

BUSINESS DIALOGUE



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THE REIGNING SRI LANKAN BRANDS BRANCHING IN THE WORLD

2021

ISSUE 1



UNWINDING THE
STORY OF SUCCESS

PAGE 13

SRI LANKAN BRANDS BRANCHING IN THE WORLD

PAGE 01

ISSN 2279-185X



BEING NOVEL &
UNCONVENTIONAL

PAGE 05



REIGNING
THE BUSINESS
WORLD THROUGH
DIVERSIFICATION

PAGE 21



DRIVING
INNOVATIONS
AND REACHING
THE WORLD

PAGE 49



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CONTENTS



THE REIGNING **SRI LANKAN BRANDS**

BRANCHING IN
THE WORLD

PAGE 01



**BEING NOVEL &
UNCONVENTIONAL**
THE KEY TO SUCCESS
AMIDST GLOBAL BATTLING

PAGE 05



**RELISHING THE GLORY
WITH HUMILITY**
THE ODYSSEY FROM A FAMILY
BRAND TO A GLOBAL BRAND

PAGE 09



**UNWINDING THE
STORY OF SUCCESS**

PAGE 13



**REIGNING
THE BUSINESS
WORLD THROUGH
DIVERSIFICATION**

PAGE 21

STRATEGIZING
EXPORTS IN SRI LANKA

THE WAY FORWARD

PAGE 37



**THE UNIVERSAL ART
OF SUSTAINING
A BUSINESS**

PAGE 35



**FROM HUMBLE
BEGINNINGS
TO A GIANT WITH
GLOBAL PRESENCE**

PAGE 41



**DRIVING
INNOVATIONS
AND REACHING
THE WORLD**

PAGE 49



THE STORY OF THE
SRI LANKAN CRAB
WHO CONQUERED

THE GLOBAL SEAS

PAGE 57



VICE-CHANCELLOR'S MESSAGE

I take this opportunity to congratulate the Business Dialogue team on the January – June 2021 publication that has been issued focusing on the Sri Lankan industries that have managed to elevate their levels to reach communities in the overseas. This topic, I believe, is quite pivotal in the current social context and the contribution this magazine brings to this university is quite significant. NSBM always strives to produce ideal leaders to the nation, with the right exposure and innate ability to understand the ground realities of the world. This magazine is also an attempt of such a feat.

Thus, I highly commend the Business Dialogue team on the success of this issue of the magazine, embedded with an immense value. This great endeavor will show the pathway and journey to the peak of the business world, to all its readers.

NSBM, South Asia's first ever green university, stands with the perception of undergraduates partaking in the roots of necessary soft skills along with the best academic base to become a global graduate, a sophisticated reader, a team player, a colleague, and a value adherent to the society. Therefore, we provide the best facilities, starting from modern, technology equipped classrooms, talented lecture panels to all the extracurricular avenues and international exposure. Moreover, going hand in hand with external business parties, we provide them enough opportunities for a secure future, thus revitalizing the Sri Lankan future generation.

Carrying forward in this endeavor, NSBM will engage in more undertakings as such in the future to provide the needed exposure to its undergraduates. As the Vice Chancellor of this iconic educational hub in Sri Lanka, I would like to thank the NSBM team who is always committed towards ensuring the best. Without them, reaching these milestones with remarkable success would be difficult. On a final note, I wish everyone a prosperous future.

Prof. E. A. Weerasinghe
Vice Chancellor
NSBM Green University

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MESSAGE FROM THE EDITOR-IN-CHIEF



It gives me immense joy to pen this message for the fourth edition of the Business Dialogue magazine which comes to you under the theme, "Reigning Sri Lankan Brands, Branching in the World" with insights from a troupe of leading business personalities in the country who have conquered the international business arena. NSBM Green

University always guides its students to reach great heights, we believe that it is our responsibility to recognize and disseminate the knowledge about the Sri Lankan brands that have gained international fame.

Steering a business in today's competitive world is a mammoth task that takes years of hard work, dedication, and perseverance. It is all the more difficult to thrive in a business that has branched out to many countries. This magazine explores the path of success of such personalities who have proven themselves to the world of business. The magazine will serve as a source of inspiration to the students to look up to these successful personalities who have weathered many storms to gain what they have achieved.

Business Dialogue magazine is a product of a team of passionate individuals who seek to disseminate new knowledge. Therefore, this comes to you through the collective contribution of a dedicated team. I would like to extend my sincere appreciation to all contributors including the distinguished guest-speakers who devoted their time to take part in this endeavour. I believe that the success stories shared in this issue will be the steppingstones for the young entrepreneurs to take over the business world tomorrow.

Prof. J. Baratha Dodankotuwa
Editor-in- Chief
Business Dialogue

The professional opinions and views expressed by the Business Dialogue Magazine are those of the interviewees and do not necessarily reflect the official policy or position of the NSBM Green University.

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BUSINESS DIALOGUE

THE REIGNING SRI LANKAN BRANDS
BRANCHING IN THE WORLD

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THE REIGNING SRI LANKAN BRANDS

BRANCHING IN THE WORLD



Branding and advertising could be noticed as extensively anchored industries in Sri Lanka. There are a multitude of widely known brands which are ruling the current local market despite the prevailing economy. Among them, there are some

remarkable brands that have grown exceptionally to conquer the world.

A brand is never created by a company that owns a product or a service. A brand is a feeling about a particular product, or a service; thus, the ultimate framework of a brand is set based on what is existing in its user's mind. The ruling brands have been able to create and sustain a renowned

A BRAND IS NEVER CREATED BY A COMPANY THAT OWNS A PRODUCT OR A SERVICE. A BRAND IS A FEELING ABOUT A PARTICULAR PRODUCT, OR A SERVICE; THUS, THE ULTIMATE FRAMEWORK OF A BRAND IS SET BASED ON WHAT IS EXISTING IN ITS USER'S MIND. THE RULING BRANDS HAVE BEEN ABLE TO CREATE AND SUSTAIN A RENOWNED NAME WHICH IS ENGRAVED IN THEIR TARGET AUDIENCE FOR CONTINUAL YEARS

“ THEY HAVE BEEN SUCCESSFUL IN CREATING A BROADER AWARENESS ABOUT THEIR BRAND AND AT THE SAME TIME; THEY HAVE WORKED HARD TO INCREASE THE BRAND VISIBILITY IN MANY DEVELOPED CITIES OF THE WORLD. THEY HAVE BEEN ABLE TO REACH THE INTERNATIONAL STANDARDS IN BUSINESS BY LOCATING THEMSELVES IN THE INTERNATIONAL ARENA. FOR A BUSINESS TO REACH THE INTERNATIONAL PLATFORM, IT REQUIRES A LOT OF STEADINESS TO WITHSTAND THE PRESSURES AND CHALLENGES THAT ARISE FROM TIME TO TIME ”



name which is engraved in their target audience for continual years. Various brands have found fascinating ways to differentiate their products and services. Ranging from the name to its tagline, visual communication to identity, they have developed a unique approach. A brand may start at rudimentary state, but it will expand gradually in the hearts and minds of its consumers becoming an emotion as well as an experience over a time. Brand awareness and brand visibility play avital role in creating this popular label.

Moreover, there have been some brands that have commenced the journey in small scale and made progression over years of hard work, reaching incredible heights while providing the best to their customers. They have been successful in creating a broader awareness about their brand and at the same time; they have worked hard to increase the brand visibility in many developed cities of the world. They have been able to reach the international standards in business by locating themselves in the international arena. For a

business to reach the international platform, it requires a lot of steadiness to withstand the pressures and challenges that arise from time to time. Especially, when you think about transforming local businesses to foreign arena, there could be obvious challenges in entering large global markets. Out of them, the biggest challenges could be dealing with currency, accepting funds, transferring and managing funds remotely. Nevertheless, there are many brands in our country who have accomplished this mission by



expanding their business capacities to serve the many different markets in the modern world.

Many international brands have taken over Sri Lankan market since the declaration of open economy principles in the country in 1977. Even though it is easier for the well-established and reputed international brands to acquire relatively smaller and niche markets like us, it is quite the opposite when locally established companies attempt to reach the international markets. There are many competitors to deal with, different product propositions, multifaceted user expectations, already stable and established markets and most importantly, competition with million-dollar companies. They have resources to withstand any sudden and unplanned economic pitfall and the potential to still adjust themselves to win the game.

We too have proud, reputed local

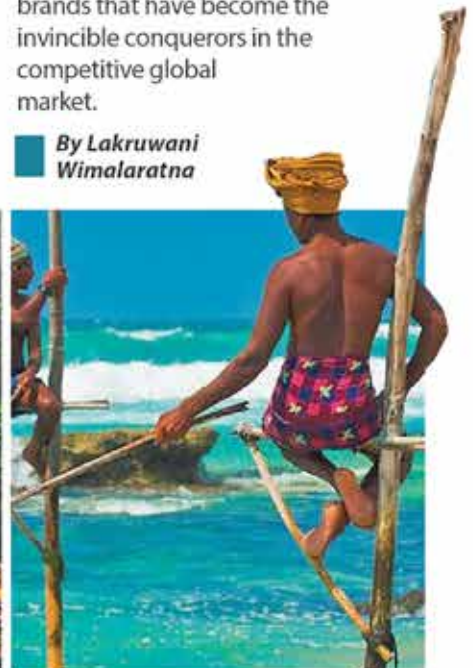
brands that have conquered the international market and established our name worldwide. They have achieved the goals with sheer dedication, effective management policies and right decisions which were taken over the years. Even during world economic turbulent situations, and in the recent unexpected global scenarios such as Coronavirus pandemic, these brands have maintained their steady position in business encountering all the



challenges and accordingly adapting themselves to stronger, sustainable and innovative approaches.

In this Business Dialogue issue, we celebrate the success, tracing the triumphant journeys of our own local brands that have become the invincible conquerors in the competitive global market.

By Lakruwani Wimalaratna



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BEING NOVEL & UNCONVENTIONAL

THE KEY TO SUCCESS AMIDST GLOBAL BATTLING

MR. SURESH SHAH
THE DIRECTOR/CEO



MR. SURESH SHAH HAS BEEN WORKING WITH LION BREWERY CEYLON PLC AND CEYLON BEVERAGE HOLDINGS AS THE DIRECTOR/CEO PLC FOR 30 YEARS SINCE 1991 UNTIL HIS RETIREMENT IN JUNE 2021. HE IS ALSO THE DIRECTOR OF CARSON CUMBERBATCH & CO PLC AS OF APRIL 2002. HE HAS PREVIOUSLY HELD THE FOLLOWING POSITIONS: CHAIRMAN, CEYLON CHAMBER OF COMMERCE (2013 – JUNE 2015); CFO, UNITED MOTORS LANKA LTD (1990-1991) AND CFO LANKEM CEYLON PLC (1986 – 1990). HE HAS ALSO SERVED AS A COMMISSIONER OF THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA, AS A MEMBER OF COUNCIL, UNIVERSITY OF MORATUWA AND AS A MEMBER OF THE MONETARY POLICY CONSULTATIVE COMMITTEE OF THE CENTRAL BANK OF SRI LANKA. MR. SURESH SHAH IS A FELLOW MEMBER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA.

