to provide more efficient means for penetrating export markets. Supports from Export Promotion Department of the Ministry of Commerce is required. The group leader is well educated with a MBA degree from Thammasart University and working hard as one man show.

#### **6. Information Technology**

The group, with the guidance of the group leader is planning to acquire more knowledge on Internet and computer operation, but it is difficult to find or select suitable trainees from the members.

#### **7. Conditions Towards SMCE and Company**

Conditions towards SMCE and company are very promising because of high demand and impressive production know-how. However, management skills is needs to be trained and marketing expertise to be improved so that both local and export markets can be expanded the concerns are that the profit is some due to VAT and the patent registration problem caused by local lawyers.

## ANNEX 6-20: CHINESE EARTH WARE: TAMBON CHEDI HAK

### 1. Tambon Profile

Tambon Chedi Hak and 11 villages are located in the administrative area of Muang district, Ratchaburi province. The boundary of the Tambon is located as follows:

- North : Koh Phlapphla and Tambon Lumdin;
- South : Tambon Don Tago;
- East : Tambon Lumdin and, Tambon Na Muang;
- West : Tambon Hin Kong sub-district.

A total of 13,091 persons, including 6,374 males and 6,717 female. Main occupations is rice farming, earthenware making (jars, pots, etc.) and the second occupations is produces farming soil, and bamboo flocculation soil.

### 2. Product

Kij Thavorn 2 Factory produces only big earthen glazed jars with dragon design for water containers of approximately 100 liters each. The price depends on condition of the jar after baking. A jar without any flaw will be sold at Baht 300. As for products with flaws, they will be improved in better condition. However, their service life will not be long.

Products of Kij Thavorn 2 Factory have no distinctive features. Comparing with the products of the total 38 factories, quality and feature of Kij Thavorn jars are at the 20<sup>th</sup> rank. For pottery production, only Ratchaburi clay is used, with the following procedures:

- 1) Clay preparation: For the earthenware, 70 percent of clay (of which 90 percent are clay, and 10 percent are sand) and 30 percent of ash mixed with little water and kept in the preservation pit for about 5-7 days. After that, the mixed raw material will be kneaded and shaped into jars;
- 2) Shaping: The mixed, preserved, and kneaded clay is shaped into a jar by the skilled potter. Then it will be adorned with the dragon design, which is the symbol of Ratchaburi big earthen jar, and stamped with Kij Thavorn logo;
- 3) Preparation of glaze chemicals: The glaze chemical, a unique formula of each factory is essential for the production. If the chemicals do not meet the quality standard, the baked products will be easily cracked. After glazing, the jars will be baked at 1,200 C. for about 36 hours in the kiln. Then they will be taken out to be cooled down for 16 hours;
- 4) After baking and cooling, the jars will be classified into three grades: A,B, and C. If any jar is seen cracking, it will be improved and classified into grade D; and
- 5) Storage: The baked jars will be stored for further distribution.



For the production cost In 2002 shall be clarified as follows:

Revenue	Baht 6,000,000
Raw materials	Baht 1,200,000
Wage	Baht 1,200,200
Initial profit	Baht 3,600,000

The producer has no selling cost due to the fact that the dealers purchase the jars and pick them up from the factory.

Expenditures of the factory are approximately 200,000 Baht/month for raw materials, fuel, chemicals, wage, and office management, while the average earnings are 400,000-500,000 bath/month.

### **3. Market and Financial Access**

The distribution is in the form of wholesale. The middlemen come to the factory and purchase the jars with the following rates:

Bulk sale: 100 jars of various grades are bulkily sold at Baht 250 each; the purchaser is not allowed to select them as follows:

- Wholesale: grade A jars: Baht 300 each
- grade B jars: Baht 200-300 each
- grade C jars: less than Baht 200 each

The factory will not provide transportation for these jars. For the distribution channel shall be clarified as follows:

1. Approximately 10-15 percent of total distribution are carried out by the middlemen in Ratchaburi province; and
2. Approximately 85-90 percent of total distribution are carried out by the mobile retailers from the northeastern region.

The marketing is promoted by giving one-year credit to the northeastern retailers at a total amount of Baht 1,000,000. Approximately 40-50 percent of the distribution is carried out by this method. The trademark of the above-mentioned factory is Kij Thavorn 2, stamped on each product.

### **4. Human Resources**

Activities of this group are in the SME (small and medium enterprise) category, registered as factories. They are grouped under the name of Ratchabuti Big Earthen Jar Industry, and Ratchaburi Jar Traders' Association, with 38 members who are owners of earthenware factories. The president of the association holds the office for two years. Their objectives are to exchange and disseminate information and to jointly maintain the market.

For this study, the investigation focuses on Kij Thavorn 2 Factory. For the Joint Venture and Facilities are consist of:

**Premises:** For the plant, this category of industry requires at least 10 rais of land for buildings, clay preparation pit, pottery area, and kilns. The building is large, with low roof, four walls to protect the structure from the wind, and temperature control during the production.

