CHAPTER 3

CHAROAN POKPHAND
FEEDMILL CO., LTD. (CPF):
AN APPRAISAL OF ORGANIZATION
AND WORKING
CHAROAN POKPHAND FEEDMILL CO., LTD. (CPF): AN APPRAISAL OF ORGANIZATION AND WORKING

The operations of a large business organization are complex. Its evolution involves a combination of individual effort and good fortune. The Charoan Pokphand Group (CP), based in Bangkok, Thailand, with its affiliated companies operating in 13 countries and commercial relations with numerous countries in six different continents, generated total revenue of approximately US$ 5 billion in 1992. This was achieved through the efforts of more than 50,000 employees working in more than 200 companies within the CP Group.

The CP Group's origin can be distinctly traced to the foundation of the Chia Tai Shop almost 72 years ago by two brothers, who then supplied various feed inputs to farmers. The process of commercial diversification began in the early 1950s, while the transition from a family-run business to a modern, professionally operated corporation was accomplished during the 1960s. Since then, the process embodied in vertical integration, from supplying primary goods and raw materials to marketing finished goods directly to the end-users, has successfully continued without interruption.¹

THE CHAROAN POKPHAND GROUP PERSPECTIVE:

A well managed opportunity preceeds additional opportunity. For 72 years this has been the foundation of the CP Group's consistent

successful corporate ventures. What began as a small supply store has grown significantly, in large part due to the group's ability of steadfastly providing fair value to its customers, suppliers, partners and employees.

Products of consistently reliable quality and which are actively supported by after sales service attract long-term customers. A decentralized management structure with each operating unit treated as an independent profit center provides greater scope for an individual's strengths and initiatives to develop in harmony with the needs of the broader corporation.

An understanding of the complete cycle of goods - from plant seeds to meal on the table, from raw materials to multiple products in the home - has served as a strategic base for the process of commercial integration and diversification that effectively turns customers into suppliers and suppliers into customers.

Management practices that aspire to take the greatest possible advantage of technology, applied research, and economies of scale have enabled CP to promote revolutionary techniques in agricultural goods processing. These advances have helped to increase the overall productivity and yields, thereby reducing costs and prices of finished goods while maintaining profitability. Of equal importance, these efforts have brought valuable sources of nutritious protein within the reach of steadily larger segments of the population.

CP, the institution and CP, the people have accrued vast experience through this process of developing human capital, creating financial resources, and accumulating great reserves of expertise. In combining these diverse assets, CP efficiently mobilizes its highly trained workforce while servicing diverse international markets, without prejudiced concern for nationality or borders. When a company in the
CP Group performs in accordance with the standards of a national stock exchange, it is provided with an opportunity of public share listing. CP is a free enterprise organization driven by an unshakeable belief that the world is full of opportunities through which people of integrity can enrich the lives of everyone.¹

STRUCTURED FOR GROWTH:

To accommodate its rapid and continuous growth, CP has structured its business into ten Business Groups:

- Agro-Industry
- Aquaculture
- Seeds, Fertilizers and Plant Protection
- International Trading
- Marketing and Distribution
- Real Estate and Land Development
- Petrochemical
- Automotive and Industrial Products
- Telecommunications
- Petroleum and Power

This structure permits the degree of specialization required by specific business groups, yet takes full advantage of the combined resources of the entire Group.

¹ Op. cit, p.3.
Managing and maintaining growth represents one of the foremost challenges which a dynamic enterprise can face. Ensuring that the keys to growth - quality, service and competitive pricing - do not deteriorate, requires a flexible and adaptable structure that can marshal and direct the resources necessary to meet new commitments. This is especially the case when a company is operating on a multinational level.

As decentralization of line activities facilitates successful growth, centralizing of certain staff activities increases efficiency and saves costs CP has established a dual-reporting system for various staff functions, including accounting, finance, personnel, and corporate communication. CP has been able to attract highly qualified and motivated people by offering them greater opportunities coupled with proper support and strong incentives. CP has done much the same in attracting qualified partners with whom it has successfully ventured into new areas.¹

The Future:

As before, diversification will continue to characterize CP's future growth. Just as existing lines of business, are expanding to reach their maximum potential, new ventures will emerge, for which CP will mobilize the resources - financial, managerial and technical to transform promising possibilities into beneficial realities.

CP welcomes competition, both from new entrants and from existing business ventures. Free and fair competition prompts greater efficiency, which in turn, leads to better products and more responsive service. This ultimately leads to greater consumer satisfaction.

¹ For details please see Appendix B.
Public participation in CP will broaden as more and more companies within the Group consistently achieve high performance standards and become listed on local and foreign stock exchanges. This shared stake adds another dimension to the loyalty already won in the market place.

CP will continue to seek ways to create opportunities for individuals and to boost their productivity through the innovative application of technical training and technology transfer. At the same time, CP will always fulfil its obligations to posterity by protecting the environment and conserving scarce resources.

In combining the strengths and inherent respectability of CP's diverse business activities with the dynamism of its employees, the CP Group need not compromise its unwavering commitment to quality. It need not, has not and will not.

As above, CP Group comprises of 10 business groups, out of which one is Charoan Pokphand Feedmill Public Company Limited (CPF). The introduction of CPF has already been stated in the chapter 1. Here, I would like to give some more details about it:

HISTORY OF CHAROAN POKPHAND FEEDMILL CO., LTD. (CPF):

Charoan Pokphand Foods Public company Limited ("CPF") was established in 1978 under the name "Charoan Pokphand Feedmill Co., Ltd." After receiving promotional privileges from the Board of investment in 1981, the Company began production and distribution of animal feed in southern Thailand. CPF was listed on the stock Exchange of Thailand in 1987. The business had expanded to animal farming, towards further integration. In 1988, CPF began aquaculture operations, especially integrated shrimp business, in Thailand. Through our vigorous research and development program, we became a
pioneer in disease prevention as well as in culture systems, which ensure environmental safety. In 1994 the company becomes a public limited company. In 1998, CPF underwent major business restructuring, acquiring shares of the Charoan Pokphand Group Co., Ltd.'s livestock and meat processing companies in Thailand. The business restructuring process was completed in early 1999, making CPF the flagship agribusiness entity under the Charoan Pokphand Group in Thailand. In December 1999, the Company's name was changed to Charoan Pokphand Foods Public Company Limited to reflect the business structure and mission to become a world-class food producer. Charoan Pokphand Foods Public Company Limited is presently the largest.

1978: The Company was incorporated with an initial capital of Baht 5 million.

1981: With the promotional privileges provided by the Board of Investment, the company began production and distribution of animal feed in the nine southern provinces of Thailand.

1987: During the year, the registered capital of the Company was increased five times for being listed on the Stock Exchange of Thailand (SET). In December, the Company's ordinary shares (30 million shares with a par value of Baht 10 each) were approved by the SET to be as the listed securities under the name of "CPF".