Tell us about the origin of Lion Brewery Ceylon PLC and how it reached the global market.

The Ceylon Brewery was the first brewery established in Sri Lanka. It was probably established in 1849 by Samuel Baker as a cottage industry, catering for the British colonial in the hill country

retreat of Nuwara Eliya. It wasn't however until 1881 that it began brewing on a commercial basis, with the Ceylon Brewery Company. In 1884 the brewery was taken over by the Mohan Meakin Brewery of India and remained popular in Sri Lanka. In 1998, Lion Brewery established a new 300,000 hL/yr capacity brewery in Biyagama, just outside

the capital Colombo.

Lion is currently exporting to 26 countries across the world including United States, Canada, the UK, Japan, Australia, Africa and the Maldives. In the Maldives it has a dominant market share. For some years, it was also involved as a joint venture partner with the Carlsberg Group in the latter's operation in India.



What were the challenges that Lion Brewery Ceylon PLC had to face when stepping into the international market?

The biggest challenge in the local market was the inconsistencies of the government policies in the beer industry in terms of policy framework related to alcohol taxation and other rules and regulations that come from time to time.

In the global market, the biggest challenge was the competitors from other countries. Compared to the other global beer companies, Lion Brewery was a small company at that time. Lion Brewery was taking on all the global giants in all the markets that it operates. For instance, the USA is the home to the biggest global brewer. Lion Brewery had to take on the very well-established global companies not only in their countries but also

“THE CEYLON BREWERY WAS THE FIRST BREWERY ESTABLISHED IN SRI LANKA. IT WAS PROBABLY ESTABLISHED IN 1849 BY SAMUEL BAKER AS A COTTAGE INDUSTRY, CATERING FOR THE BRITISH COLONIAL IN THE HILL COUNTRY RETREAT OF NUWARA ELIYA. IT WASN'T HOWEVER UNTIL 1881 THAT IT BEGAN BREWING ON A COMMERCIAL BASIS, WITH THE CEYLON BREWERY COMPANY. IN 1884 THE BREWERY WAS TAKEN OVER BY THE MOHAN MEAKIN BREWERY OF INDIA AND REMAINED POPULAR IN SRI LANKA”

all over the world. Those companies had a lot of resources such as money, people, manufacturing technology, and brands.

The other challenges Lion Brewery had to face were finding the right importer, the right distributors in international market, and identifying the correct business strategies. These are common challenges that any Sri Lankan exporter will face when exporting a fast-moving consumer goods in to the export market.

However, Lion Brewery never faced any challenge in the product quality because their beer products' quality is of world class.

How did you overcome those challenges?

The only way of finding our resources were from Sri Lankan market because this is our home. If you take a child, the child has to first grow at their home with parents, and the same applies to a company.



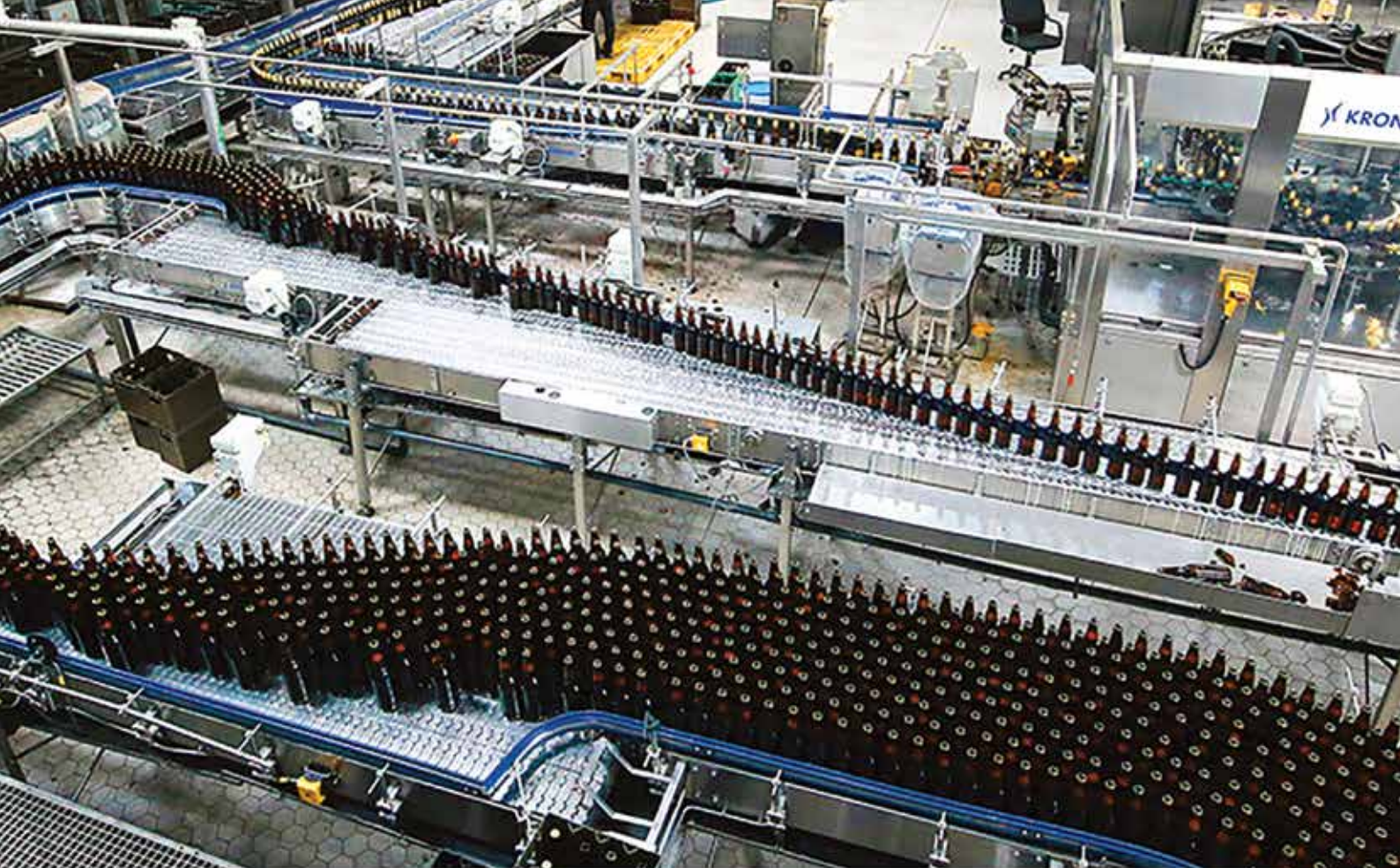
First, we found our resources from Sri Lankan market and started investing in the global market. Initially, when starting the export business many years ago, probably in early 1990s, what we said was we didn't want profit from export business, and we would re-invest all the profit we make back into the export business. As long as the export business didn't make any losses, we said it was fine. Gradually, in that way we have put most of the profit from export business back into the export business. Since we have followed a strategy of this nature, we export about 8% of local sales to the export market. And if you take current financial year, I think that will go to 10% to 12% from local volumes. Gradually, the company built its export business over the year. If you ask me what my ambition was, first I wanted to increase export volumes to about 25% of the local business.

According to your view, what are the key strengths of your company?

I think our biggest strength is the product quality. We have three types of beers in our company such as mild beer, strong beer and stout. If you take global consumption, 95% consumption is mild beer and that's what everyone competes for. But if you take stout category there aren't that many competitors. For example, there is an Irish company called Guinness; it has been around for more than hundred years and is the global leader for the stout category. So, one of the things we did was we first focused on stout category. Secondly, we focused on strong beer category because in Sri Lankan point of view it's a very sizeable market. And there aren't too many global players in the strong beer category either. But for the Lion, global strong beer category is quite big and we focused on that.



"I THINK OUR BIGGEST STRENGTH IS THE PRODUCT QUALITY. WE HAVE THREE TYPES OF BEERS IN OUR COMPANY SUCH AS MILD BEER, STRONG BEER AND STOUT. IF YOU TAKE GLOBAL CONSUMPTION, 95% CONSUMPTION IS MILD BEER AND THAT'S WHAT EVERYONE COMPETES FOR. BUT IF YOU TAKE STOUT CATEGORY THERE AREN'T THAT MANY COMPETITORS. FOR EXAMPLE, THERE IS AN IRISH COMPANY CALLED GUINNESS; IT HAS BEEN AROUND FOR MORE THAN HUNDRED YEARS AND IS THE GLOBAL LEADER FOR THE STOUT CATEGORY. SO, ONE OF THE THINGS WE DID WAS WE FIRST FOCUSED ON STOUT CATEGORY"



So, our real driving force is the stout and strong beer category.

During the most difficult times of Covid – 19, what approaches did you take to sustain in the international market?

Actually, if you take last year from 1st April 2020 to 31st March 2021 our export business grew by 19% in volume terms. Initially, when starting the financial year, we didn't expect that due to the current pandemic situation. But then we found that the demand for the product has not decreased. So, I think what happened internationally was that when the lock down was lifted, people wanted to go out and have a drink. Although the expected demand for the product would reduce significantly but it didn't happen in that way. So, we increased our efforts to meet our demand and how much we can increase the foot print of the export business. We worked with our importers and distributors; we started expanding our

products in few more states in the USA.

How do you see the future prospect of the industry you are in; both locally and globally?

The company wants to export 25% of local sales to the international market as the initial target. We are in the process of widening the footprint in local market and focusing on the expansion of the business to the other countries as well. We are focusing on strong beer and stout categories, and we want to increase our sales specially on those two categories in future.

What improvements do you suggest for aspiring SMEs in Sri Lanka to reach the global market?

First and foremost, you need to identify who your target market is. Once you have identified the target market, you need to ensure that your product is better than other products available in the target market at the moment. The quality

of your product is very important. The higher the competition is in your target market, the higher the quality of the product should be. This is mainly applicable in developed countries. When focusing on SMEs it's better to focus with developing countries such as second and third world countries where there is lesser competition. Although you focus on second and third world countries, there are some issues such as people worrying about the cost of the product rather than the quality. This is a common problem which is faced by almost every exporter right now. So, if there is anyone who is willing to get into the global market, they need to remember that it is a challenging journey. You might get frustrated on the way; you might perhaps doubt whether you have taken the correct approach or not. However, it's also important to believe that you can overcome all these challenges. You should structure your business in a proper way that you can face all the challenges in a positive way.

By Pramudya Thilakarathne & Chalani Oruthotaarachchi

RELISHING THE GLORY WITH HUMILITY

THE ODYSSEY FROM A FAMILY BRAND TO A GLOBAL BRAND

MR. NALIN BRIAN KARUNARATNE

THE CHIEF EXECUTIVE OFFICER/DIRECTOR,
CEYLON BISCUITS LIMITED



Ceylon Biscuits Limited is a Sri Lankan food manufacturing conglomerate that is into the production of high-quality confectionery and convenient nutrition. The story of CBL started in 1968 with the protein-enriched CARE biscuit created

in collaboration with CBL, Sri Lankan Government, and CARE U.S.A., to combat malnutrition in schoolchildren at the time. As one of Sri Lanka's largest exporters with a well-established supply chain and logistics infrastructure, CBL's processes conform to international standards and certifications. CBL exports to over 65 countries across the

world with 9 manufacturing facilities in Sri Lanka and 4 manufacturing and distribution operations overseas. CBL states their purpose as "To create enriching moments of happiness for people, by being a caring global entity, with a true Sri Lankan identity" which parallels with the theme of Business Dialogue issue this time.



