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ROJAM HEALTH PRODUCTS: INNOVATION FOR GROWTH AND ORGANIZATIONAL SUSTAINABILITY

Quamrul Hasan, Che Azlan Taib, Rohaizah Saad, Kamarul Irwan Abdul Rahim

This case was written by Quamrul Hasan, Che Azlan Taib, Rohaizah Saad and Kamarul Irwan Abdul Rahim, Universiti Utara Malaysia. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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Institute for Management and Business Research (IMBRe)
Universiti Utara Malaysia
Tel: +604 – 928 7607/7608/7609 | Fax: +604 – 928 7611
<http://www.imbre.uum.edu.my>

Introduction

As the most responsible and top management, chairman of the board, of the company- Penawar Industries Sdn Bhd in Kedah (Penawar), Haji Shuib Mohd Isa (Hj Shuib) lost his sound sleep and became desperate to find the ways to come out from the greatest challenge he was facing. The company, as an SME, had been manufacturing healthcare and cosmetic products under the brand name of ROJAM. Penawar was struggling in sustaining the market share. The annual sales started to drop significantly since 2001. On top of that, in 2008, the marketing manager who was very productive left the company due to family reason. He failed to find a new marketing manager who could replace the previous one with enough skills and high productivity. This added further headache to Hj Shuib. The company's sales dropped to more than 80% in 2010 as compared with the peak year in 1998. The business result was getting bad and bad in year by year which became worse in 2015. Hj Shuib finally took some crucial actions for sustainability of the company he founded. One of such actions was to assign Hajah Rodina Shuib, the finance director, for taking the responsibility of the factory effective from June 2015.

From the Past to the Recent: An Overview

It was in early 1990s. After coming out with unsuccessful results from transportation service business, Hj Shuib (when he was in his mid-30) came across a friend-Mr. Azizan who was also in business though not in the same field. Mr. Azizan invited Hj Shuib to produce traditional medicine in partnership with him as a new business. At that time, the emergence of Langkawi as the legendary island in northern state of Malaysia triggered them to select this strategic place for exploiting the potential of sea cucumber as traditional medicine under the health care industry. Sea cucumber is an organism from sea and it is known as "Gamat" in Malay which have been used in traditional medicine from generation to generation especially for speedy healing and recovery of skin injury or damage. Hj Shuib, as a beginner, actively took part in the learning process of making of sea cucumber as traditional medicine from the local people in Langkawi. In 1992, this led to the establishment of a new company-Rojam Enterprise co-owned by Hj Shuib and Mr. Azizan. They, together, gave birth of the new word "Rojam" by combining the first parts of the names of their beloved wives; Rokiah and Jamilah, of Hj Shuib and Mr. Azizan respectively. With relatively small amount of capital injection of RM 2,000 the newly established company Rojam Enterprise successfully started producing and selling the health care product at Langkawi directly and distributing to local and other retailers in Peninsular as well. The total number of products was five.

In 1996, Hj Shuib decided to move the company's production site from Langkawi to his house backyard in Alor Setar, Kedah. This change of location was necessary to justify that the raw materials had to be procured from the main land and the market size was much bigger in the main land as well. This strategic decision, as a result, helped the company to save extra costs significantly. The products were produced manually with five staffs only including Hj Shuib and his wife. Their daughters assisted them whenever they could manage the time. With limited resources and flat structure of the organization, they had to strive to get the job done to sustain their business. Their hard work paid off and Hj Shuib realized that the "Rojam" became prominent in the market all over in Malaysia. This prompted him to register Rojam as the brand name with the establishment of Penawar Industries Sdn

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