

A. Stotz

BUSINESS  **DNA**
WITH ANDREW STOTZ





Interview with Ittipat Peeradechapan

CEO
Taokaenoi Food & Marketing



LEADER DNA

After winning several high-stakes online gaming tournaments as a teenager, Mr. Peeradechapan re-invested his winnings in a roasted chestnut business. Later, and while still quite young, he founded his deep-fried seaweed snack company that became an immediate success throughout Asia. He is already a business icon in Thailand, replete with a movie thinly based on his life, Top Secret: Wai Roon Pun Lan.

What Ittipat Peeradechapan shared:

The future of Tao Kae Noi

Although the company is already exporting to 35 countries, expanding into a truly multinational corporation is Mr. Peeradechapan's goal. He wants to reach Bt10bn (US\$29.32m) in revenue by 2024.

The biggest constraints for the business

Developing a workforce that can bring his products to countries with very different cultures will take a considerable effort, but that is energy that the chief executive is quite excited to bring to the table.

Proudest moment

Helping his family get out of debt following the Asian Financial Crisis was a time he felt truly proud.

His universal business goals for Tao Kae Noi

Ittipat Peeradechapan says that exporting his products to outer space may be his ultimate goal.

On his sudden business acumen

"I suddenly bought a franchise and began working on it. Everything was going great. I was able to generate up to Bt2m a month from selling roasted chestnuts. After a year passed, I decided to quit college and dedicate my time exclusively to the business. By that time, I had almost 30 stores."



Ittipat Peeradechapan

Title: CEO

Taokaenoi Food & Marketing

Education:

High school diploma, Suankularb Wittayalai School.
Bachelor's degree in Business Administration, University of the Thai Chamber of Commerce (deciding to discontinue his studies after a year).

About the company:

Founded in 2004, Taokaenoi Food & Marketing Public Company Limited manufactures and distributes flavored seaweed snacks. It offers other snacks such as popcorn, potato snacks, and dried fruits. The company has six production facilities in Nonthaburi, Pathum Thani and Phra Nakhon Si Ayutthaya (Ayutthaya).



Welcome to Business DNA, a chance to dig into the essential makeup of business leaders and their organizations. The focus is not on the short term but rather on understanding the driving forces of a business. Our guest today is Ittipat Peeradechapan, who is CEO of Tao Kae Noi.

Take a moment to introduce yourself.

Growing up, I was a bad boy who did not pay much attention in classes during my school years. I only tried not to be the worst student in class. If there were 44 students in the class, I didn't mind being the 43rd best.

As a teenager, I was an online game addict. However, I was able to use that hobby to win a lot of money from playing games – approximately Bt400,000 per month – and that was my introduction to the business world. This gave me so much confidence in making my own money. I've never asked my parents for money since then. I was born into a

wealthy family and never cared much about my future until the "Tom Yum Kung" crisis (1997-8 Asian Financial Crisis).

At the time, in 1997, my family's small contracting business declared bankruptcy, and we did not have money to repay all our debts. My dad never put any pressure on me, but I felt the pressure anyway, since the creditors constantly sent debt papers and threatened us.

I also realized that my main income, the online gaming, had been trending down. Hence, I started to think about founding my

own business. It was my father who suggested that I invest in the food industry.

One day I was walking around a food industry expo, and I found a booth selling roasted chestnut franchises. I found it quite interesting. Soon after, I had the idea to sell them in shopping malls, since no one had ever done that before.

I immediately bought a franchise and began working at it. Everything was going great. I was only about 19 years old and I was able to generate up to Bt2m a month from selling fried chestnuts.

After a year passed, I decided to quit college and dedicate my time exclusively to the business. By that time, I had almost 30 stores, with 25 stores located in Tesco Lotus (a hypermarket chain in Thailand that operates about 1,400 stores).

Nevertheless, the new Tesco Lotus CEO came up with a new in-store policy. He told me that my business was making smoke and odor, which had an impact on the malls' environment. A week later, his assistants told me to stop cooking chestnuts in the mall, otherwise my rental contract would be terminated.

I had tried to fry the chestnuts outside the mall and transport them to the stores, but the taste was not the same. It was then I realized that I needed to find other products beyond chestnuts. And soon I discovered fried seaweed.



The attractiveness of the fried seaweed is that it targets a wide range of consumers, whereas the chestnuts are mostly enjoyed by Chinese people. I introduced fried seaweed snacks into my stores along with the chestnuts. Surprisingly, it turned out that seaweed was able to generate more revenue, so I turned exclusively to seaweed snacks.

Sum up the most important thing we should take away from this in order to better understand you?

I always set goals. If you have a goal and you dedicate yourself to it, you can overcome any obstacle placed in your path. We are all used to failing before we become successful. There will be opportunities along the way that you must take advantage of in order to succeed. Nothing comes easily or for free.

You also need to be confident and love what you are doing. I wake up every day and go to work with a high degree of passion. I love what I do.

Can you take a moment to explain your business in a clear and simple way so that we can understand your approach to it?

Tao Kae Noi represents delicious and healthy food. We engage in the manufacture and distribution of seaweed snacks. The company operates in three segments: snacks, restaurants and seasoning powder. We offer fried, grilled, baked, crispy, roasted and tempura seaweed snacks.

