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## MANAGING SUSTAINABILITY OF DAMAI INDUSTRIES SDN. BHD.

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This case was written by Nor Laili Hassan, Halimah @ Nasibah Ahmad, Md. Suhaimi Md Saleh, Mohamad Sharofi Hj Ismail and Natrah Saad, 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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## **Introduction**

Syukri graduated from Universiti Pertanian Malaysia in mid 1980s, after which he joined a number of manufacturing companies. After obtaining a few years of experience, he decided to set up a partnership telecommunication business as a franchisee. Unfortunately, after a few years of struggle, the business could not survive and eventually he was declared bankrupt. Apparently, the major contribution to his business failure was mismanagement and dispute between partners.

But as a strong-willed person Syukri has never gave up and decided to divert into herbal cosmetics and health care industry that he strongly believed will have a better prospect in the near future. Hence, in 1998 he ventured into business by establishing Le Roselle Cosmetics and SPA. In September 2004, he set up Damai Industries Sdn. Bhd (Damai) and when business expanded, he later set up Z-Line to support Damai business operations, particularly in marketing activities.

In the course of establishing his business, he faced many challenges and obstacles such as limited funding and support from financial institutions and government agencies. Despite of these difficulties, his persistence, perseverance and interest in this field has finally paid off. Today, he can be proud of his own products and achievements which have positioned his company at par with other reputable businesses in the same industry. Notwithstanding the rapid growth of his business, Syukri is still wondering whether his business governance is in a proper order. His concern arise from his past experience and lesson learned from failure companies including Enron, WorldCom and National Feedlot Corporation. In addition, he also planned to restructure the company of which Damai will be formed as a holding company in six-month time. In particular, his worry relates to strategic management, administration, marketing, financial management and entrepreneurial skills which could significantly hamper his business sustainability in future. Hence, it is high time for him as a founder and Managing Director, to evaluate the current practice of Damai.

## **Background of Damai**

Damai has been established on September 2004 in Kedah. Damai currently produces a variety of roselle-based health food and drinks, food supplements in the form of soft gel, tablets, sachets, powders and skincare products. Damai is also the producer of Original Equipment Manufacturer (OEM) for other entrepreneurs. The term, 'OEM' is used when one company makes a part or a subsystem that is used to produce another company's end product.

In order to market its own products, Z-Line was established as a marketing arm. Such establishment helps Damai to mainly focus on production activities. To further strengthen the business, the company acquired a plot of land measuring 7.7 acres in Jalan Tunjang-Napoh to develop a Good Manufacturing Practice (GMP) factory with the concept of a "one stop center". The center will be equipped with fully automated equipment and laboratories for research. The company has also bought two new factories around its vicinity and is currently in Phase 2 of renovations to accommodate the production of new beverages. The following is the organization chart of Damai, which is the central point of this case.

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