1988: At its 12th general meeting of shareholders, a resolution was passed to increase the registered capital of the company by another 300 million Baht, divided into 300 million shores with a par value of 10 Baht each, or a total registered capital of 600 million Baht. It also issued debentures totaling 300 million Baht, divided into 300,000 shores of 1,000 Baht each. Its objectives were to expand the following businesses:
1. Construction of a shrimp feed plant at Mahachai district, Samut Sakhon province, with a productive capacity of 200,000 tons per year. This is the largest and the most advanced plant in the world.

2. Construction of a shrimp feed plant in the same compound as the animal feed plant at Hat Yai district, Songkhla province.

3. Construction of a new animal feed plant at Tharn Kasem district, Saraburi province.

4. Construction of shrimp farm at Bangkachai district, Chanthaburi province.

1989: On 17th February, the general meeting of shareholders passed a resolution to increase the company's registered capital from 600 million Baht to 1,200 million Baht, by issuing 60 million ordinary shares at a par value of 10 Baht each, totaling 600 million Baht, for sale to the shareholders in the ratio of one old share to one new share, at the price of 25 Baht each. The selling price to the public was 25 Baht each. The objectives were to expand the following businesses:

1) Construction of 2 cold storage plants, with a productive capacity of 7,000 tons each.

2) Construction of shrimp culture farms covering total areas of 5,000 rai.

On 20 December, the company bought 51.05% of the Charoan Phokphand Northeastern Co., Ltd.'s shares.
1990:

February

- Company held 52.40% of the shares in the Bangkok Agro-industrial Co., Ltd.

- Broiler farm, Saraburi province, construction started in 1989. A closed shed, with steam-power air-conditioning system, started yielding on a commercial scale.

May

- Breeding chicken farm, Nakhon Ratchasima province, constructed in 1989. A closed shed, with steam-power air-conditioning system, started yielding on a commercial scale.

- Prawn culture farm, Surat Thani province. Culture operations at full capacity. Harvests expected at intervals from October onwards.

June

- Prawn culture operations farm, Nakhon Si Thammarat province. Culture operations at full capacity.

- Duck feather sorting plant, Samut Prakan province. Production started.

July

- Cold storage business, Samut Sakhon province, of the Seafood Enterprise Co., Ltd., in which the company held 99.99% of the shares. Production started. Most of the raw materials excluding the cold storage plant are from the company's farms as well as from the other companies' farms.
September

- Prawn culture farm, Pattani province, a joint research project with the Price of Songkhla University. Culture operations at full capacity and harvests expected from December onwards.

1991:

January


March

- Layer farm, Songkhla province, started to give yields on a commercial scale.

April

- Broiler chicken farms, Songkhlo province, three units added by the end of 1990. First unit gave yields in the current month while the other two units gave yields at the end of 1991.

September

- Breeding swine farm, construction started in Phatthalung province.

- Fish culture farm, Suphan Buri province. Culture operations at full capacity.

October

- Purchase of land to expand the prawn feedmill, Songkhla province.
November

- Prawn culture farm, Pak Phanang sub-district, Nakhon Si Thammarat province. Permission received from the Board of Investment to start operations.

December

- Hold shares in the Telecom Asia Co., Ltd.¹

1994: The Company registered as a public limited company and changed its name to "Charoan Pokphand Feedmill Public Company Limited" in January.

1995: The Company issued Unsecured Floating Rate Notes (FRN) totaling US$ 100 million, The FRNs were listed on the Stock Exchange of Hong Kong using the name of "CHAROAN N2000".

1998: During the first Extraordinary Shareholders' Meeting of 1998, shareholders passed a resolution to restructure the Company's businesses. The Company will consolidate, under its common control, some part of agro-industry of CP Group in Thailand, especially the livestock integration and further processing businesses. Presently, these businesses are operated by both listed and non-listed companies. In this regard, the Company increased the share capital of approximately 153.5 million shares to support the transaction.

In November, through the tender offer the Company completed its acquisition of three listed public companies: (1) Charoan Pokphand Northeastern Public Company Limited, (2) Bangkok Agro-Industrial Products Public Company Limited, and (3) Bangkok Produce

Merchandising Public Company Limited with the holdings of 98.88%, 99.48%, and 98.05%, respectively. In this connection, the Company issued approximately 38.5 million new shares in exchange for the acquired shares of CPNE, BAP and BKP. Therefore, the total issued and paid-up share capital of the Company was changed to Baht 1,585 million.

1999: On January 8th, the Company completed the acquisition of 99.99% holding in six non-listed companies (1) Bangkok Feedmill Co., Ltd., (2) Charoan Pokphand Industry Co., Ltd., (3) Bangkok Livestock Processing Co., Ltd., (4) Bangkok Farm Co., Ltd., (5) C.P. Agro Industry Co., Ltd. and (6) B.P. Feedmill Co., Ltd. from Charoan Pokphand Group Co., Ltd. ("CPG"). Upon completion of the acquisition of the six non-listed companies, the Company issued and offered to CPG, 50 million warrants to subscribe its ordinary shares, and received the payment for the warrants.¹

THE PRINCIPAL BUSINESSES:

The principal businesses of the Charoan Pokphand Feedmill Co., Ltd. consist of the following:

1. Ready-made animal feed production and distribution business.

The company pioneered in introducing various local agricultural produce such as maize, soybean, rich bran etc. as raw materials for animal feed production. Through the use of modern machinery, technology and technique; and the computerized controlling a system of feed formulas at every stage of production, the result was that feeds had freshness and met the feeding habits of particular kinds of animals.

FIGURE.3
THE STAGS IN FEEDMILL PRODUCTION OF CPF

- Receiving of Raw Materials
- Quality Controlling Of Raw Materials
- Receiving of Raw Materials in Silos or Warehouses
- Grinding of Raw Materials
- Mixing
- Pelletizing
- Packaging

as well as attained specified standards and quality that instill the confidence of customers.

The Government has realized the importance of the animal feed production industry and hence, has granted promotional certificates to various companies in the industry.

At present, CPF still enjoys privileges such as exemption from import duty on imported machinery and exemption from juristic personal income-tax on the net profits earned, etc. The company’s major animal feed products include chicken feed, swine feed and duck feeds. It also produces feeds for other types of animals such as horses, cow; and for pets such as birds, dogs, cats, etc.


