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Group Assignment

APPLIED BUSINESS PROJECT

**A ROAD MAP FOR TDM BERHAD FUTURE GROWTH
IN OIL PALM PLANTATION**

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EXECUTIVE SUMMARY

The growing global demand for edible oils had resulted in a tremendous increase in the areas under oil crops cultivation, particularly of soybean and oil palm. Since the year 2000, the four main soybean growing countries comprising Brazil, Argentina, the United States and Canada recorded over 90% increase in production and 60% increase in planted area. World production of palm oil has also seen significant leaps in production and planted areas. In the past five years, the crude palm oil production has increased by over 50%, with Malaysia and Indonesia contributing to most of the production increased.

Terengganu Development & Management or formally known as TDM is one of the players in oil palm plantation industry. However, the physical and financial performance of the company is substandard as compare to other players in the industry. From interviews held - with the staff, workers and third parties, personal visits to the estates, the company's SWOT and ratio analysis and also information gathered from research papers, newspapers, bulletins and internet, this study has identified seven main causes that refrain TDM Berhad from achieving a higher results; low yield or production volume produced by estates, high production cost incurred in producing the palm oil, poor estate establishment, old equipment and machinery in used by the estates, weak financial position of the company, insufficient IT infrastructure and support available and lack of human capital development.

Subsequently, the study has comes up with a comprehensive road map and recommendations for TDM on how to overcome the shortcomings. Among others, the propose actions and strategies that need to be implemented are to increase productivity by providing sufficient fertilizer input, supply low stand area with additional tree and curb the possibility for crop pilferage. This study also suggest the company to reduce the Fresh Fruit Bunch (FFB), Mill and Crude Palm Oil (CPO) production costs by going for centralized purchase, outsourcing the old equipments and machineries which is uneconomical and require high maintenance cost, gradually go for full mechanization, regulated cattle grazing, use of barn owl for rat control, optimize the mill production at

all times, maintain a high oil extraction rate, and make use of the unutilized empty fruit bunch. Apart from that, we believed that the company should gradually revise the estate infrastructure by redesigning the drainage system using fish bone method, provide access water outflow for culvert and bridges, apply traphole system for hilly and rocky areas and use new Probase technology for road construction..

The company should also practice a prudent financial management. The past practice of siphoning of fund from the plantation division to loosing divisions should be ceased. Due to rapid changes in technology, we also believed that this factor should not be left behind. Therefore the company should embark on ICT development to improve efficiency, data accuracy and speed. In line with the technology change, the human capital should be developed. The staff should be trained to explore and adapt to the new technology

By applying the proposed road map, TDM will be able to overcome the underlying causes that hindrance them from achieve the optimize result. Subsequently, the proposed strategies and road map will put TDM on a new platform and poise for future growth.