What were the challenges confronted when stepping into the international market and how did you overcome them?

As far as the global confectionery market is concerned, Sri Lanka is a high-cost manufacturing country. On the other hand, Sri Lanka is not known for confectionery. Yet, we have been able to combat the aggressive competition stemming from low-cost manufacturing countries such as India, The Gulf States, Thailand, Indonesia, Vietnam, and Malaysia by delivering quality

“ SRI LANKA IS A HIGH-COST MANUFACTURING COUNTRY. ON THE OTHER HAND, SRI LANKA IS NOT KNOWN FOR CONFECTIONERY. YET, WE HAVE BEEN ABLE TO COMBAT THE AGGRESSIVE COMPETITION STEMMING FROM LOW-COST MANUFACTURING COUNTRIES SUCH AS INDIA, THE GULF STATES, THAILAND, INDONESIA, VIETNAM, AND MALAYSIA BY DELIVERING QUALITY PRODUCTS TO THE MARKET ”

products to the market. I must also emphasize that there is no discrepancy between the quality of the products that are offered to the local market and the international

market. Certain global airlines serving our product 'Cream Cracker' on board is an ideal instance that embodies our global recognition despite the cost disadvantage we have. This is truly a great achievement for us as we have earned this after British Retail Consortium (BRC) and USFDA audits that covered various quality dimensions including the manufacturing quality, sustainability and welfare of the workforce. We are currently the market leaders in certain export markets and also one of the top imported biscuit brands in certain African markets which is a testament to our commitment to put Sri Lanka on the map as a quality manufacturer of biscuits.

How do you describe the strengths of CBL?

As for the strengths of CBL, I believe that the company has always been in good hands, with tremendous commitment from the leadership and an unrelenting focus on product quality and innovation. We always take the responsibility of assuring the quality of our products. This consistency in quality tremendously strengthens our market power. We firmly believe that we can compete with anyone in the world through our portfolio of products. In terms of investments, we have never been hesitant to invest in the best technology in the world. We have won so many awards for being the most innovative confectionery brand in Sri Lanka. We have also won the award for the "Most Outstanding Exporter of the Year" in 2017. Thus, our desire to explore new variants, formats and options in the confectionery industry has enabled us to win a competitive edge in the market. On top of everything, we always try to understand our customers and work towards building brand equity.

How do you make sure that your innovations are embraced by both local and foreign customers?

Our marketing and distribution strategies are extremely strong. We always ensure that our new products address emerging trends in the local and international markets that fulfill the needs of our consumers. We bring the product closer to the customer in the most innovative manner. Thus, when the customer experiences our product, he/she enjoys exactly what we have promised.

During the most difficult times of COVID 19, what approaches did



“OUR MARKETING AND DISTRIBUTION STRATEGIES ARE EXTREMELY STRONG. WE ALWAYS ENSURE THAT OUR NEW PRODUCTS ADDRESS EMERGING TRENDS IN THE LOCAL AND INTERNATIONAL MARKETS THAT FULFILL THE NEEDS OF OUR CONSUMERS. WE BRING THE PRODUCT CLOSER TO THE CUSTOMER IN THE MOST INNOVATIVE MANNER. THUS, WHEN THE CUSTOMER EXPERIENCES OUR PRODUCT, HE/SHE ENJOYS EXACTLY WHAT WE HAVE PROMISED”

you take to sustain yourself in the international market?

Entire Sri Lanka went into a lockdown on 20th March 2020. Despite those restrictions, we were able to recommence our operations on 24th March 2020. We were able to bring in strategies to run the operations while maintaining social distancing. The proactive nature of our decision-making has enabled us to substantially diminish the risk of having to suspend the operations.

We planned ahead by speaking to our international distributors and ensured that we delivered on time.

Has CBL learned to live with COVID now?

Yes, we have learned to live with COVID while bringing new thinking into manufacturing in the meantime. However, we should take all precautionary actions, so that we help the authorities to limit the spread regardless of



whether we have got the vaccine or not.

How do you see the prospect of the industry you are in, both locally and globally?

The confectionery industry has a very long history and it's a competitive industry. As far as Sri Lankan confectionery industry is concerned, it is also important to devise strategies to benefit from new packing materials and guidelines related to sustainability. We need to understand the turbulent nature of consumer preferences and reformulate the existing products to match the latest requirements. When it comes to the global markets we are competing against thousands of brands. We must ensure that our products stand out by offering high quality innovative products.

Do you think that you have enough support from the regulatory authorities in Sri Lanka?

Yes, we are working with the authorities and helping the industry. When they take challenging decisions, we are not hesitant to intervene and share our insights to help them formulate better policies. However, we make sure that we adhere to all the rules and regulations imposed by the government.

What improvements do you suggest for aspiring SMEs in Sri Lanka to reach the global market?

First, having a better understanding of the business that you are going to get into is important. Secondly, having a sound understanding of the market structure and

competition is quintessential. Similarly, we need to acquire knowledge on certain important business management processes. We are currently working with IFC, the World Bank to support small and medium-scale entrepreneurs who are mainly into the domestic market. The biggest challenge that we have witnessed is that these entrepreneurs lack the knowledge of business management, human resource, taxation, and regulations. So, it is important to get the correct awareness of fundamental concepts in the field. Also, when it comes to the global market we must ensure that we possess all the international certifications that prove our products is of international standards. On top of everything, failing to deliver a quality and relevant product to the market will certainly wipe out your chances of survival in the long run.

■ *By Gishan Abhayagunaratna and Thisal Yatawara*

HEMAS HOLDINGS PLC: UNWINDING THE STORY OF SUCCESS

SRIYAN DE SILVA WIJEYERATNE
MANAGING DIRECTOR/ GROUP DIGITAL LEAD
HEMAS CONSUMER BUSINESS – HEMAS HOLDINGS PLC

Could you please give a brief introduction about yourself?

L I am currently serving as the Managing Director of Hemas Consumer Business as well as the Group Digital Lead of the Hemas Group. I also sit on the Hemas Group Board. I have previously served in the capacities of the Country Manager of Microsoft for Sri Lanka and Bangladesh, the Managing Director/ CEO of Teejay Lanka PLC, the Director of Marketing and Sales at Suntel as well as a Brand Manager at



Nestle. Prior to Hemas, I was the Group CEO of Abans. Talking about my academic background, I am a proud Peterite, and I obtained my bachelor's degree from the University of Sri Jayawardenapura with a First Class. I also completed my Masters at the same university. I am a Fellow Member (FCMA) of

the Chartered Institute of Management Accountants (CIMA-UK) and also a Chartered Global Management Accountant (CGMA). I have a strong passion for travelling, music, community work, photography and nature and wildlife. I recently played the role of President of the Wildlife and Nature Protection Society, while I am also the Chairman of the ETF Board.

We would now like to know about your company. Can you explain its origin and how it reached the global market?



WE AT HEMAS, HAVE OVER 70 YEARS OF HERITAGE IN THIS COUNTRY; THEREFORE WE HAVE A HISTORY EVOLVING ACROSS THE SRI LANKAN CONTEXT, EXPANDING THE COMPANY PRESENCE ACROSS A MULTITUDE OF BUSINESS SPHERES. IT IS ONE OF THE BEST SUCCESS STORIES IN SRI LANKA, OF A PRIVATELY HELD LARGE CORPORATE WHICH SUBSEQUENTLY EVOLVED TO BE A PUBLIC COMPANY. OUR COMPANY IS A WELL-MANAGED AND PROFESSIONALLY RUN COMPANY AND IT IS ONE OF THE MOST RESPECTED COMPANIES PRODUCING A GREAT VARIETY OF CONSUMER BRANDS WHICH ARE LOVED BY THE SRI LANKAN CONSUMERS



We at Hemas, have over 70 years of heritage in this country and therefore we have a history evolving across the Sri Lankan context, expanding the company presence across a multitude of business spheres. It is one of the best success stories in Sri Lanka, of a privately held large corporate which subsequently evolved to be a public company. Our company is a well-managed and professionally run company and it is one of the most respected companies producing a great



are loved by the Sri Lankan consumers. Hemas is one of the best places to work and we are also seen as a very responsible company and one of the most respected corporate citizens in the country. These are collective reasons why Hemas is proud to be one of the top conglomerates in Sri Lanka and now has tapped the world market through its strong brands.

The best brand we have taken out to the world is "Kumarika" which is our leading hair care brand. We won a series of awards and accolades including SLIM award for the Export brand of the year. We were once the market leader in Bangladesh in this segment of haircare, but now the market shares have changed over the years with competition and due to the prevailing situation. Hemas Brands are successful and currently present in over 15 markets across the world. Apart from just exporting local brands to the world, we have marked our manufacturing presence in countries such as Bangladesh and India. Our second strongest brand being exported is "Baby



Cheramy", which is one of the most loved and respected brands in Sri Lanka as well as overseas. Accordingly, these are the two leading brands which have conquered overseas markets out of the portfolio of brands we export, while brands like Clogard also have spread their wings. Currently, we are working on some product development for a couple of added brands and we are focusing on establishing the footprints for these upcoming brands in the global market in an aggressive manner in the times ahead.

What challenges will you face when stepping into the international market & how can you overcome those challenges?

Well, there is a bucket of challenges we face when pitching our brands overseas because every country has a different context. For example, you inherently face "Regulatory Challenges" specific to countries. The company has to be aware of the regulatory

“CULTURAL AND MARKET CHALLENGES ARE ABOUT UNDERSTANDING THE CONSUMER IN THESE MARKETS BECAUSE PEOPLE'S TASTES AS WELL AS PURCHASE PATTERNS DIFFER ACROSS MARKETS. THEREFORE, IT IS CRITICAL TO UNDERSTAND THE PROSPECTS IN THE MARKET AND ITS CONSUMERS, IN ORDER TO DECIDE THE PRODUCTS THAT WOULD FIT INTO SUCH MARKETS OR HOW THE PRODUCTS SHOULD BE CHANGED AS PER THE MARKET NEEDS”



framework of the respective target countries in the world because some countries have strong protectionist measures in place to support their local industries and brands. Apart from regulations, it is extremely important to be aware of the different international standards and certifications required to successfully move to the overseas markets as well as to compete internationally.

Then we face “Cultural and Market Challenges” which are about understanding the consumer in these markets because people’s tastes as well as

purchase patterns differ across markets. Therefore, it is critical to understand the prospects in the market and its consumers, in order to decide the products that would fit into such markets or how the products should be changed as per the market needs.

Another set of challenges are the “Administrative and Management Challenges” which basically relate to managing relationships with different parties whilst carrying out business. I would rather say this is the “people-component” that we have to manage strategically. Exporting and having manufacturing presence in different markets across the world requires us to maintain relationships with partners across multiple countries, managing foreign suppliers and dealers, and managing the recruitment of suitable human talent to run and manage overseas manufacturing facilities.