This business line includes the rearing of chickens, broilers and laying hens. It pioneered in introducing breeding chicken stock and swine stock from abroad for research and development that is geared towards the adaptation of rearing methods to suit local conditions, which finally produce breeding stock that can be easily reared, that grows fast and has low feed conversion ratio. At the same time, it has sold the breeding stock to animal breeders and provided advice, concerning appropriate rearing methods. The company’s animal farms comprise of:

(1) Breeding chicken stock farm and hatchery. The farm consists of breeding parent chicken stocks and broiler sheds, equipped with the most advanced evaporative cooling system in Asia, enabling the chickens to grow fast and stay healthy. Moreover, there is a modern hatchery in which temperature is controlled by computers, thereby producing strong and disease-free chicks.
FIGURE.4
THE STAGS IN ANIMAL HUSBANDRY OF CPF

Preparation of Shed

Introduction of Chicken and Young Swines Into Farm

Baby Chicks

Baby Swine

Harvest Stage

Quality

Adolescent Swine Shed

(2) **Broiler farm.** Using the evaporative cooling system makes it possible to accommodate a large number of broilers averaging 16 chickens per square metre. The chickens grow rapidly, attaining a feed conversion ratio of only 1.8:1 within a short period of only 42 days, compared to 50 days in the past, and have a uniform weight. This process enables consumers to buy chicken meat at cheaper prices.

(3) **Laying hen farm.** By applying modern feeding technology and emphasizing cleanliness of sheds, each hen produces a yield of 270 eggs per year. The company has set up a duck feather and chicken feather plant to handle the feather derived from duck and chicken processing plants. This represents an economic use of discarded by products.

(4) **Swine farming business.** The breeding swines introduced on such farms are from quality stock and yield a satisfactory and lean meat. They grow fast and have a low feed conversion ratio of only 2.7:1. With a well managed rearing method, swine production cost is kept low. This will serve as good model for swine breeders throughout the country.

3. **Integrated prawn business.**

Realizing Thailand's potentials as a production source of seafood, since the country has favourable geographical location and climatic condition but lacks adequate know-how and technology to expand this type of business, the company has ventured in the integrated Black Tiger prawn business, starting from production of prawn feeds, prawn culture, cold storage and finally prawn processing business. Its aim was to attain the highest level of efficiency at the lowest cost, i.e., to produce products of high quality at low prices. It has developed its research section to obtain good breeding prawn stock, which can be easily cultured and has a high growing rate. It has also
developed prawn feeds of superior quality and improved its management and marketing techniques with an aim to have higher competitiveness in foreign markets.

(1) Prawn feed production and distribution business. With rapid growth in the Black Tiger prawn culture business since 1987, the company has set up a shrimp feed production plant equipped with modern machinery controlled by computers, selling high-grade raw materials, making it possible for customers to obtain superior quality prawn feeds with a low feed conversion ratio of only 1.1:1, i.e. with an injection of 1.1 kg. of shrimp feeds into the farm, 1 kg. of meat will be obtained, while shrimp feeds from other sources will have a feed conversion ratio of only 1.6-1.8:1.

(2) Shrimp forming business. The company aims to set up a prawn culture research centre to obtain healthy breeding prawn stock, to develop farm management method with an emphasis on environment, by setting up experimental farms 'in different areas and to achieve a farm management method that 'is adaptable to local conditions, with stress on transfer of technology to the farmer groups, concurrently with introduction of modern technique to increase the efficiency of production and protect the environment.

(3) Cold storage and processing business. This is the last stage of integrated business to accommodate the locally produced aquatic animals, as well as to give them higher added value, which can be exported to earn foreign exchange for the country. The cold storage units are equipped with modern machinery, from the starting stage to the processing stage. The ice-making plant can produce both lump and ground ice. It has automatic machinery that can measure and add
FIGURE 5

THE INTEGRATED SHRIMP BUSINESS OF CPF

chlorine in an appropriate quantity. The last processing stage is also highly modernized, involving the steam and boiled water passage system. In addition, it is staffed with an efficient team of personnel and a shrimp research and development centre that promotes technical progress. The principal products include headless frozen shrimp, skewered shrimp barbecue, fried breaded shrimp, and skewered shrimp in barbecue sauce.¹

4. Investment in Other Companies.

(1) Enterprises related to the Company's business such as cold-storage and shrimp processing business, agro-industrial business in other regions of the country, etc.

(2) Enterprises presaging bright business prospects, such as telecommunication business, petrochemical business, consumer goods wholesale and retail business, etc.²

PRODUCTS OF THE COMPANY:

References in this article to "the Company" include (unless the context otherwise specifies) all businesses, operations and/or subsidiaries belonging to Choroen Pokphand Feedmill Public Company Limited ("CPF") historically, as well as all such items to be acquired by CPF as a result of the completion of the restructuring of business.

Aqua Business:

The Company's aqua business operations consist principally of the integrated black tiger shrimp business line. This line of business


includes production and distribution of black tiger shrimp feed, black tiger shrimp farming, and shrimp processing.

In addition, the Company is in the research and development stage of several other aquatic related businesses (including red telapia fish farming).

(1) Shrimp Feed

The Company's shrimp feed is prepared by mixing quality raw materials according to the advanced technology. The finished products exceed the industry standards, and are suitable for the country's shrimp farming environment, specifically, its shrimp feed provides a good Feed Conversion Ratio (FCR).

The primary raw materials used in the production of shrimp feed are fishmeal and wheat flour. The Company acquires fishmeal from Bangkok Produce Merchandising Public Company Limited which is a raw materials procurement agency of the Company. Wheat flour is produced by its own factories.

The Company's shrimp feed is distributed to local shrimp farmers through its network of agents and dealers.

(2) Black Tiger Shrimp

The Company's shrimp farming operations are primarily for experimental purposes, particularly with respect to disease control and creation of environment-friendly farming techniques. This, in turn, will also promote growth in Thai shrimp industry. The Company's latest development of shrimp farming techniques are disseminated to shrimp farmers through its Shrimp Culture Research Centers, scattered and located in shrimp culture areas, and also through its shrimp feed agents and dealers.
FIGURE 6

BUSINESS OPERATION STRUCTURE OF CPF

Core Business of the Company and its Subsidiaries

Aqua Business
  - Feed Production and Distribution
    - Farming
      - Shrimp Farming
      - Fish Farming
  - Processing

Livestock Business
  - Feed Production and Distribution
  - Livestock Farming
    - Chicken Farming
    - Swine Farming
    - Duck Farming

Feed Raw Materials Procurement and Trading

FIGURE 7

INVESTMENT STRUCTURE

Charoen Pokphand Feedmill Public Company Limited

Agro-Industrial Business

Aquaculture Business

Investment

Animal feedmill and Livestock Farming  Shrimp Farming  Cold Storage and Processing plant  Shrimp Industry in Foreign Countries  Wholesale & Retail  Others

as of December 31, 1997

FIGURE No. 8 Business Location of CPF and Subsidiaries

On 8 January 1999

In addition, an organization of seminars is held by the Shrimp Farmers Association, which is another way to give advise to shrimp farmers.

(3) Frozen Shrimp Products

There are two general categories of frozen shrimp product: (1) frozen raw shrimp products and (2) frozen further processed shrimp products. The Company processes and exports black tiger shrimps as per the customers’ orders. The processed shrimp products include: headless shrimp, peeled shrimp, boiled shrimp, cocktail shrimp, fried & breaded shrimp, etc.