Furthermore, we've expanded our product lines into different types of snacks beside the seaweed range. We also offer corn, mini-bread (toasted bread biscuits), fruit and potato snacks.

We distribute our products domestically and internationally. Our products are sold in 35 countries.

Tao Kae Noi is the largest seaweed snack manufacturer in Thailand, with more than 70% market share. It is our goal to continue creating new products for the world market.

Now it's time to dig into your "Business DNA". DNA is the molecule that encodes the genetic instructions used for the growth of any living organism – and of course, a business is very much a living and growing organism. Also, remember that the true beauty of DNA is its ability to replicate.

With Business DNA, we think about the way the values of a company come into being – and how this is replicated through employees and, also, how customers feel about their interactions with the company.

Please take a moment to explain your Business DNA.

There are two factors that drive this company. It starts with my personality. I was, and remain, a young entrepreneur. I proved to the world that you can become successful if you set a goal and dedicate yourself to it. A new generation of entrepreneurs has learned from my experience and become successful. My story can inspire everyone, not only my employees. Hence, "Tao Kae Noi" means young entrepreneur, which implied myself.

Another factor that drives this company to become successful is the flexibility of my business. We do not fix what Tao Kae Noi should be. We are ready to change when there are obstacles, problems and things that will improve us. We want to be better.

Tao Kae Noi does not limit itself to produce only fried seaweed items, even though that is what we're known for. We also produce delicious and healthy products. However, we are mainly focused on the seaweed industry, since it is the lifeblood of this business. It would be costly to capture another market compared to the seaweed industry, since we have already achieved major economies of scale. The seaweed industry is going through a high-growth-rate period. Hence, if we focus too much on another industry, we surely will lose the market share in this field.

Now can you tell me the biggest misconception people have about your business?

The biggest misunderstanding is that people usually think that seaweed is good for you. My perspective, however, is that my seaweed is better for you than other similar snacks.

Moreover, people think that the seaweed industry is a niche market, which specifically targets only Asian people. However, Westerners and Americans have taken to seaweed as well. Soon enough, I believe the seaweed industry will move from a niche market to the mass market.

Can you share with us what motivates you and gives you inspiration during difficult times, and tell us about a time that you had to dig deep and rely on this inspiration?

The trouble is my inspiration. If my family wasn't faced with financial crisis in 1997, then I wouldn't have quit university and I may not have a good business like Tao Kae Noi today. I invested almost all of my money into developing a good-tasting seaweed snack until I got it right.

Can you tell us the story of the biggest mistake or challenge that you faced throughout your career? How did you face it and what did you learn from it?

One of my biggest mistakes is that when there are problems that occur in my business, I tend to resolve the symptoms of such problems and then forget about them. I do not delve into root causes that led to the problems in the first place, so the same problems were able to occur in my business again.

"Soon enough, I believe the seaweed industry will move from a niche market to the mass market."

How about a story of the proudest moment in your career?

One of my proudest points was when I was able to lift my family out of their bankruptcy. We are now in a stable financial situation. My family no longer goes through life worrying about money.

Additionally, people take my story to inspire themselves and become successful. My story does not inspire only people in the business field either. One student who heard my story later received first-class honors. Helping someone else to become successful is delightful.

Can you boil everything you've learned over the years down to one short statement that sums it up?

To all the young bloods out there who think it might be a great idea to walk in my footprints, quit university early and become a successful entrepreneur, I would have to declare: "IT IS NOT EASY, NOT FUN AND VERY CRAZY". First, you need to be focused and like what you are doing, set clear goals and directions, then do it. There will be an opportunity around the corner. You need to pay attention to everything around you, because if you miss that opportunity you might not get it back again. I grabbed my opportunity and I have never regretted that decision.



Does your company have a 3-5-year growth plan? If yes, can you explain it?

My plan is to turn Tao Kae Noi into a truly global company by 2024, though it will still focus mainly on the seaweed industry. Our business will expand to hundreds of countries and generate revenue to at least Bt10bn. Our business will focus on three regions: Southeast Asia, China and the United States.

What is your main constraint to growth?

It is the difference in culture between each country to which we export. As I said, some Westerners have never tried seaweed in their lives. We need to find a way to blend in with food that suits them.

I also need to increase the quality of my workforce in order to make mine a global company. We may need more human resource professionals who help us develop skills that will aid in our global push.

What's something about your business that has you really excited right now – something that will have a real impact on the future of your company?

I'm really excited about the trend toward healthy foods. It is true that the market share for unhealthy foods is wide, however, they tend to be showing little growth. Nowadays, people are paying more attention to their health and are seeking out healthier food. Healthier products such as ours have a high potential to grow and will take over the unhealthy items' market share in the future.

Additionally, I hope that I could have the chance to distribute my product to the universe, rather than just the earth. I would like to be more than just global.

What was your worst investment ever?

The worst investment that I have made occurred when I invested in the roasted-chestnut business. As I said, most of my stores were located in Tesco Lotus properties. After top management forbid us from cooking inside of Tesco Lotus malls, things went terribly wrong. I lost almost 90% of my revenue and that taught me a valuable lesson about the dangers of undiversified sources of income.

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