If we look at the bigger picture, these challenges are quite complicated but we as team Hemas, are doing a great job in managing these challenges

successfully. Having a good understanding about the nature of markets, developing strategies accordingly, having a talented pool of people who are highly capable in managing strategic and constructive long-term relationships with foreign partners, and insightful Marketing are strategies behind our success. What makes us successful is the fact that we develop strategies according to the nature and complexity of the markets we cater to.

According to you, what are the key strengths of your company?

From an export brand perspective, one of our main strengths would be the “power and credibility of our brand”. I am proud to say that Hemas has produced several brands which have the capability of competing in the international market. Apart from that, we at Hemas render a considerable focus on “Research and Development” and hence, we strategically invest on R&D as well

“ WE MUST CONFESS THAT WAS A CHALLENGING TIME FOR EXPORTS. MANY MARKETS CLOSED THEIR BORDERS AND A LOT OF IMPORT RESTRICTIONS WERE IMPOSED. DURING THE PEAK OF THE PANDEMIC, MOST IMPORTERS WERE NOT IN A POSITION TO ORDER OUR PRODUCTS OR FACILITATE INTERNATIONAL DELIVERIES AND DISTRIBUTIONS. THAT WAS NOT EASY FOR THE EXPORT MISSION WE HAD. HOWEVER, WE MANAGED TO SUCCESSFULLY CONTINUE OUR TRADE RELATIONS WITH SOME INTERNATIONAL MARKETS AMIDST THE GLOBAL PANDEMIC ”

as in process of Continuous Innovation.

Hemas is also strong in terms of its “Marketing Strategy evolution” which has also been a great contributor and a success factor in the Hemas-story of winning the world. Our talent pool is a huge



strength which helps in paving the way for the Hemas-success story. In addition, the financial strength possessed by Hemas, a company with a well renowned history and reputation, adds to the strengths we possess.

During the most difficult times of Covid - 19 what approaches did you take to sustain your presence in the international market?

We must confess that was a challenging time for exports. Many markets closed their borders and a lot of import restrictions were imposed. During the peak of the

pandemic, most importers were not in a position to order our products or facilitate international deliveries and distributions. That was not easy for the export mission we had. However, we managed to successfully continue our trade relations with some international markets amidst the global pandemic. In those cases, we had to contemplate on how strong the distribution mechanism was and how much of product presence we already had in the market. We couldn't grow in large scale, but we had to take things relatively slow until things gradually improved. It should be reiterated that amidst these challenging times, we took all possible steps to



sustain and continue our relationships with foreign partners and we continued to engage with our customers. Almost every business in the world had to rethink their strategies and realign those accordingly to suit the ongoing situation resulting from the global pandemic. It was the same with Hemas too. We have now been compelled to perform most things using digital platforms. However, we look forward to times when things gradually pick up. We did not lose businesses, but we couldn't keep growing as we intended. We have changed our approaches to keep going with Covid, because it is going to be around for a while. With the current pandemic, we don't believe the old ways we used to do business are going to help and we have readjusted many things towards achieving the best we can.

How do you see the future prospects of the industry you are in; both locally and globally?

As a company we are into many businesses, and we remain fairly optimistic about the future direction. We have seen demand increasing for personal care and food items during COVID, especially due to disposable income not being spent on various other items and needs such as travelling, clothing, etc. on which people allocated a considerable share of income. The need for health care and cleanliness has always been a focus and that is exactly the industry we are playing in and the reason why we are optimistic about the business on different fronts. Our growth plans will further compliment this.

What is your opinion on the support received from the regulatory authorities? In fact, how adequately are the businesses supported?

We cannot look at the question from the perspective of every regulatory authority around the world supporting Hemas PLC. However, if you look at the regulatory set up in Sri Lanka, one of the challenges is that things move somewhat slower, and regulatory authorities locally and overseas, are not equipped to work at the pace of the business needs. Both businesses and regulatory authorities should work jointly at a much faster pace if we plan to keep abreast with the global competition. In my opinion, what is expected from regulatory authorities are

improvements in terms of the pace and speed at which work is done and the turnaround time for approvals and decisions which will in turn aid and boost businesses.

What improvements do you suggest for aspiring SMEs in Sri Lanka to reach the global market?

Generally, not many Sri Lankan companies tend to think of a global market. Especially, with the island mindset many only consider the local market and thus, they are confined to think small. As a result, small companies who that start businesses in other parts of the world will grow bigger and much faster, as they think bigger and take considerable risks. In Sri Lanka, we don't have enough of venture capital and funding to support the SMEs in order to take the said risks, which is one side of the challenge. The next challenge is that the SMEs who desire to reach the global market need to think more and focus on efforts around digital and better marketing. The digital leveraging of many Sri Lankan companies is still at early stages and the sophistication of marketing needs improvement.

When we examine the international arena and try to market products to parties in France, Canada or worldwide, it is of utmost importance to understand that there are thousands of other businesses out there trying to do the same. This is why we cannot benchmark ourselves merely with export companies in Sri Lanka. The importer makes trade offs when allocating funds to import say Kumarika from Sri Lanka or an

Ayurvedic product from India or possibly some electronics from China. Thus, we are not competing just in our own category. This is why companies need to improve further, and nationally also require better support from Chambers and Regulatory authorities such as the Export Development Board etc. SMEs need to focus on being more digitally savvy and far more connected with the foreign markets than what we are seeing in Sri Lanka today.

What is the most challenging situation you have faced which is personal to you in your corporate career?'

I would say it is a matter of what kind of mindset you bring when you face diverse challenges. During the corporate life at different time periods, we have witnessed big single incident challenges which are not continuous (eg. Tsunami). Terrorism was a continuing challenge for quite a while and then we had to figure it out every day. Then again on the other hand we had challenges like the Easter attack and now the Covid-19 pandemic. As business leaders, we need to figure out what our ideal response should be. These were probably the most challenging and interesting times for me because what happens to your business or company now depends on how you look at that challenge. How you shift, transform and embrace the situation and still try to succeed comes down to the mindset we possess. It was the same question when the Covid pandemic hit the country. Are we going to evolve with the situation or are we going to be victims of it? Thus, I think the

companies who embrace it and learn to deal with it resiliently, turned out on top. To do so, we most definitely need a growth mindset where we have to adapt it in the way we work. I believe those were some of the biggest challenges we had to periodically deal with.

What are your thoughts on maintaining work life balance?

This is a question that is often asked since I play multiple roles within Hemas, within Government and in my personal life. However, in answering your question, I believe it is quite subjective since what works out for me might not work in the same way for another. I believe everybody has to find out their own solution, but what I do know is that, if you don't find time to deal with things that are important for the future, you will always be struggling with time and you will always be firefighting. I believe there is no good time to think of the future but if you do not find time to think of the things that you need to do for tomorrow's success today, time becomes your biggest enemy. What has worked for me is constantly spending a decent amount of time pondering on what I should be doing today in order to be successful in the future. This in return gifts me with the time to spend with my family, to engage in community work and to travel and enjoy wild life.

**By Vageesha Rajapakse
& Thisal Yatawara**

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THE SUCCESS
STORY OF
DSI
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GROUP



DR. KULATHUNGA RAJAPAKSA
EMERITUS CHAIRMAN OF THE DSI SAMSON GROUP



Among the reigning brands in Sri Lanka, the DSI Samson Group proudly stands tall as one of the country's premier business

conglomerate and as the leading manufacturer of footwear and bicycle tyres in the country for over five decades. Exporting to more than 40 countries across the world, DSI is also the local representative for international brands, such as Reebok, Fila, Clarks, Puma, Dell and Avira, having proved that a South Asian manufacturer could indeed produce high quality footwear worthy of the most

respected and reputed brand names in the world. With 22 subsidiaries successfully servicing local and international markets offering more than 200 showrooms and 5,000 dealers island wide, it is among Sri Lanka's largest family-owned group of companies.

Dr. Kulathunga Rajapaksa, Emeritus Chairman of the DSI Samson Group, is the visionary



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IN 1962 I WAS AWAITING THE RESULTS AFTER HAVING FINISHED A/L TO KNOW WHETHER I HAVE BEEN SELECTED TO UNIVERSITY. I DID MY STUDIES IN THE SCIENCE STREAM AND I GOT SELECTED TO THE UNIVERSITY OF PERADENIYA. I USED TO VISIT FROM PERADENIYA TO GALLE, WHERE THE FACTORY WAS, QUITE OFTEN TO OVERLOOK WHAT IS REQUIRED. MY FATHER COULD NOT WRITE LETTERS IN ENGLISH AND I SUPPORTED WITH DOCUMENTATION WHILE CONTRIBUTING WITH A LITTLE BIT OF MANAGEMENT GUIDANCE. AFTER THE COMPLETION OF THE DEGREE, I JOINED WITH MY FATHER TO EXPAND THE BUSINESS

”

leader behind making the DSI Samson Group the respected and successful business conglomerate it is today. Dr. Rajapaksa is an accomplished entrepreneur and a pragmatic leader. He is a popular and well-known business leader who has won many prestigious business accolades including the award for 'Entrepreneur of the Year'. Prior to his recent

appointment as Chairman, he was the Group Managing Director of the DSI Samson Group for the past 35 years, during which time the Group saw rapid development and diversification. Dr. Rajapaksha, spared some of his invaluable time to share his experience in making a brand that has raised the country's name high in the international business arena.

First off, we would like to know about your company. Can you explain its origin and how you stepped in to the business world?

As far as DSI is concerned, the company was started by my father as far back in 1962. The reason for starting the company was actually because, importation of finished products and luxury items were banned by the government due to lack of foreign exchange. Therefore, most of the items that were imported before were not allowed to be imported and instead came under license. At that time, my father was also importing footwear from various countries including Japan, UK and India and with the ban, importing was no longer possible. So, he wrote to all the suppliers informing that the only way to continue business is to send material to manufacture them in Sri Lanka. While all the



other countries refused, Japan agreed upon the understanding that all the machinery and raw materials will be imported from Japan for which my father agreed and that is how the technology transfer took place. Unlike today, there were no emails or mobile phones for continuous contact, everything was done via postal service through which they gave all the technical guidance and input on how to manufacture footwear. That was the starting point of DSI.

When did you become a part of the business and contribute to the development of the company?

It is a good question! In 1962 I was awaiting the results after having finished A/L to know whether I have been selected to university. I did my studies in the science stream and I got selected to the University of Peradeniya. I used to travel from Peradeniya to Galle, where the factory was, quite often to overlook what is required. My father could not write letters in English and I supported with documentation while contributing

with a little bit of management guidance. After the completion of the degree, I joined with my father to expand the business. I joined in 1966 and at that time even though we had the correspondence via mail we had not visited Japan to witness how the manufacturing process took place. So my father and I visited the factories in Japan and learned a lot of techniques on how to manufacture footwear. That allowed us to improve our productivity and production. During this period manufacturing was difficult but marketing was easy because there was little to no competition. So, whatever we manufactured, we could sell without any difficulty, without any advertisement because a very few companies had the capacity to manufacture. This was mainly because the production capacity was decided on the value of the license we received from the Ministry of Industries. By the early 1970s, we started opening our retail network, showrooms, and distribution systems to take the business to the next stage.

DSI, as a brand has expanded since then and we would like to

know how this expansion of the business took place?