The principal raw material for the Company’s shrimp processing operations is the farmed shrimp, which is generally obtained from the Company’s own shrimp farms, third-party farms, shrimp brokers and shrimp open auction market.

Livestock Business:

The livestock business of the Company encompasses an integrated business line. This includes production and distribution of animal feed, livestock farming (chicken, swine and duck), and chicken processing.

(1) Animal Feed

The Company is the leader and pioneer in the production and distribution of animal feed in Thailand. The products are produced in various forms, including concentrated and instant feed in crumbled, mashed or pellet form. These are used primarily for feeding chicken, swine and duck.

The principal raw materials used in producing animal feed are maize, soybean meal, fishmeal and broken rice, which are mainly
obtained from Bangkok Produce Merchandising Public Company Limited and partially from local farmers. The feed is prepared by mixing the raw materials according to a computerized mixing system so as to achieve the proper balance of nutrition and to meet the approved standards.

The Company's animal feed products are distributed and sold to livestock farmers through its network of agents and dealers, while some are used by its own livestock farming operations.

(2) Livestock Farming

The Company's livestock farming operations include, broiler, layer, swine and duck farms. The Company is the leader in animal breed improvement and development. It is also the frontrunner in the development of modern and innovative farming technology suitable to the local environment. This combination has resulted in the breeding of high-quality animals, while sustaining high productivity.

Most of the Company's products from this business are distributed to the Company's farms and meat processing plants, while a portion of the products are sold to local livestock farmers and consumers.

Chicken Farming

The Company's chicken operations are vertically integrated. The Company's farms include grand parent chicken, parent chicken, broiler and layer farms, which are located throughout the country. These farms utilize modern farming methods and advanced disease control and prevention systems. These results in an accelerated growth of animals and an improvement of Feed Conversion Ratio (FCR), along with achieving high productivity and cost efficiency.
Most of its chicken houses are now equipped with the Evaporative Cooling (EVAP) system. The EVAP system maintains the humidity and temperature in chicken houses at a target level, resulting in reducing chicken mortality, increasing chicken reproductive rates and hastening chickens growth rate at farms.

Swine Farming

The Company is considered to be the largest swine farming operator in Thailand. The operation includes the whole process, from grandparent stock to fattening swine. The Company implements its research and development through the Swine Sperm Center in finding effective breeding techniques to produce high-quality swine stock, in accordance with the market needs.

Duck Farming

The Company raises ducks from parent stock, some of which are imported from England. The offsprings of the parent stock are either raised by the Company or sold to independent duck farms.

(3) Chicken Processing

The Company’s broilers are delivered to slaughter houses and meat processing plants. At the slaughter house, broilers are slaughtered, prepared, and sold in the form as the market need them or sent to the further-processing plant.

The main raw material used in processing chicken is live chicken. Most of them are obtained from its own farms, while a certain portion come from local farmers under its own chicken farming promoting projects.
The next horizontal production step is producing further processed food. The Company's further-processing plants produce a wide variety of semi and fully-cooked or processed chicken products. These products are processed through specialized techniques, such as, portion-controlling, marinating, seasoning, boiling, steaming, frying, baking or grilling.¹

**Production:**

1. **Raw Material**

   Most of the Company's raw materials which are used in producing animal feed, have a source of origin both internationally and domestically, with a proportion of 60:40.

2. **Production Technology**

   The Company places important on technology development in order to obtain good quality products and to promote the existence of agriculture in Thailand. Besides the researches and developments which are perpetually conducted, the Company and its subsidiaries also coordinated with public and private sectors in aquaculture industry, as well as with Shrimp Farmer Association in the establishment of "Shrimp Culture Research And Development Co., Ltd." This company's main objective is to carry on research and develop technology in shrimp culture which emphasizes mostly on bloodstock genetic development in order to obtain quality bloodstock and to prevent the bloodstock and post larvae scarcity which may occur in the future.

FIGURE.10

INTEGRATED BUSINESS OF CPF

3. Effect on the Environment

The Company strictly plays an important role in environment preservation, with a serious control. In our animal feed plants, air filters and smell eradicators have been installed to prevent the disturbance from dust and odour caused in the production process. In animal farms, there are water treatment ponds to clean the water from before letting it out to the public water sources.\(^1\)

MARKETING:

1. Marketing strategy:

The first priority of the Company is to continually produce high-quality products. No less important is providing excellent service to its customers. The Company commits itself to providing technical knowledge to animal feed dealers and animal farmers, by holding regular technical seminars and establishing technical service centers, with full-time technical staff ready to give advice. The Company also provides updated news and information on farming via various kind of printed media.

The Company's export marketing strategy is to satisfy customers' needs by producing quality and hygienic products, together with the ability of producing a variety of products as the customers' need. Realizing the importance of exporting quality products, the Company continues to improve its production process. This is evident by the achievement of the ISO 9002 quality standard by the Company's food processing plants. The Company has also achieved the Hazard Analysis Critical Control Point (HACCP) system, which encompasses all types of potential food safety hazards from

FIGURE 11

Environment Friendly Shrimp Culture System

Remark: * Sedimentation pond should have a higher pond’s side for water to overflow naturally.

physically harmful chemical and micro biological bacteria, whether they are naturally occurring in the food, or generated by a flow in the production process. All this points toward to the Company's expanding export potential.\(^1\)

2. Distribution Channels

The Company's channels of distribution are as follow:

2.1 Direct sale

2.2 Sale through authorized distributors

2.3 Sale to subsidiaries and to affiliated and other related companies\(^2\)

3. Undelivered Jobs

- None\(^3\)

**ORGANIZATION:**

Before quoting a definition on organization straight away, it is advisable to explain its fundamental elements. The elements are: coordination, common goals, division of labour, and integration.

*Coordination:* First of all, it is important to recognize that the very idea of organizing stems from the fact that an individual alone is unable to fulfill all his needs and wishes. Individuals, particularly in a modern society, find that they are lacking either in ability, strength, time or endurance to fulfill their basic needs of food, shelter, and safety. As


several people coordinate their efforts, however, they find that together they can do more than any of them could have done singly. The largest organization, society, makes it possible, through the coordination of the activities of many individuals, for all of its members to fulfill their needs. One basic idea underlying the concept of organization therefore is the idea of coordination of effort, and help.\(^1\)

**Common Goals:** To make coordination helpful, there must exist some goals to be achieved and some agreement concerning these goals. The goals keep organizational members together and make them work as a team. A second important element underlying the concept of organization is the idea of achieving a common goal through coordination of activities.\(^2\)

**A Division of Labour:** Division of labour refers to dividing work into operations that are narrow in scope in order to increase the efficiency with which each operation can be performed. Having divided the work into different operations, each operation is assigned to one individual or group of individuals who are more fit in terms of education, skills and experience to do the job. This is the third idea underlying formation of organization.\(^3\)

A close look at any industrial enterprise will reveal that it comprises of several departments - marketing, production, finance and accounting, personnel, research and development, maintenance,

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management information system and the like - the principle of division of labour thus being practiced.

