

Pest-busters at Heart

Their quest towards finding more effective and safer methods for crops management has earned the father and son team many accolades along the way.

• By Jo Yong

“Malaysia is still the best country in which to operate our business,” says the father and son management team of agrochemical company Farmcochem Sdn Bhd.

Its chief executive officer Chey That Woon adds: “For one, agriculture is being promoted as Malaysia’s third engine of growth. We are the top oil palm producer in the world and the top three natural rubber producer in the world. As we sell our products to these large plantations, we have a lot to benefit from being based in Malaysia.”

“In fact, many of our customers in the Middle East and Asean region are very happy to buy ‘Made in Malaysia’ products compared to those ‘Made in China’. Malaysian products have a good reputation overseas although Malaysians themselves prefer imported goods.”

However, Chey revealed that Indonesia might be a good location too due to the similarity in culture, language and crops-wise. “Then again, in a globalised world, there is not much difference where you operate from. Of course, it is the case everywhere that there is a lot more the government could do to help SMEs,” the MBA graduate says.

Family-run weds western management

For a supposedly family-run business, with strong links with companies in China, Farmcochem is surprisingly modern and adheres to many Western management concepts. This could be attributed to the bringing in of Chey’s Australian-educated son, Ricky Chey as its executive director.

Trained as an accountant, Ricky had implemented Enterprise Resource Planning (ERP) systems and embarked on an extensive branding exercise, among several key steps he undertook upon coming onboard. None of the above would have made any impact had the staff not responded positively and accepted all the changes.

Indeed, it can be seen that the marriage of entrepreneurial spirit and western management know-how is a crucial component in evolving Farmcochem into one of the best-run SMEs around.

Invest in your staff

While most SMEs traditionally do not invest too much in their human resources, Ricky believes in getting the right staff and investing in them.

“Finding and retaining the right people for the right job is a big challenge. But if you get it right, it is

crucial to the success of a company,” the younger Chey says.

With that in mind, he has implemented a management training programme where fresh graduates are rotated to various departments within the company to learn the ropes. Currently, the company employs over 100 staff with several foreign workers mainly from India and Bangladesh.

Innovation, innovation

Next on the company’s agenda is product and market development. The company has developed a water-based insecticide to replace the chemical aromatic solvent based (oil-based) products which are more eco-friendly.

Farmcochem believes that the water-based product will take off in a big way. Already, some of the big plantations in Malaysia are sold on it. It is also actively marketing WDG (water dispersible granules)

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as a more environmentally-friendly product. These are highly concentrated granules which contain no aromatic solvent packed in smaller packaging.

To combat farmers’ ignorance, the ISO-certified company has set up a team of technical servicemen to go down to the fields to educate them. Pesticide mishandling can be a major issue and the team is tasked with tackling misconceptions as well as teaching farmers how to handle pesticides properly.

In fact, it is the first pesticide company to deliver newsletters to the thousands of farmers out there to update them on the latest news on pesticides. In line with this mission, Farmcochem has also set up a dedicated 24-hour hotline to answer any query within 24 hours.

Other innovations include providing comprehen-

look at other plantations. Vegetable and rice prices are going up, so we are diverting our resources towards those areas.”

His forecast for next year? “We are cautiously optimistic about the situation for 2009/2010. I expect the earliest recovery time is the first or second quarter of 2009,” the veteran entrepreneur says.



Research activities at Farmcochem

sive crop management solutions. This spans the gamut of technical advice, seeds, and fertilisation. Mechanisation is excluded as it involves a separate team of engineers. In Malaysia, farmlands are still relatively small, and tractors are not commonly used, thus at the moment, it is not viable to offer that service.

The pesticide market

With 6.5 million of hectares of plantation land in the country as well as countless smallholding farms, there is no shortage of customers. Further, pests are always there. Farmcochem’s major product is herbicide, also known as, “weed-killer” - a chemical used to eradicate unwanted vegetation. Herbicides are used regularly on oil palm and rubber plantations, padi fields, and vegetable and flower plots.

A network of 500 distributors nationwide connects the company to these smallholders, while it directly deals with the big publicly-listed plantation boys. Other products include fertilisers, fungicides, foeticides, soil fumigant, plant growth regulators, hormones, surfactants and wetting agents – with a total of 150 products registered locally and overseas. Currently, it has production centres in Malaysia and China.

The last two years has seen double-digit sales growth of 47 per cent and 50 per cent for financial years 2007 and 2008 respectively. For 2009, Chey sees a modest growth of 20 - 30 per cent due to the global economic crisis. Formed in 1984, Farmcochem currently controls about 10-15 per cent share in a market worth RM600-RM800 million annually (including the re-export market).

Expanding Overseas

It currently exports to more than 25 countries and is looking to expand its export market to comprise 50 per cent of its total revenue in five years’ time.

To fund its overseas expansion, the management was contemplating listing, until the global economic crisis put the idea on hold. Previously, the company has availed itself of government grants and had benefited from it.

“The perception that it is hard to get government grants is just not true. Previously, we didn’t know about it but once we did, we applied and got the grant to promote our brand,” the younger Chey reveals. **E**

Coping with financial crisis

Having gone through three recessions in his lifetime, Chey senior has this to say: “SMEs should look outside of Malaysia and focus on innovative products instead of just distributing generic products.

”Invest in branding as it would bring you far. In our field, we look at demand and supply. When the price of oil palm (which occupies 60 per cent of all plantation land in Malaysia) fell, we