Expansion of the business took place in 1970 when we reached the limit of capacity to import raw materials and the license extensions were restricted. There was a little bit of a setback with the 1971 insurgency but afterwards, in 1974 we realized that our capacity was not enough, so we started using local raw material to manufacture footwear. We established another company under a different name and managed to get a license for that company as well which led to expanding our operations. This was continued until the arrival of the open economy in 1977, which brought about both positive and negative changes. Until then, no one was able to import finished products only raw materials and machinery under license. Because of this, all the small manufacturing companies had to close when the traders started importing stock lots and products which were not of the accepted quality. The open economy was a turning point for many industries, even we had a difficult time mainly because



manufacturing products took about three months while importing finished products could be sent to the market immediately after the arrival. So the market focus was on importing the finished products than manufacturing. Even our company, while manufacturing, started importing footwear. Footwear is a fashion item, therefore a trend which was popular when we order the stock was long gone by the time we received the goods. To face this, we started copying imported products and manufacturing them locally because we had the facilities and was able to successfully compete with the imported footwear.

Even though we manufactured footwear we did not have a factory to manufacture rubber products which is essential as all footwear need rubber soles. So, we invested in a rubber sole manufacturing plant, a huge investment at the time but it had excess capacity. Also, during this period we had to compete with a multinational footwear company which was not an easy task as the multinational company had both

financial and marketing strength. To face the competition, we approached the rural areas where the population is high with the slogan that our products are 100% Sri Lankan, with quick changes in design and better distribution mechanisms.

worked toward diversification through the production of bicycle tyers. Those were in short supply in the local market at the time and we could manufacture tyres with the machinery we already had. The competition was diluted because we had other products in the market as well. Then in the 1970s, there was a boom for garments and since we already had sewing machines brought down for the footwear manufacture, we decided to expand the business to include a garment factory as well. At the time Sri Lanka was exporting raw rubber without any value addition, so we set up another manufacturing plant to manufacture finished rubber products. With this diversification of business, we were able to establish our brand name in the market and that gave us the stability as a group of companies where each company operated on its own but collectively collectively contributed to achieving financial stability. Between 1995 and 2000 we became the market leader because of the extra capacities we had with the expansion of the business.

IN 1974 WE REALIZED THAT OUR CAPACITY WAS NOT ENOUGH, SO WE STARTED USING LOCAL RAW MATERIAL TO MANUFACTURE FOOTWEAR. WE ESTABLISHED ANOTHER COMPANY UNDER A DIFFERENT NAME AND MANAGED TO GET A LICENSE FOR THAT COMPANY AS WELL WHICH LED TO EXPANDING OUR OPERATIONS

As I said earlier, we set up a rubber factory that had an excess capacity. We realized that manufacturing one item such as footwear will not be suitable to the company to meet competition and



When did the business reach the global market? How did you start exporting the products?

After Mr Upali Wijayawardne became the Director-General of Greater Colombo Economic Commission (GCEC) (now known as the Board of Investment) a lot of factories that exported goods were established. At that time we were doing a bit of exporting but not to a great extent. We tried to get the potential export customers to our factory in Galle. Of course, back then there was no highway, so taking a buyer to Galle was a nightmare because of the tiring and time-consuming journey to the factory. To overcome this difficulty, we set up a factory in Kalutara. That factory was designed as a state-of-the-art factory with Korean collaboration including new attractive features. The buyers who

visited the Kalutara factory were very impressed and we secured many export orders afterwards.

To how many countries are you exporting the products as of now?

First export we did was to the Middle East and later to the European market as well. Now our main market is Europe, countries such as Italy and UK. We also export our products to Australia and India.

As a long-standing member of this group of companies, what do you see as the key strengths of your company?

Number one, without a doubt, is our loyal workforce. You need to look after your employees very well. Our factory is located in down south, there was never a shortage of labour

and we have always had a very good relationship with our workers. The other point, I would say, is the new technology we embraced. Every time we needed machinery, we made sure to acquire the latest technology. And we started the computerization of data as far back as 1996, we were one of the first companies to do so. Further, for a company to be recognized, it should have certifications such as quality awards, productivity awards, etc. Over the years, we have won many of these awards and that itself brings a lot of credibility to the company. Especially when introducing the company to foreign buyers these certificates are vital and they helped to gain international recognition. In terms of local customers, we have over 200 retail outlets through which we connect with them. We also conduct a lot of CSR projects linked with schools including sports tournaments, art competition viz. 'SITHUVILI', etc. which has popularized our brand name among the school children. For years, we have dominated the school shoe market because we always manage to set up the most economical way when manufacturing school shoes. We cater to over 70% of the school shoe market in the country.

The journey to this level of success must have been a difficult one. What do you see as the main challenges you faced along the way?

One of the first and main challenges we faced was having to compete with the multinational companies who had massive financial and advertising strength. Those days, back in the 1970s, there were no professional advertising bodies. There were only two and since they had been approached by the multinational company and refused to work with us. We finally managed

to find an advertising agency and the moment we advertised, the multinational company approached them and offered a better deal after which the agency was reluctant to work with us. However, we managed to convince the agency that we are a local brand, and we are giving them the full advertising deal upon which they agreed to work with us. And this helped up to bring our brand name to the market through advertising.

The second challenge we faced was not having a properly trained designing department. As I said earlier, we used to copy imported shoe designs. There was litigation that came up against us on infringement of design. After settling the lawsuit, we wanted to make sure it does not repeat, we invested heavily in a design department. This allowed us to expand our designs and produce even better footwear than before.

Then another major challenge was in our way which was the price war. When there is a price war, there is a limit you can reduce the margins because it depends on the financial strength of the company. Multinational companies started reducing the price and offering promotions, which we could not afford to do at the time. That is the reason why we started to diversify the business. With diversification, we were able to come up with a strategy to keep low key when others offered promotions and offer better promotions once they stop.

The fourth challenge was working with dealers. Marketing is equally difficult as manufacturing. So, we decided to have our own marketing arrangement so that selling the product and the collection of money was easily done and that way we did not have to depend on a third party. We opened showrooms all over the country, then approaching the customer was very easy as well. In the footwear industry, the most important control system is

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ONE OF THE FIRST AND MAIN CHALLENGES WE FACED WAS HAVING TO COMPETE WITH THE MULTINATIONAL COMPANIES WHO HAD MASSIVE FINANCIAL AND ADVERTISING STRENGTH. THOSE DAYS, BACK IN THE 1970S, THERE WERE NO PROFESSIONAL ADVERTISING BODIES. THERE WERE ONLY TWO AND SINCE THEY HAD BEEN APPROACHED BY THE MULTINATIONAL COMPANY AND REFUSED TO WORK WITH US. WE FINALLY MANAGED TO FIND AN ADVERTISING AGENCY AND THE MOMENT WE ADVERTISED, THE MULTINATIONAL COMPANY APPROACHED THEM AND OFFERED A BETTER DEAL AFTER WHICH THE AGENCY WAS RELUCTANT TO WORK WITH US. HOWEVER, WE MANAGED TO CONVINCE THE AGENCY THAT WE ARE A LOCAL BRAND, AND WE ARE GIVING THEM THE FULL ADVERTISING DEAL UPON WHICH THEY AGREED TO WORK WITH US
 ”

inventory control because size, colour, and design all matters to the sale. This control cannot be done manually, and we went for an ERP solution so we can know the the level of stock in the market at a given time. It gave us the edge over the others to run the business with a minimum inventory.

The Covid-19 outbreak affected the economy all over the world. How did you face Covid-19 as a company?

Like many others, covid-19 has a lot of effects on our company as well. The local market was heavily

affected. However, with the pandemic, the export orders remained the same, but the problem was the labourers could not report to work to finish the production process. And due to lack of vessels, we could not send off the orders on time. Having said that, we have had several losses as well. In an industry like this, only a certain number of jobs can be done from home. Nevertheless, we made sure that every employee gets the salary during these difficult times. We managed to convince all employees of our difficulty in paying salaries due to COVID 19 crisis and they corporate with us to manage with the minimum salary which they have received. We cut down all the expenses and overtime, we started with minimum manufacturing production and now our warehouses are almost full. Intending to ship the orders as soon as the restrictions are lifted, we manufactured with the lowest cost. We also started online selling to keep up with the sales. However, during the last one and half years, our revenue has gone down but then again that is the situation of all the companies. We are waiting patiently while managing finances expecting to get back on track as soon as the restrictions are lifted. Right now, we are operating on marginal profits.

As an experienced businessman, what are your thoughts on the support from the government for Sri Lankan business? Do you think it is enough for should there to be more support from the government?

I think the government should clear the environment and the systems for the industries to operate. We are not expecting any subsidies from the government, the rules and regulations must be brought in so



that we can swiftly move forward. There were instances where when you want to export you have to go through a lot of red tapes, taking permission from various departments which delayed the process. These things must be streamlined. Labour regulations should be updated as the regulations that are in use today are more than fifty years old. I think all these labour regulations must be investigated and updated to suit today's environment. Then the quality control should be given attention as well. Right now, quality is the biggest parameter in export. We do not have enough laboratories to accurately check the quality of the product and we have to depend on very expensive foreign laboratories. The government right now is providing a lot of support but still, there is a lot of things that to be done.

As we are distributing this magazine among the undergraduates, what message do you have to give to these

young aspiring businesspeople?

I think the main thing is to understand that once they graduate, they have only gained academic knowledge and they should also be equipped with the practical experience to be successful in a business. In my opinion, a degree without the required training is like having a passport without a visa, a passport is useless without the visa. Therefore, a graduate should have both academic and practical knowledge about a subject. True, you won't be working in the field as you will be doing managerial work, which means you delegate someone to get the work done. But to get the work done you must know the in and out of the subject. You must learn how to delegate and obtain results Plan, Do, Check & Evaluate are the main key words of management. Most graduates think that they should train under a person who is more academically qualified than them, but experience and subject knowledge go beyond qualifications. I will give you a simple example: loading a

container with cartons. Theoretically, you can calculate how many cartons would go inside the container, but it cannot be done that way because there are practical difficulties. If you do not stack the cartons properly you cannot close the door. The only way to learn how to do this is to watch labourers doing it. Theoretically knowledge will never be sufficient; you will always need practical knowledge and experience. The graduates should understand this and gain as much experience while learning, instead of simply looking for employment after graduating. Also do not limit yourself to one subject, just because your degree is in accounting does not mean that it should be the only thing you learn. You should know a little bit about marketing, HR, quality control, logistics, etc. only then you will be able to become a full-fledged manager. If you know a little bit of everything, it gives you the confidence to take the lead and face every challenge that comes your way.

By Sulakshana De Alwis and Jinandi Patabandi

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STRATEGIZING EXPORTS IN SRI LANKA THE WAY FORWARD

A dorned with beautiful coastal lines, precious gems and acres of tropical lush greenery, Sri Lanka was once named the best place to travel in the world. As evident from its abundant natural resources, strategic location, tropical climate, educated and skilled labor, it would not be wrong to assume that the country is blessed with almost everything it would need. But the question is whether the country had ever made use of this potential in terms of growth and trade? The economy was in a good shape in post-independence and we exhibited great potential for growth setting benchmarks for neighboring nations. Even

Lee Kwan Yew once acknowledged that Colombo was a better city than Singapore back in 1956. However, somewhere down the line the smaller economies and the so-called city-nations took the lead and Sri Lanka could not keep up its pace-it fell behind in terms of growth and trade -far behind Singapore and several other peer nations including Vietnam, Bangladesh, Thailand and Pakistan. The country has not yet caught up to the speed of its peer nations. Having survived and emerged out of a 30-year civil war and a destructive tsunami that took away thousands of lives and destroyed millions worth property, there is no doubt that the country would bounce back.