The division of labour enables the enterprise to function more efficiently. However, departmentalization (another name for division of labour) results in organizational sub-systems that tend to develop unique behavioural attributes. Differences thus emerge between organizational units about their (1) reliance on formality, (2) concern for work versus people, (3) short-term versus long-term perspectives and (4) members' orientation towards goals. These attributes give room for organizational conflict.

Integration: The fourth and final concept needed to understand organization is closely related to the idea of division of labour. If different people are discharging different functions, some integrative function is needed to ensure that all are working towards the commonly agreed goals. Integration is mainly achieved through hierarchy of authority. There must be some system for super-ordinate subgroups or individuals to ensure that there is coordination among all, through guiding, limiting, controlling, informing and in other ways, managing the activities of people.

An individual is unable to fulfill his needs and desires alone because he has limited strength, ability, time and potentials. So he seeks the cooperation of other persons who have certain common interests. This gives birth to an organization.

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Coming to the definition of organization - combine the above four elements, and we have a definition. However, to quote a formal definition - an organization is defined as "the planned coordination of the activities of a number of people for the achievement of some common, explicit purpose or goal, through division of labour and function, and through a hierarchy of authority and responsibility."^1

Organization has been variously defined by various writers, since, being an indefinite noun, it lends itself to indefinite speech and is convenient for indefinite thinking. "Organization", says Sir Ian Hamilton, "is the art or science of building up a systematical whole by a number of parts, just as the human frame is built up of heart, liver, brain, legs, etc." "Organization," in the words of J.W. Schulze, "is a combination of necessary beings, materials, tools, equipment, working space and appurtenances, brought together in a systematic and effective correlation, to accomplish some desired object." According to Sheldon, "Organization is the process of assigning duties to individuals or groups, selected for the purpose, so as to achieve specified ends effectively and economically through the co-ordination and combination of all their activities." Haney defines organization as "a harmonious adjustment of specialized parts for the accomplishment of some common purpose or purposes." The term implies that something is brought into being in the sense that certain elements are put together in a particular pattern of relationship. The kinds of elements selected and the way in which they are put together define the organization. Thus, organization relates to the arrangement of separately functioning but mutually dependent parts. ^2

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The term "organization" is a word that can be used in a number of ways. We can speak of organization as the activity that is an important function of management. We may speak of organization as: people who are united by a common purpose. In the words of Mooney and Reiley\(^1\), "organization is the form of every human association for the attainment of a common purpose". In other words, organization is simply people working together for a common goal.

Yodder has mentioned that from ancient to modern times, rulers, owners and managers have always organized their resources. In the process, they have created organizational structures, some small and simple, other large and complex. In industrial societies, work takes

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*Organization as a group*: In the words of Barnard, organization is a system of consciously coordinated activities or forces of two or more persons. Etzioni, in a similar vein, expressed thus: "Organizations are social units (or human groupings) deliberately constructed and reconstructed to seek specific goals". A refined version is provided by W.J. Duncan: "an organization is a collection of interacting and interdependent individuals who work toward common goals whose relationships are determined according to a certain structure". These definitions clearly bring out four essential features common to all organizations: (1) An organization always refers to people. An organization is developed for people. (2) These persons interact with one another in some way. (3) These interactions are specified by some sort of structure. (4) Interactions are ordered to achieve joint objectives.


place largely in a complex working organization, which combine the contribution of dozens, hundreds or thousands of workers.¹

Organization is the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for the purpose of enabling people to work most efficiently together in accomplishing objectives.² Organization in general means, a form of human association for the achievement of common goals. Organization structure has been playing a very important role in every walk of life. Good management, therefore, always concentrates on organization and directing the cooperative efforts of human beings so as to achieve the best possible results.

Organization is a basic function of management. By performing this function, the management brings together the human and non-human resources to form a manageable unit. Such a unit, taken as a whole, is identified as an organization. Organization helps in planning, staffing, directing and controlling. Organization may be described as the backbone of management. Without efficient organization, no management can perform its functions smoothly.³

Organization as a function of management involves, identification and grouping of the activities to be performed, dividing them among the individuals and creating authority - responsibility relationships among them.

Organization has been defined in many ways. Some authors have defined organization in a general sense and others have

described it in a wider sense. According to Henri Fayal, "To organize a business is to provide it with every thing useful to its functioning, i.e., raw materials, tools, capital and personnel." According to Barnard, "An organization comes into existence when there are a number of persons in communication and in relation to each other who are willing to contribute towards a common endeavor."\(^{1}\)

We can also think of organization as a process, as defined before, and one its result will be the organization structure which provides members a place to work for organizational goals. Litterer\(^{2}\) pointed out rightly that organizations are intervention elements between wants and their satisfactions and must be established before the wants are satisfied.

A business enterprise consists of manpower, management, machines, materials and money necessary for their effective operation. Fundamentally, an enterprise, whatever is its sphere of activity, sells the time of its men, machines, plant and money. The extent to which it makes efficient use of the time of these assets will largely determine the extent of profit which is the primary goal of those who have invested their effort and capital in the enterprise. Organization 'brings these assets into the position of greatest effectiveness and productivity. It is in fact the harmonious inter-relation of functions and staff for the attainment of a common purpose. We may conclude that, a business organization is concerned with the study of the methods and procedures of bringing a business unit into existence, furnishing it with land, labour and capital, supported by managerial ability, producing quality goods at the lowest possible cost, and enabling the consumers


to have them at the lowest possible price and yet earning adequate profits.¹

ORGANIZATIONAL STRUCTURE:

The word 'organization' is also used in the sense of a structure of relationship. These relationships are among various positions and jobs in the organization. The concept of organization structure is somewhat abstract and illusive. In a simple sense, organization structure means the predetermined pattern of relationship among various components or parts of the organization. Structure, in a modern organization, is designed even before people are appointed to fill various positions in it.

Organization structure is a pictorial representation of the physical constitution of the business. This consists of the structure of relationships, responsibilities and authorities through which a business can achieve its objectives for which it is necessary to assign duties and responsibilities to every individual or group of men comprising the organization to control and coordinate the various activities. A pattern of relationship amongst these groups and individuals in the group has to be established for integrating and coordinating their activities in perfect harmony. Organization can be defined as a process of establishing the pattern of relationship by assigning duties and responsibilities to each department, section, group and individual of an enterprise, clearly demarcating the authority, responsibility and duties of each, and providing the channel of communication and coordination to achieve the organizational goals.

Strauss and Sayles have defined organizational structure as more than a series of inter-connected boxes and lines on a chart.¹ The organization structure also comprises the formal communication network of the business through which decisions and instructions flow downwards and reports flow upwards as feedback for managerial control. There are so many types of organizational structure, viz. functional, line, line and staff and matrix structure.

