

1. INTRODUCTION

Today's competitive world of business has demanded more systematic yet adequate formulation of corporate strategies that would ensure continuity of sustainable growth. Shorter product life cycle, accelerated pace of change in most industries, the pressing needs of getting better, faster and stronger have shape the competitive environment to a greater intensity.

How much time has managers devoted in planning their corporate perspective on the future ? Hardly 3% from Gary Hamel and C.K. Prahalad's book, "Competing For The Future". But in this 3%, how much has been effective ? Even if this planning has been successfully formulated, to effect these changes effectively, managers need to form a view of the key influences on their choice of strategy.

It is evident that not many articles have actually focused on the issue of strategic management in local context. And it is with this in mind that the study is aimed at Michael Porter's 5 Forces Industry Analysis will be used in this study. It requires a systematic approach in analyzing the power of buyers, suppliers, potential entrants, substitute products, and rivalry among firms, which shall be the prerequisite prior to any strategies formulations.

be made and also insights into the difficulties of implementing a strategy.

- ii. The study also aims to enlighten the general public, academicians, professionals as well as corporate leaders on the importance of flexible packaging industry in Malaysia, in supporting the nation's rapid growth pace and demand of higher quality of life. Many have seen the immense potential of this industry and many new entrants are coming in resulting in fierce and intense competition .

It is realized that the flexible packaging industry is a growing industry with annual growth rate averaging three (3) to seven (7) percent higher than the national GNP. It would be timely and interesting that this topic is being selected to illustrate the use of the said strategic tool with the author himself is a senior manager in one of the public listed company, well entrenched in the same industry.

SIGNIFICANCE OF THE STUDY

The significance of the study are ; (1) it will enhance the understanding of usage of strategic analysis tools in a competitive industry in Malaysia context, which shall be very useful to professionals, executives and managers. (2) It is through the systematic approach that the author believe that

will enroll the potential users in grasping the " HOW " part of such strategic analysis tool, which often determine the effectiveness of any endeavors.

1.2. BACKGROUND OF FLEXIBLE PACKAGING INDUSTRY IN MALAYSIA

Packaging is nowadays recognized as an essential component of the manufacturing industry. Its main function is primarily for providing the needed protection for the all kinds of contents for its intended shelf-life, and assurance of the contents' quality right from the source of origin, through various distribution channels up to reaching the ultimate consumer. As we can see, packaging industry is indeed very large. It is not the intent of this paper to look at it as a whole but rather, to focus on one of its most potential segment i.e. the flexible packaging segment.

Flexible packaging (hereon referred to as packaging) is defined as packaging materials that are able to form in various shapes to serve the purpose of protecting the contents. It usually refers to a fairly wide range of plastic film and paper laminated together either via tie layer of molten resin or special application adhesives. One typical example of low-end packaging is the Maggi instant noodle wrapper which is made up of oriented polypropylene film, water based adhesive and low density poly-ethylene. Example of high-end packaging are blood-pack used in medical

application and retortable food packages that could stand up to 135 degree C sterilization under pressurized condition. Each of this application has its own know-how and technology though those low end applications e.g. monolayer high density polyethylene bag, could be readily produced by any unskilled person. It must be noted that the low end application market has pretty stagnant growth and infact been regarded as " commodity " products which command very little or unattractive profit. Many genuine packaging manufacturers have phased out this product lines and place emphasis on the more lucrative packaging applications such as multicolored printing instant noodle wrapper, shampoo , medical field , sauces , spicy food , corrosive goods , electronic purposes and etc.

The flexible packaging industry has only about twenty years history in Malaysia. The pioneer is Malaysia Packaging Industry Berhad, a Japanese-Malaysian joint-venture company, started its manufacturing plant in 1975. From a mere RM500,000 paid-up capital to today's RM21 million speaks for itself the leaps and bounds of this industry. This is even with the notable entrants of other flexible packaging companies such as Advance Packaging Technology Berhad, Daibochi Packaging Berhad and Tomypack Berhad. Infact, three of these companies namely Malaysia Packaging Industry, Advance Packaging Technology and Daibochi are public listed

companies in the Second Board of KLSE. With another "notable" entry in 1993, namely Malaysia Pacific Industry (MPI), a subsidiary of diversified Hong Leong Group, the flexible packaging industry in Malaysia has become so competitive that demand these major players to out-think, out-compete and outshine each others in order to maintain its present market shares. The market share as at year 1993 is as shown in Table 2.1.

Table 2.1. Market Share Of Packaging Manufacturer In Malaysia (1993)

<u>No</u>	<u>Company</u>	<u>Market Share</u>	
		<u>(RM' mil)</u>	<u>(%)</u>
1.	Malaysia Packaging	40	20.0
2.	Daibochi	36	18.0
3.	Advance Packaging	22	11.0
4.	Tomypack	25	12.5
5.	MPI	18	9.0
6.	Others	59	29.5
	Total	200	100