LEGACY OF EXPORTS

Ceylon, as it was called by the British, is the proud manufacturer and exporter of 'Ceylon Black Tea' – a brand that equals premium world-class tea. Sri Lanka is also known for its aromatic and premium quality spices – especially, 'Ceylon Cinnamon' – a must-have in the Asian cuisine and a spice that Europeans love. Although tea and spices were quite popular crops from the colonial days till the 50's and 60's, gradually with the open economic policy reforms introduced in 1977, Sri Lankan apparel manufacturing industry emerged as a promising source of foreign income. Staying true to the roots and legacy in weaving, looming and dressmaking, Sri Lanka gradually moved away from export crops to boost production of manufactured garments. This shift became apparent during the 80's and early 90's with the availability of cheap labor, business-friendly open economic policies, and lower shipping costs. Currently,

SRI LANKA GRADUALLY MOVED AWAY FROM EXPORT CROPS TO BOOST PRODUCTION OF MANUFACTURED GARMENTS. THIS SHIFT BECAME APPARENT DURING THE 80'S AND EARLY 90'S WITH THE AVAILABILITY OF CHEAP LABOR, BUSINESS-FRIENDLY OPEN ECONOMIC POLICIES, AND LOWER SHIPPING COSTS. CURRENTLY, APPAREL EXPORTS FILL UP MORE THAN 50% OF THE COUNTRY'S EXPORT BASKET AND SRI LANKA IS ONE OF THE MAJOR APPAREL EXPORTERS TO THE USA AND EUROPE UNDER LEADING GLOBAL BRANDS

apparel exports fill up more than 50% of the country's export basket and Sri Lanka is one of the major apparel exporters to the USA and Europe under leading global brands.

UNTAPPED EXPORT POTENTIAL

Currently, Sri Lanka's exports add up to approximate value of USD 11 billion. But did you know that we have as much potential as to accommodate another USD 7.4 billion with the already available resources? This, as stated by the World Trade Organization's International Trade Center is the 'untapped export potential' of the country. Now, the question is why aren't we tapping into this potential? What is keeping the country from unleashing this potential?

As evident from the past records in international trade, Sri Lanka has a competitive edge in tea and apparel exports. But the country will soon lose this advantage in



the global market with the changing diplomatic relations, tax policies and restrictions, economic crises, and pandemics -unless the country focuses on improving quality and innovation.

Agricultural exports of Sri Lanka are predominantly simple, lightly-processed food items with minimal value addition. Hence, this is an under-utilized and under-rated opportunity that has great potential. Being a tropical country, we have got almost everything right for growing and exporting tropical vegetables, fruits, flora and fauna. However, only a negligible percentage of exporters have made use of this opportunity. We shall focus more on value additions through new agricultural exports and relentless focus on quality. Despite being an island nation surrounded by the beautiful Indian ocean, it is often arguable whether the country is making the most of fisheries-related exports.

UNDIVERSIFIED EXPORT BASKET

One of the primary reasons for Sri Lanka not being able to reap the maximum benefits from the country's export potential is the undiversified export basket and undiversified export destinations. As a result, other industrializing countries have moved ahead of Sri Lanka, creating competitive advantage. Sri Lanka relies on few numbers of goods in reaching the world through exports where 62% of export earnings are through textiles and garments. Also, Sri Lanka is accessing a very narrow base export market. Over 50% of Sri Lankan exports are to the US and EU. The disadvantage of having an undiversified export basket is when the export demand decreases for the major product due to unfavorable global macro environmental forces, it results in a sharp decline in the total export revenue of the country as there are

no alternatives to recover the loss in income from the main product. Further, due to the disadvantage of over reliance on few number export destinations, it gives lot of autonomy to the high-powered importer to impose different conditions over exported goods and also any adverse situation in the primary export destination results in a sharp decline in the total export earning of the country. In strategizing exports, the regulatory authorities need to have a special focus on these two aspects and should take strategic initiatives to diversify the export basket through value additions and expansion of export destination which would help in creating sustainable national competitive advantage.

LEARNINGS FROM ASIAN PEERS

While Sri Lankan export basket and export destinations remain undiver-



sified, another problem that restrains the growth in the Sri Lankan exports is that the majority of products exported are low value-added simple products which are easily substitutable by similar products produced in other countries. Value of high-tech exports of Sri Lanka has drastically fallen from 102 million USD in 2008 to 57Mn USD in 2010. Also, country's share in high tech exports remains at a very lower average of 1.8% in comparison to 75% in Korea, 27% in Thailand and over 50% in Singapore and Malaysia. Countries who started trade liberalization process parallel to Sri Lanka have been able to exceed us in terms of export performance and the key drivers behind are high level policy stability, collaboration with private sector to create sustaining partnership in terms export value additions, high levels of investments in research and development driving innovations to create to competitive advantage, commitment from the general

public and public sector in terms of improvements in labor productivity and efficiency, focus on lean production and lean manufacturing technologies instead of strategic initiatives in becoming a part of global value chain and well-balanced international relations.

Further, South Korea which had an underdeveloped economy until 1960s has witnessed a rapid growth from the time the country embraced export-based industrialization. Few of the salient features of aggressive export promotion policies adapted by the country were the provision of subsidies to high value-added export industries, tax benefits such as 80% reduction of profit taxes to profits arising from exports, tax subsidies to import of raw materials used to produce exports, provision of policy loans through and export financing through state owned banks. The revolution was also backed by a sound institutional set up.

As a country rich in natural resources, Sri Lanka has the capacity to unleash its export potential and achieve growth if the country keeps progressive steps while taking these learnings from Asian peers.

TIME TO RETHINK – SUGGESTED POLICY REFORMS

EDB should actively engage in developing a systematic export promotion policy which drives the



DEVELOPING AN INTENSIVE TRAINING PROGRAM WHERE COMPLETING THE TRAINING IS COMPULSORY TO BECOME ELIGIBLE FOR ASSISTANCE AND THIS WOULD RESULT IN CREATION OF EXPORT READINESS FOR MOST VIABLE VENTURES. IMPROVING THE REPRESENTATION OF LOCAL TRADE PROMOTION ORGANIZATIONS IN FOREIGN MARKETS. ONE MAJOR FACT THAT RESTRICTS EXPORT GROWTH IS IMPERFECTIONS IN CREDIT MARKETS, LIMITED ACCESS TO CREDIT, INCREASED TRANSACTION COST

country to focus on exports at national level. Private sector assistance can be requested through Public Private Partnerships to carry out export promotion programs on the basis of cost sharing, collaborating with industry experts to provide necessary training and development for exporters. Target beneficiaries for export programs should be properly identified because only large firms are selected for export development programs such as trade fairs and the current system for selection is not systematic.

Monitoring and evaluating the export promotion programs should be systematic and transparent. For example, adequate follow up mechanisms for trade fairs could be improved through tools such as surveys which are important in assessing the usefulness of such programs.

Developing an intensive training program where completing the training is compulsory to become eligible for assistance and this would result in creation of export readiness for most viable ventures, improving the representation of local trade promotion organizations in foreign markets. One major factors that restrict export growth is imperfections in credit markets, limited access to credit, increased transaction cost. Government intervention in provision of credit facilities through establishment of specialized institutions like EXIM Bank could be a solution





THE WAY FORWARD

The country has great export potential -sadly unused. So, how can we turn things around? Let's talk about silver linings in the dark.

With more people realizing the medicinal value of tea as a beverage, 'Ceylon Tea' now has a chance to establish their mark in the global tea market. Apart from brands such as 'Dilmah' that made its way across seas, other Sri Lankan tea brands have not yet realized their true potential despite favorable changes in the market. With more research and development spent on tea, the manufacturers could focus on new tea blends, unique tea-related products such as deodorizers, soaps, shampoos and cosmetic products to fill up the export basket.

In terms of vegetable and fruit cultivation, farmers have been complaining over the years regarding the surplus of vegetables

during the harvesting and lower prices at which they have to sell their harvest. With the pandemic, it is expected to ripple more waves in the time to come, it is high time for the country to grab the opportunity at hand when there is more demand for fresh and processed food items.

One would also argue that with as little as 2% of all export being edible fish exports, Sri Lanka is not making the most out of its fisheries resource. Hence, this is a potential area to look out for. Apart from fresh edible seafood items, focus must be drawn to processed seafood-related delicacies and export of ornamental fish.

On the other hand, Ayurveda is emerging as a wellness trend and as an alternative medicine to western medicine. This is yet another opportunity that we must seize. With legends and folklore referring to the times of Ravana, Ayurveda

has been a part of our ancestors' lives from the ancient times. With this heritage, Sri Lanka shall boost its exports through ayurvedic products made using indigenous herbs and methods.

Thus, it is quite convincing that boosting exports and integrating Sri Lankan economy with global economy are extremely vital for economic growth, especially in this pandemic time. The country could learn from the past and from its peers to carefully pick its moves while being cautious about the changing landscapes of the global market.

Sri Lanka has a way forward in exports-but only if we play smart and strategize our exports.



OPTING FOR
SURVIVAL
OVER
COMPETITION:
**THE UNIVERSAL
ART
OF SUSTAINING
A BUSINESS**

MR. A. M. WEERASINGHE
DEPUTY CHAIRMAN – ROYAL CERAMICS LANKA PLC

Mr. A. M. Weerasinghe is an eminent personality, leading one of Sri Lanka's reigning brands, ROCELL. Being the founder of Royal Ceramics Lanka PLC, he plays a key role in local tile manufacturing industry. He is also the founder of Singhe Hospitals PLC, one of the best private hospitals in Ratnapura. Mr. Weerasinghe has been in the business field for more than 37 years, involved in Real Estate, Construction, and Transportation Industries and he has been a renowned Landed Proprietor. In addition to the above, he is the Chairman of Lanka Ceramics PLC, Weerasinghe Property Development (Pvt) Ltd., Trade Huts (Pvt) Ltd. and Weerasinghe Gems (Pvt) Ltd, and the Deputy Chairman of Lanka Tiles PLC., and Lanka Walltiles PLC. He also serves as a Director of Swisstek (Ceylon) PLC and Swisstek Aluminum Limited. Mr. Weerasinghe defines himself as an optimistic character who is always motivated to succeed challenges and an outgoing figure who prefers dealing with everyone cooperatively.



COVID-19 WAS AN UNEXPECTED BLOW TO OUR INDUSTRY. ESPECIALLY, DUE TO IMPOSITION OF TRAVELLING RESTRICTIONS AND CURFEW, OUR INDUSTRY WAS AFFECTED TO ITS MAXIMUM. OUR PRIMARY CONCERN DURING THIS TIME WAS THE PROVISION OF WAGES TO OUR EMPLOYEES. HOWEVER, WE FACED THE CHALLENGE SUCCESSFULLY BY MANAGING TO FULFIL THEIR SALARY REQUIREMENTS



What is the major challenge you have encountered in your professional life so far? How did you overcome the barrier?