We talk of the organization structure of a certain business as though it was something which exists on its own right, but in fact, what we really mean is no more than a certain pattern of responsibilities, in other words, a framework within which, and by means of which, the process of management can be carried out. Organization structure is therefore, for the purpose of helping along a certain process and thus is, in its essence, a secondary thing. It is the framework for carrying out the responsibilities of management, coordination of activities or operations, and for the motivation of members.²

Organization structure has been playing a very important role in every walk of life. Good management, therefore, always concentrates on organization and on directing the integrated efforts of human beings so as to achieve the best possible results. Organization, in simple sense, means a form of human association for the achievement of common goals. Organization is the mechanism through which management functions and controls the enterprise. It is the backbone of the management and without its proper care at higher, middle and lower levels of administration; it would be very difficult for management to carry out its functions efficiently. It is the foundation of management. Development of human resources, determination and grouping of

activities, allocation of responsibilities and delegation of authority and division of labour are possible through organization, which is very important for the smooth running of the enterprise as well as society. Organization lays the basis for other managerial functions such as planning, coordinating, direction and control.

Organization structure gives concrete shape to the organization. The *structure specifies division of work and shows, how different functions or activities are linked*. It also indicates the organization's hierarchy and authority structure. It provides the stability and continuity that strengthens the organization to survive the coming and going of individuals and to coordinate its dealings with the environment.¹

An organization structure can be viewed as accomplishing four distinct functions: (a) dividing work into manageable segments, (b) recombining work in a logical and efficient manner (work teams, departments etc.), (c) distributing power (authority) to direct or coordinate work, and (d) establishing channels of communication and the directive or nondirective nature of information flow.²

**Issues in Organization Structure**

1. The concept of organization structure is somewhat abstract and illusive. In mechanical or biological systems, the basic components of structure can be easily identified. However, in the case of social organizations, organizational designs defy easy identification; they cannot be completely visualized. The structure of social organization is inferred from operations.


2. Structure is designed by the management to achieve specific goals. It is the product of deliberate decisions. Generally, organizations consciously shape their identities so that insiders and outsiders may recognize them easily.

3. Organization structure is a means to a given end—a tool by which selected goals are attained. "It is a method of reducing the variability in behaviour of those who work for the organization. It is a method of regulating behaviour in order to achieve a common purpose in a coordinated manner."[^1]

4. Managers must be careful in solving design problems, because structures tend to be relatively permanent, with continuous or gradual change, with major changes occurring at strategic times. Structure once established, becomes a framework that can either constrain or facilitate the manager's actions. So, design decisions demand prior analysis, and rigorous examination of all relevant factors and determination of goals and plans.

5. Organization structure should help achieve three objectives: facilitate the flow of information and decision-making to reduce uncertainty; define the positions and units within the organization and help achieve the desired level of coordination.

6. Organizations have both formal and informal structure. The formal structure is the result of conscious planning process and is typically expressed in charts, manuals and position descriptions. The

informal structure arises spontaneously out of the activities and interactions of participants.\(^1\)

**ORGANIZATION STRUCTURE OF CHAROAN POKPHAND FEEDMILL CO., LTD.:**

**Authorized Directors**

The Board of Directors appointed directors (who are Company's executives) as authorized persons. The Company's contract or documentation shall be legally binding with two directors' signatures together with the corporate stamp.

**Roles and Responsibilities of the Company's Board of Directors**

The Board of Directors has the power and duty to manage the Company's business as indicated in the memorandum of association in compliance with the objective in the articles of association of the Company, the resolutions of the shareholders' meetings, and related regulations. The Board of Directors, under their authority, may assign one or several directors or any other person to perform any acts on its behalf with clear indicative of roles and responsibilities of the assignee.

**Executive Board**

The Board of Directors designated the Executive Board to assist in efficient management and governance the Company, following the policy guideline. The Executive Board has authority in routine management or specifically assigned duties from the Board of Directors under the Company's regulations.

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Audit Committee

The Company's Board of Directors initially appointed an Audit Committee on December 24, 1999. The Audit Committee comprises four Independent Directors, with the Manager of the Internal Audit Department carrying out duties as Secretary of the Committee.

The Audit Committee will assist the Board to ensure accuracy of the financial reports, to review effectiveness of the internal control and auditing, to ascertain that the Company complies to related rules and regulations, to designate the external auditors, as well as to consider the disclosure of Company's information involving connected transactions and/or possible conflicts of interest, as well as other duties as assigned by the Board of Directors.

Appointment and Removal of Directors

1. The Company shall have a Board of Directors comprising at least five directors to conduct the business of the Company, not less than half of whom shall reside within the Kingdom. The Company's directors must possess qualifications in accordance with the regulations on public company and of the Stock Exchange Commission.

2. The directors shall be elected at the shareholders' meeting in accordance with the following rules and procedures:

   2.1 Each shareholder shall have a number of votes equal to the number of shares held.

   2.2 Each shareholder may exercise all the votes he or she has under (2.1) to elect one or several persons as director or directors. The shareholder cannot allot his or her votes to any person in any number.

   2.3 After the vote, the candidates shall be ranked in order descending from the highest number of votes received to the lowest,
and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the remaining appointments shall be made by the Chairman's decision.

3. In the case of a vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the Board shall at the next meeting select a person who has the qualifications and who possess no prohibited characteristics by law as the substitute, unless the remaining term of office of the said director is less than two months.

The selected person as indicated in paragraph 1 shall possess as member of the Board through the remaining term of the replaced directors. The Board's resolution shall be by a vote of not less than three quarters of the number of directors remaining.

4. The shareholders' meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.¹

The formal structure of CPF is headed by the Board of Directors. No major decision can be taken without the prior approval of the Board. Executive Committee and Audit Committee are the second highest level of authority. He performs all the functions which institution performs. Down the vertical hierarchical chain is the President who is the most important person, in the sense that he directs senior executive vice presidents, vice president and assistant vice president

of different business fields and functional departments for efficient utilization of resources and coordinates their efforts towards the accomplishment of overall organizational objectives in the best possible manner. Any problem faced by these administrative officers is referred to the President to seek his direction and advice. They are accountable to him for their work. Senior Executive Vice Presidents of Livestock, Aqua Business and Supporting Units are the immediate subordinates of the President. The authority responsibility relationship can be more easily understood with the help of Figure.14 as shown below. The hierarchy of the administrative block of officers has also been drawn separately. Assistant Vice Presidents, Directors and General Managers are appointed in different regions of Thailand for farming production distribution, quality control and research of each product and also for proper maintenance of books of accounts. Thus, we can say that apart from some sort of functional department, the organizational structure of CPF is by and large governed by the line and staff form of organization, with centralization at the top and decentralization at the lower level.

INCREASING OPERATIONAL EFFICIENCY:

Efforts to increase the potentiality of personnel through the adoption of modern technology in the production of animal feed and animal husbandry, as well as, the transfer of skill and knowledge to the farmers have all contributed to greater efficiency and hence, successful operation of the company.