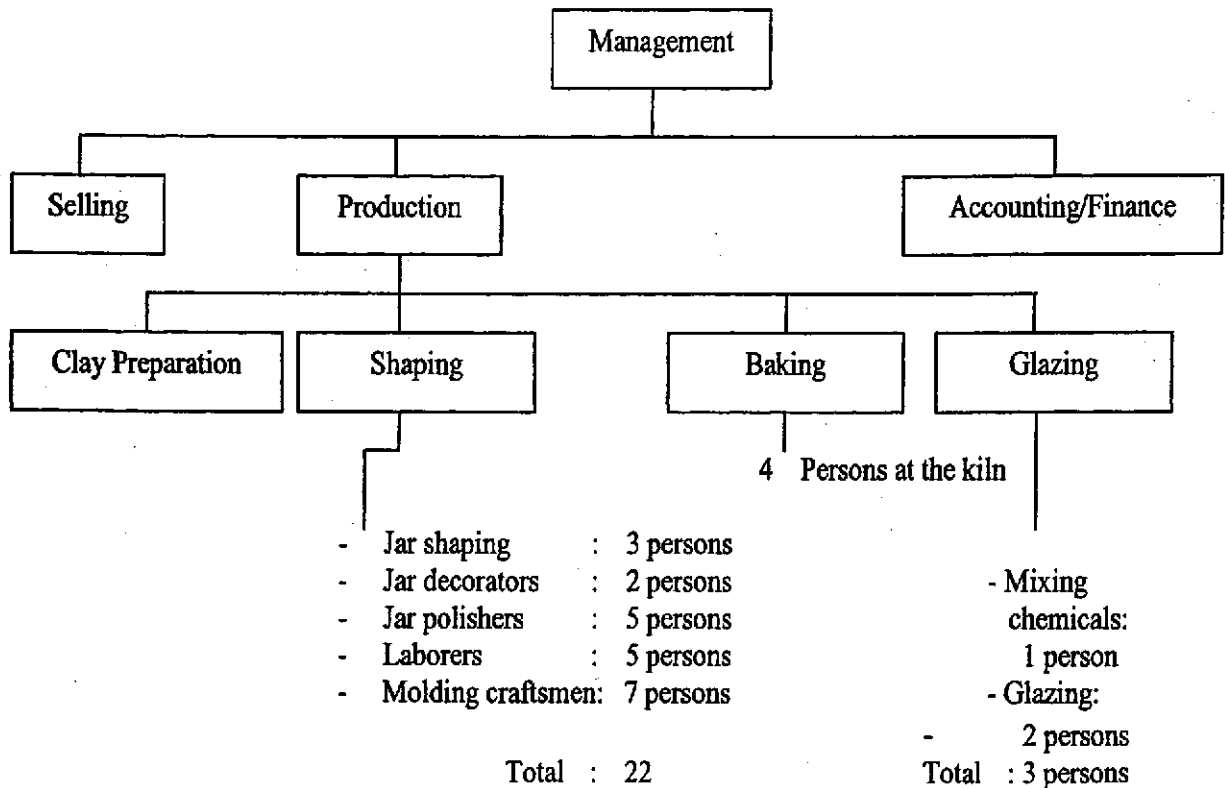
**Production Facility:** Pottery facility and components include kiln, Ratchaburi soil series, and glaze chemicals. For such glaze, the chemicals require experiment and development to be suitable for this type of clay, and to minimize the cracks of jars during baking.

**Finance:** Approximately Baht 5 million of fund, excluding the land, are required for the initial implementation, i.e. for kilns and raw material. If the state-of-the-art technology is employed, the cost will be twofolds, and the production quality will be similar to the porcelain.

With 38 members, the Ratchaburi Jar Traders' Association frequently holds meetings or get together and exchange viewpoints regarding sale price, as well as raw material price and sources.

## 5. Management

The management organization of this group is shown as follows:



This factory is a family business, running by the owner who is the one to make management decision.

**6. Information Technology**

The computer has not been use in the management and further advantage.

**7. Condition Towards SMCE and Company**

The problems of the group are clarified as follow:

- 1) The quality of products is not so good. With 5-10 percent defects, each baking will earn Baht 40,000-50,000. In a month, the jars are baked 4-5 times. The defect can be decreased if procedures are improved. The owner is the second generation replacing his father who passed away recently. He is at the stage of learning and solving problems;
- 2) If the kiln is improved, the quality of jar baking will be similar to the work of ceramics. Such improvement requires a fund of Baht 2-3 million;
- 3) The design has not been developed to be unique for Kij Thavorn 2 products;
- 4) The management is a kind of family business, without marketing and product design developments. No state-of the-art technology has been applied for production. These are obstacles for the business growth; and
- 5) No efforts have been made to look for further markets. Customers are those who dealt with his father for a long time.

The suggestion is clarified as follow:

- 1) Up to date know-how regarding design, production, and investment should be acquired to develop the product and its symbol. The value of products will be enhanced to be similar to that of the ceramics;
- 2) Marketing training should be provided, and product distribution should be promoted throughout the country; and
- 3) The business is in the category of SME, without assistance from the government sector regarding finance or management. It requires development technology, and support provided to the groups as entrepreneurs.