In the recent times, Covid-19 was an unexpected blow to our industry. Especially, due to imposition of travelling restrictions and curfew, our industry was affected to its maximum. Our primary concern during this time was the provision of wages to our employees. However, we faced the challenge successfully by managing to fulfil their salary requirements. As a solution to this challenge, we implemented a salary

plan for the next few months by making our employees aware of the current situation. I should appreciate their flexibility and understanding in this regard as it was our strength to overcome the barrier. The government too was a great helping hand for us at this difficult situation by providing the capital for a favourable rate. Therefore, although it was a challenge at the initial phase of the pandemic, we were able to manage that successfully in a short period of time as a result of collective efforts.

How has the pandemic affected the status of ROCELL in the local market?

The local market share percentage for ROCELL is around 30%, while in terms of our whole group, it is about 70%. At present, we are facing a

high demand in the market along with the government ban on importing tiles due to Covid pandemic. So, as local manufacturers, we got the opportunity to increase our tile supply to the market. Therefore, we are in the process of expanding our production capacity to meet the demand.

As a leading brand in Sri Lanka, what initiatives have been taken to expand ROCELL in the global market?

Truly speaking, we have been challenged by the huge competition in international market, when it comes to establishing our brand name globally. If we compare our global status in tile industry with our local repute, we have about only 1% production in the global market.



Therefore, it is obvious that we have a greater opportunity in the domestic market than in the foreign market. However, I am glad to reveal that we have around 10% -15% export production. Although we are not gaining a favourable profit from exports, we are proceeding with that to sustain the recognition in the global market.

In terms of global market, to which countries does ROCELL export products?

Actually, it depends from time to time, based on the orders we are receiving. The pioneering countries to which we export products are, USA, Singapore, Australia, and Japan. We are not receiving large scale orders as we still have around 1% production status in the international arena. As far as I am aware, China is the world's leading country to export tiles. As their production is done in large scale, they have the advantage of having low cost for production, whereas for

“ONE STEP TO SUCCESS IS BEING UNIQUE, FOLLOWING YOUR OWN STYLE. INDIVIDUALS WHO THINK OUT OF THE BOX, TRANSCENDING THE TYPICAL MIND-SET WILL BE ABLE TO ACHIEVE THEIR GOALS FAST IN THE MODERN WORLD. AS AN ESTABLISHED CHAIN OF COMPANIES, WE ARE ALWAYS THERE TO EXTEND OUR HANDS TO THE FRESH STARTERS IN THE INDUSTRY BY SHARING OUR EXPERIENCES IN THE FIELD AND GUIDING THEM TO THE RIGHT PATH”

us, it is the vice-versa. Nevertheless, we have managed to step forward with our regular buyers in the global market as our product quality is high.

Within next half decade, what will be the status

of ROCELL in the global market?

At the moment, we are working more towards securing our rank in the local market than in the international market. We are catering to the requirements of global and domestic markets separately as only our top-grade products are exported. Sometimes, export grade quality is not supported to the Sri Lankan market. Due to such reasons, we are currently focusing on expanding our capacities in large scale only in domestic level. But we are continuing the business with our regular international contacts through small scale supplies.

What is your perception of the current status of ceramic industry in the world?

In my opinion, nations like China, Italy, Germany, France, Indonesia, and India could be positioned under the world's preeminent countries in

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THE INTENTION TO DEVELOP A BUSINESS BY JOINING THE GLOBAL MARKET IS SOMETHING RELATIVE. THAT ACTUALLY DEPENDS ON EACH INDIVIDUAL'S PREFERENCE. FOR INSTANCE, A GEM BUSINESS PERSON WHO IS PRESENTLY INVOLVED IN EXPORTING GEMS WOULD OFTEN LOOK FOR CHANCES TO EXPAND HIS OR HER BUSINESS IN THE INTERNATIONAL PLATFORMS. IN CONTRAST, THERE COULD BE ANOTHER PERSON WHO WOULD PREFER TO RETAIN THE OPPORTUNITIES IN THE LOCAL MARKET. WE HAVE A SIMILAR APPROACH AS WE ARE RECOGNISED AS A REIGNING BRAND IN SRI LANKA OTHER THAN IN A WORLDWIDE CONTEXT

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the tile industry. They are benefited with facilities provided by the governments, especially in relation to fuel and electricity. As a result, their production cost is low and thus, their labour cost is also relatively low. Nevertheless, in our case, costs of labour, fuel and electricity are comparatively higher than these leading nations. That is the main barrier for us to acquire a renowned identity in the global arena.

What is your standpoint on the prevailing import restrictions imposed by the government?

As Sri Lanka is a country that is used to thrive on imports and exports, many people have faced trouble with the imposition of import restrictions. Especially, there is a burning issue of not having the access to import essential goods. As a consequence, we will have to proceed with the current status of the country's economy for some time. However, as the government has no other option to control the

issues faced with the global pandemic, I believe that it is a right and a practical decision.

What are your personal achievements in this journey to success?

I started my career with a buying and selling gem business when I was in my early twenties. From that, I collected my initial capital and developed my other businesses. In 1989, I unleashed the initiative to start Royal Ceramics in Eheliyagoda as its founder. From that step, I expanded the company opening up job opportunities to about five thousand employees. Furthermore, I am the founder of Singhe hospital in Ratnapura where around five hundred are employed.

What type criteria do you expect in graduates when recruiting them to your companies?

Usually, when we are recruiting an employee, first we consider the basic qualification; which is their first degree. After conducting the

interviews, we would realise whether our expectations could be satisfied by the particular candidate. We give prominence to positive mind-set and soft skills over experience in the field when we are choosing the potential employees. Then, from the first year of their training, we do assess their performance.

As an experienced professional in the Business field, what are the advices you can give to the fresh starters of businesses?

I think the first step in starting a



IF WE ARE UNABLE TO MARKET OURSELVES PROPERLY, WE WOULD NOT BE ABLE TO ACHIEVE A FRUITFUL OUTCOME. THEREFORE, I WISH TO ADVISE THE BUDDING ENTREPRENEURS TO BE PROACTIVE AND OPTIMISTIC WHENEVER YOU ARE TAKING A DECISION. IT IS ALWAYS BETTER TO MEASURE PROS AND CONS OF SOMETHING VIA YOUR INSIGHTS RATHER THAN FOLLOWING THE PREVAILING IDEOLOGIES IN THE SOCIETY



business is to have a proper plan of what we are going to do. In the next step, we must be equipped with a solid capital. For example, until we find the ideal job, we can collect the capital by working somewhere else temporarily. We can make use of what we already know; i.e. tutoring to find the capital by ourselves rather than waiting for someone else to provide us everything. At the same time, we should check the feasibility of initiating our desired plan in the real world.

In addition, we need to master the skill of working together with human beings because that is something crucial in the business world. In fact, we achieve something or lose something by working with people. So, I would like to highlight the significance of maintaining good human relationships if someone expects progress in his or her career. In a team or in a partnership, we must be tactical when dealing with

human beings.

For me, being faithful, honest and strategic are the most pivotal traits one should possess to succeed the life journey. If we are unable to market ourselves properly, we would not be able to achieve a fruitful outcome. Therefore, I wish to advise the budding entrepreneurs to be proactive and optimistic whenever you are taking a decision. It is always better to measure pros and cons of something via your insights rather than following the prevailing ideologies in the society. One step to success is being unique, following our own style. Individuals who think out of the box, transcending the typical mind-set will be able to achieve their goals fast in the modern world. As an established chain of companies, we are always there to extend our hands to the fresh starters in the industry by sharing our experiences in the field and guiding them to the right path.

Do you have any plans to join the global market through another means other than ceramic industry?

The intention to develop a business by joining the global market is

something relative. That actually depends on each individual's preference. For instance, a gem business person who is presently involved in exporting gems would often look for chances to expand his or her business in the international platforms. In contrast, there could be another person who would prefer to retain the opportunities in the local market. We have a similar approach as we are recognised as a reigning brand in Sri Lanka other than in a worldwide context.

However, if we receive the chance to enter the global market in a profitable manner, which will also be beneficial for our country, we will of course grab the opportunity. Otherwise, our typical approach is surviving in the local arena, securing our position among other leading companies while expanding our chain of companies. Competing with other companies or rather imitating them to achieve international recognition is not our kind of strategy in the business field. Having identified our drawbacks, we choose survival over competition to sustain our business in the domestic market. I would say, that is our top-secret in the journey to success.

**By Kasun Dissanayake
and Isuri Caldera**

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FROM HUMBLE BEGINNINGS TO A GIANT WITH GLOBAL PRESENCE

CHAMINDA DE SILVA
 GENERAL MANAGER – BUSINESS DEVELOPMENT
 OREL CORPORATION

Orel Corporation has been able to establish a strong reputation among Sri Lankan consumers. Would you like to explain how it managed to reach the global market?

The history of Orel goes back nearly 40 years when it started from very humble beginnings by a local entrepreneur in a village in Matara, far away from Colombo. However, from that point onwards it has been conducting business in Sri Lanka and, over the years, it has developed gradually while establishing its presence in 28 countries spanning across 6 continents—a comprehensive coverage.

While Orel Corporation has acquired ownership of certain companies in the United States and Belgium, we also maintain country offices in Australia, Belgium, China, the United Kingdom, and the United States. As a company, we have ventured into the international arena in a considerably steady manner. Orange Electric, the



brand for which we are well known for, was under the brand Clipsal at the beginning, which was owned by an Australian company—Orange Electric was the Sri Lankan counterpart. Few years ago, Clipsal was acquired by Snyder Electrics and we lost the status as the Clipsal agent in Sri Lanka. However, with the experience we gained while working with Clipsal, we were able to uplift the Orange Electric as a separate brand. Now, Orange Electric brand has established itself as a market leader in Sri Lanka with distribution of products in 28 countries. In addition, in the past we

have held the agent status in Sri Lanka for Philips Electronics, another global brand. And it is also worth noting that the organisation is under the second-generation leadership—the current being the third—was also active in the business of supplying gems for the global luxury brand Cartier.

Although we are now generally known for electric sockets, switches, and other electrical accessories, we are also equipped with a highly-talented IT research and development team assigned to Orel IT, our IT arm that is specialized in state-of-the-art technologies such as artificial intelligence. By utilizing our advanced IT capabilities, we have been supplying artificial intelligence components on driverless cars for world-renowned companies such as Intel for the last 10 years—a fact that is not famously known. I'm also proud of the fact that the technology behind the unique face recognition feature on Apple iPhone 12 Max Pro



being a development by the Orel Corporation, an amazing achievement in our journey. Recognizing the importance of advanced IT capabilities for Orel Corporation, we have employed around 4,000 individuals for Orel IT. We have heavily invested in our highly skilled team to provide them with the best infrastructure to have an environment conducive for innovations of exemplary developments.

As a company that started from humble beginnings to become the giant it is today, what are the challenges faced when expanding your presence in the international market?

In the current international arena, Sri Lanka is not a popular player for

manufacturing electrical products. We are rather famous for our tea and textile products, manufactured by renowned companies.