Personnel Development

The company realizes that personnel are its most valuable resource which enables it to achieve success and to progress in the future. Hence, it has a policy of developing its personnel to their full
CORPORATE STRUCTURE OF CPF

Board of Directors

Executive Committee (CEO)  Audit Committee

President & CEO

Senior Executive
Vice President

Live Stock Business  Aquaculture Business  Supporting Units

FIGURE.13

ADMINISTRATIVE OFFICERS OF CPF

President

Senior Vice President: Shrimp Feed
  - AVP Shrimp Feed Production
  - AVP Shrimp Feed Distribution

Senior Vice President: Aquatic Research And Development
  - AVP Formula & Quality Control
  - GM Specially Feed Research Office
  - Director-Aquatic Feed Research
  - Director-Shrimp Culture Research Center

Vice President: Fish Feed and Fish Farming
  - GM Fish Feed Distribution
  - GM Fish Farming-Central Region
  - GM Fish Farming-Eastern Region

Vice President: Integrated Business - Saraburi
  - AVP Shrimp Farming-Eastern Region
  - AVP Shrimp Farming-Southern Region
  - AVP Integrated Business-Saraburi

Assistant Vice President: Integrated Business-Southern Region

Vice President: Accounting and Finance
  - AVP Accounting and Finance
  - GM Integrated Business-Upper South Region
  - GM Integrated Business-Lower South Region

potential so that they can assume responsibilities at maximum efficiency. To this end, every year the company organizes staff training for quick adaptation of modern techniques and technology related to the work. The training provided is at three levels, namely working officials, supervisors and executives. At each level, experts plan the curriculum and supervise the training closely. Trainees must give serious attention to their training to earn a certificate.

**Technological Development**

The Charoan Pokphand Co., Ltd. is famous for the use of modern technology for animal feed production and animal husbandry. This is evidenced by its use of computers to control animal feed production so as to ensure standard quality at low cost, resulting in extensive animal husbandry in Thailand. The company has disseminated correct methods of animal husbandry management to its farmers. At present, one farmer can rear up to 10,000 chickens at one time.

As for Black Tiger prawn culture, which is a growing business, yielding a high rate of return but highly competitive abroad, the company has established a Prawn Research Center aiming at increasing the efficiency of prawn culture to the greatest extent possible. To this end, the center has set up three divisions: the Prawn Health Division responsible for research on prawn diseases; the Environment Division responsible for research on environment affecting the growth and death of prawns; the Plankton Division concerned with research on prawn feed and prawn care and culture. The company's Prawn Research Center has disseminated modern technology to prawn raisers in general. The operations have given very satisfactory results, as can be seen from the fact that prawn culture at
present yields up to 1,000 Kg/rai, which is a world record, compared with the previous yields of only 500 Kg/rai.¹

SOCIAL RESPONSIBILITY:

From the origin as a producer cum distributor of animal feed in 1978, Charoen Pokphand has grown into Thailand’s leading agro-industrial enterprise. For over a decade of operation, the company has put in great efforts to expand business base to improve production efficiency. The company has been constantly aware of its responsibility towards the Thai society as a whole. It has always been more than ready to invest all of its resources, including capital, research capability, technological know-how and its human resources to participate in projects to improve the quality of life of the people. Furthermore, the company has a total commitment to be a creative and constructive force, bringing progress to the society, as well as business success to the company. Objectives of the company in the operation of various projects can be classified in the following manner.

1. For the development of agricultural workers.

The company intends to impart modern technology and technical knowledge in agricultural production to agricultural workers to increase production efficiency. An important project is training of prawn culture at various locations to serve as experimental stations and to demonstrate proper marine prawn culture methods to the farmers. The company emphasizes transfer of prawn culture technique and managerial skills to the farmers, together with proper environmental protection. In addition, the company also distributes free of charge, gauges for measuring water quality to enable prawn farmers to carry

2. For research and development of the country's agricultural sector.

One of the company's goals is to enable Thailand to become the world's leading meat producer, particularly marine products. Therefore, it is necessary to emphasize on research and development in specialized areas for subsequent dissemination. Important supporting activities include the establishment of Prawn Culture Research Center to improve quality of prawn feed, environmental conditions and management system concerning the dietary and health aspects of prawn culture. Another important activity is the technical cooperation program with Songkhla Nakarin University, Pattani Campus, on black tiger prawn culture to produce more graduates and other qualified manpower on prawn culture. The company also provides technical support for coastal farming and modernized prawn culture methods. Another example is the joint epidemiological research with the Faculty of Veterinary Medicine of Khon Kaen University, to make available vaccination services to farmers in the northeast.

3. For proper environmental protection.

The company has constantly emphasized and made efforts to solve water pollution and environmental problems. Key activities include the following: the establishment of Black Tiger Prawn Culture Research Center; experimentation of waste water treatment system in various experimental farms; provision of services for examination and forecast of water conditions and quality in the Chao Phraya, the Tha Cheen, the Klong, and the Bang Pagong river, together with advanced reporting of this information to farmers; public relations campaign to raise awareness and social responsibility of prawn farmers to help protect the environment and to discharge only treated water from the
prawn farms, with the slogan, "Discharge lightly, raise big prawns, protect the environment;" finally cooperation projects with government agencies, such as Kasetsart University, and the Fisheries Department, to stimulate people's interests in protection of the environment.

4. Public assistance programs.

The company does not accord importance only to the company related business projects, but it also carries on many other activities and participates in numerous projects aiming to serve the society, such as, training program for young agricultural workers, support for Esarn Keo Project in the northeast, and lunch program for school children.\(^1\)

Even though Charoan Pokphand Feedmill's main goal is to be a leading agro-industrial firm, the company's achievements also contribute to the betterment of the society as a whole, in terms of increasing the national income, creating jobs and improving income distribution as well as developing the agricultural sector, which has a direct impact on improving the standard of living of rural people. Some of the training centers and projects operated by CPF to provide latest knowledge and to solve the problems of the farmers are:

1. Shrimp culture training centers

The company realized the necessity of the farm management and the correct methods of culture essential for the future expansion of prawn culture. Hence, the Prawn Culture Training Centre was established in 1978 at Tambol Bangkeo, Samut Sakhon Province, as a place latest for experiment, demonstration and training of farmers through correct and techniques of marine prawn culture. In this

connection, trainees receive one hour of theoretical training a day, the rest of the time being devoted to practical training in demonstration ponds, in line with the correct processes of culture under the supervision of experts.

2. Project to Solve the Problem of Water Pollution

Rapid expansion of Black Tiger Prawn Culture has resulted in water pollution, e.g. at Amphoe Mahachai, the largest prawn culture site. The company has, therefore, initiated a project to solve the problem of water pollution in the prawn culture areas, particularly at Amphoe Mahachai and Amphoe Maeklong, by developing the saltwater irrigation system, or by using certain types of seaweed to upgrade the state of water and to maintain its natural balance. The success of the project will help in conservation of the natural environment and development of prawn culture in the future.

3. Integrated Rice Farming Project

The company believed that if modern technology is introduced into irrigated areas, Thailand can produce plenty paddy with minimum input. Hence, it will have substantial areas remaining for other crop production which will increase the gross national product of the country. The company thus initiated the integrated rice farming project at the Mae-Klong-Yai irrigation site, Tha-Maka district, Kanchanaburi Province. This is the first agricultural project of the Joint Public and Private Consultative Committee (JPPC), which allows the private sector to participate with the Government in the development project in an irrigated area.

The integrated rice farming project is rice farming in the form of agri-business, participated by farmers. The first stage involves production by simple techniques. The second stage involves proper
processing and marketing. These two stages together, increase efficiency, quality of output, and reduce costs. In 1987, the project produced an average of 100 bushel/rai compared to the average of 21 bushel/rai produced in the country. The company plans to expand this type of project in the future.

4. Vocational Training for Agriculture Youth

The project occupies about 36 rai at the lower of the Krapook-Mountain's reservoir, Cha-um, Petchburi. The objective is to provide training in agriculture and education for youths who omit their further educational opportunity. Each class contains 20 applicants. The 5 month training course runs twice a year.

5. School Pupil's Lunch Project

The project received financial support from the company to construct chicken rearing sheds for broiler up to 6,000 chickens in Cha-um, Petchburi Province. The company provides technical support and marketing for chicken farming business to ensure regular income for pupil's free lunch at 2 nearby schools. Both teachers and students have gained knowledge and experience from this advanced chicken farming techniques.

6. Project to help victims of the "Typhoon Gay" flood disasters in the South.

The company established a project to help victims of the "Taphoon Gay" and resulting floods in the South, which ravaged the region at the end of 1989. In this project, it cooperated with the Agricultural Promotion Department and the Chumphon provincial authorities in selecting farmers for occupational training in chicken and swine farming, plantation farming and garden crop culture. The farmers participating in the project drew a monthly stipend of Baht 2,000. Also,
the company planned to promote maize production of fast-maturing maize that will give yields within 50 days on an area of 1,000 rai. Three hundred farmers were accepted in this project. The Agricultural Promotion Department helped in providing stocks, of what fertilizer and medicine, while the company will provide technical assistance and guarantee of the minimum purchase price. It was prepared to promote maize production for use as food on an area of 55,000 rai in Chumphon and Prachuap Khiri Khan.¹

CHAROAN POKPHAND DEDICATED TO THAI SOCIETY:

Knowing well the importance of research and development (R&D) as the basic foundation for Thailand to achieve its goal, the CPF invested a portion of its budget in setting up various centers, acting as vehicles, to pass on the technical know-how to shrimp farmers as well as to conserve the environment.

Technical service centre: At present, the company's 14 technical service centers are located in shrimp culture areas along the sea coast. Each centre provides free of charge analytical services on soil quality, water quality, and shrimp health. It also gives advice on methods of shrimp culture as well as on forestalling culture problems.

Shrimp culture research centre: These are located on the Thonburi-Poktho Road, Bang Tho Rat sub-district, Muong district, Samut Sakhon province. These centers have the following work units:

1. Aquatic environmental research laboratory. Its functions are to conduct surveys on changes in environmental conditions of the culture ponds, repercussion from external conditions, various experiments, such as, a comparison of shrimp culture in a

closed and circulating body of water through an application of physical and biological treatment methods.

2. Chemical and toxic substances application section. Conducts studies on the application of chemicals in the hatchery and culture ponds, makes surveys of the residual chemical substances in the environment, and searches for effective methods of application of chemical and fisheries materials.

3. Shrimp health culture. It make a study on shrimp health and analysis various abnormalities to which shrimps are prone, including efficient application of antibiotics. It is equipped with such instruments as automatic tissue culture equipment, equipment for analyzing residual substances in shrimps, etc.

Shrimp culture training centers: Set up to conduct experiment and to serve as demonstration and training centers for farmers to make them aware of the technically appropriate way of shrimp culture that will eventually benefit them. Under the control and supervision of experts, who furnish advice throughout the training period, trainees are able to acquire both theoretical and practical knowledge from demonstration ponds. Main subjects of training course include choice of designing shrimp farms plus feeding and pond cleaning. The centre also provides post-training advice.

CONCLUSION:

The organization and working of CPF has been described in detail in this chapter. Management practices followed by CP Group one of the largest in the country has always provided customer satisfaction through incorporation of latest techniques quality

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consciousness and economics of scale. Established as Chia Tai Store in 1921, CP Group has come a long way, with its offices in 13 countries and trade relationship with almost 60 countries. It started with the production of seeds of different vegetables as farm, but at present is engaged in a host of activities, mainly Agro Industry, Aquaculture, seeds, fertilizers and Plant protection, International Trading, Marketing and Distribution. Recently, it has also developed Real Estate business, Petrochemical, Telecommunications, Petroleum and Power, Automotive and Industrial Products Business. The initial part of the chapter deals with an indepth study of the above mentioned business fields.

The CP Group has always shown its true concern for the society and its development, which is reflected through the number of projects undertaken by it like rural development, career development of farmers, reforestation, education and training, social activities and charity work for the community.

One of above named group is the Charoan Pokphand Feedmill Public Co. Ltd. (CPF), which is the topic of focus of study in the later half of this unit and other chapters as well.

CPF was incorporated in 1978 with an initial capital of 5 million baht. Now the same has increased to 1,585 million baht. This increase was made as and when required to meet the objectives of expansion and diversification. Various animal and shrimp feed plants, cold storage plants, shrimp and prawn culture farms, broiler farms, breeding chicken and swine farms, layer farm and the like were constructed in different parts of the country. Apart from being the holder of 3 listed public companies. CPF has 99.99% holding in 6 non-listed companies. It acquired the status of a public company in 1994.
The principal business of CPF, by and large, includes readymade animal feed production and distribution, animal husbandry, integrated prawn business and investment in other companies. The process of each of these is depicted with the help of many various figure. The widely dispersed business of CPF throughout the country is evident from the map of the Thailand. The various products produced under Aqua Business and Livestock Business has been discussed. While producing articles, great care is taken of the technology used to provide quality goods and also that it does not adversely effect the environment. Marketing strategy adopted by the company is quite efficient.

Before analysis the organizational structure of CPF, the term 'organization and organizational structure have been explained at great length along with the definitions given by several management experts. Their importance and some other related relevant issues have also been highlighted. The management structure of CPF is headed by the Broad of Directors. The structures along with the chart for administrative officers provide a bird's view to understand the authority responsibility relationship.

The successful performance of the company has become possible due to the integrated efforts towards personnel and technological development. It gives due weightage to the duty which CPF owes to the society. For this purpose, it imparts training for the development of agricultural workers, carries on continuous research on country's agricultural sector, participates in numerous public assistance programs and provides environmental protection. A number of training centers and projects operated by CPF give an account of its dedication to the Thai society.