In the field of international business, this is known as the customer ethnocentric system. For example, if you consider buying a watch, you would opt for a Swiss watch, for it has a recognized credibility. When it comes to leather, it's Italian leather. If it's chocolate, it's Belgium chocolate. For electronics, it would be Japanese. If it's vehicles, it could be Japanese, European, or American. When Sri Lanka is considered, the best reputation it attains is in relation to tea.

Furthermore, we don't have the advantage associated with Country of Origin (C.O.O) or Country of Origin of Brand (C.O.O.B). This is the main challenge we face when we take our products to the international

market. We face a major barrier resulting from customer ethnocentrism when we introduce our products as "Made in Sri Lanka". Establishing a strong value with low credibility is a major challenge for us.

The other major barrier we have is China, which we can rightly call the "factory for the world"—at the moment—for almost everything is manufactured in that country. They contribute a substantial scalability to the market while their competitiveness and pricing are highly advanced.

In addition to the competition faced from well-established players, the tax structure and logistics are other aspects that pose challenges when venturing into international markets. It is also essential to have local knowledge

“ IN THE FIELD OF INTERNATIONAL BUSINESS, THIS IS KNOWN AS THE CUSTOMER ETHNOCENTRIC SYSTEM. FOR EXAMPLE, IF YOU CONSIDER BUYING A WATCH, YOU WOULD OPT FOR A SWISS WATCH, FOR IT HAS A RECOGNIZED CREDIBILITY. WHEN IT COMES TO LEATHER, IT'S ITALIAN LEATHER. IF IT'S CHOCOLATE, IT'S BELGIUM CHOCOLATE. FOR ELECTRONICS, IT WOULD BE JAPANESE. IF IT'S VEHICLES, IT COULD BE JAPANESE, EUROPEAN, OR AMERICAN. WHEN SRI LANKA IS CONSIDERED, THE BEST REPUTATION IT ATTAINS IS IN RELATION TO TEA ”



applicable for respective markets and be aware of compatible pricing while identifying suitable distributors, the demographics, and the local preferences. There are standards that we must adhere to when producing electrical items for international markets, such as European standards, American standards, etc. We ensure that our developments are undertaken according to such standards, while expanding the scope.

What are the measures that you have taken to overcome the challenges posed by the international companies within the said markets?

In a recent newspaper article, our

Managing Director Mr. Kushan Kodithuwakku pointed out one of our strategies in this regard. As a part of that strategy, we have acquired certain well-reputed companies in some of the key international markets. For example, we have acquired Signamax, LLC, a US-based company specialised in network & connectivity solutions and surveillance solutions. The company is highly regarded within the US—and in markets abroad—in fact, the White House has sourced network cables from

this company.

Following our strategy, with the total ownership of Signamax, we can enjoy benefits that are associated with country of origin since now C.O.O for certain products being the United States. Also, we have acquired the company Qbus in Belgium, which produces high-end automated lighting systems. We have been able to establish our credibility while gaining country of origin advantages through acquiring such companies. The results of these benefits have become clear when we expand into European markets

FOR EXAMPLE, DURING THE FIRST WAVE OF COVID-19, WE HAD AROUND 5,000 EMPLOYEES WHO COULD NOT EVEN ACCESS THE DAILY ESSENTIALS, AS THE COUNTRY EXPERIENCED A COMPLETE LOCK DOWN. HOWEVER, THE DISRUPTIVE CIRCUMSTANCES COULD NOT DETER US FROM BEING INNOVATIVE AND PROVIDING A SOLUTION FOR THE PROBLEM AT HAND AT THE TIME

where entry can be challenging since credibility plays a major role. Through the investments we have made in acquiring globally reputed companies with our financial strengths, we can source entire products or components for those companies from Sri Lanka while the products enter the market under the brand name of those companies. Essentially, we have become a supplier to our own companies that are already reigning in the international markets.

That is an unconventional approach to such a major challenge. With such advances, when you work towards the future developments, what are the strengths you see in your company?

Out of many strengths I see, I believe our proven capabilities in undertaking massive challenges in a very short period is one of the key drivers in our success. We have completed certain projects—for



which some companies would need a year or more—within a month or two by pooling the resources and breaking the project into smaller parts and completing each of them quickly by specialized people. For example, during the first wave of COVID-19, we had around 5,000 employees who could not even access the daily essentials, as the country experienced a complete lock down. However, the disruptive circumstances could not deter us from being innovative and providing a solution for the problem at hand at the time. The entire company, including the our coding operators, system

engineers, IT managers, finance engineers, and marketers, got together and came up with OrelBuy, an e-commerce platform focused on making household essentials available for our staff. We converted one of our main cable warehouses into a grocery warehouse, and divided the entire country into 3.5 km × 3.5 km squares and deployed 1,000 employees who were unutilized at the time to perform last-mile deliveries within those areas. Although we distributed essentials to our employees through OrelBuy platform free of charge at the beginning, that mission became a success and we were requested to



expand it to the public as a commercial venture—which we are continuing. As we can see, that one month of lock down was one of the most productive months for the company even though most of our employees could not physically be at work. We were able to conceptualize and execute such a multi-faceted project in a scalable manner within a short period of time.

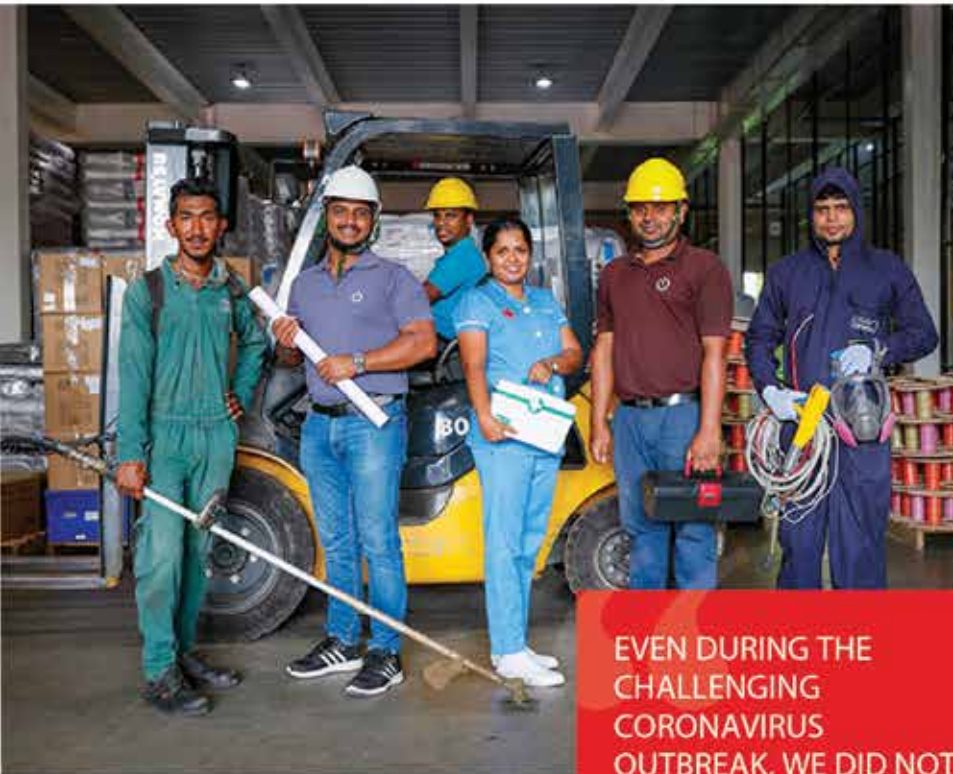
The ability to adapt in such a short period of time and taking risks without hesitation; that must be one of the most treasured qualities of your company?

Of course. Its credit goes to our Managing Director Mr. Kushan Kodithuwakku and the entire team.

AS ANOTHER EXAMPLE, FOR EXPANDING OUR REPRESENTATION BEYOND THE 28 COUNTRIES, WE HAVE REQUESTED 40 OF OUR EMPLOYEES FROM DIFFERENT COUNTRIES TO COLLABORATE THROUGH SOCIAL MEDIA TO FIND ASSOCIATES SUCH AS FRIENDS, FAMILY, AND COLLEAGUES, THROUGH WHOM WE WOULD FIND DISTRIBUTORS IN THOSE COUNTRIES. THIS ENABLES US TO EFFICIENTLY SEEK OUT AVENUES OF EXPANSION INTO MORE COUNTRIES WITHOUT NEEDING TO PHYSICALLY MOVE BETWEEN COUNTRIES, ESPECIALLY SINCE THE CURRENT SITUATION HAS MADE INTERNATIONAL TRAVEL PROBLEMATIC

We ensure that we are all in sync when identifying our objectives, both short term and long term. When necessary, we can channel all our energy into one focus. As another example, for expanding our representation beyond the 28 countries, we have requested 40 of our employees from different countries to collaborate through social media to find associates

such as friends, family, and colleagues, through whom we would find distributors in those countries. This enables us to efficiently seek out avenues of expansion into more countries without needing to physically move between countries, especially since the current situation has made international travel problematic.



What is your advice for upcoming entrepreneurs and manufacturers who are expecting to conquer the global market?

My recommendation according to what I have experienced during my time at Orel Corporation is that when a small or medium company expands into the global market, it is imperative to comply with standards. While compliance with standards is essential when dealing with products such as electrical goods, compliance is important for all types of products. One can identify areas of improvement in their business operations that can benefit the bottom line, but such should be implemented without compromising the quality of the products for short-term gains.

When a company enters the international market, it is a long-term commitment and a huge milestone. One must have the mind-set to raise the bar of the

EVEN DURING THE CHALLENGING CORONAVIRUS OUTBREAK, WE DID NOT CONSIDER ANY OF OUR EMPLOYEES REDUNDANT. IT IS VERY IMPORTANT TO LOOK AFTER OUR VALUES AND I'M HAPPY WE ARE ACTIVELY PRACTISING THEM IN ACTION

products and services created by the company when such a major step is taken. With my experience in the international field, I can assure that the quality determines the "make or break" of the brand.

When one enters into markets in affluent countries with limited exposure in international business, one might not have a comprehensive understanding of how the company's products will be perceived. Despite the need to be price competitive, quality should not be compromised in case. Even in China, there is an acceptance of the fact that the products they send to Europe and other affluent

countries need to meet the relevant standards.

I believe that is the best advice I can give. By prioritising on quality, one may achieve marginal profits in the short term, but the trust it will build will be substantially more profitable in the long term. In developed countries, integrity plays a major role. I think we can and should nurture this characteristic within our business community—where we deliver the promised quality, in exact amounts, on agreed deadlines. In my view, meeting deadlines is an area we struggle in the local context and that is a key development aspect to pay considerable attention. That is my advice to small and medium enterprises that strive to achieve higher. And, they must think big as they grow.

As the last remark, would you like to add something to the discussion?

Yes. I believe we must look after our people as a company in all circumstances. We nurture the culture of high performance, and our company carries the tagline "empowering humanity" which conveys abundantly about the nature of our company. Even during the challenging coronavirus outbreak, we did not consider any of our employees redundant. It is very important to look after our values and I'm happy we are actively practising them in action. Economic milestones should never be a reason to overlook the employees.

As the saying goes, "if you look after the people, people will look after you!"

**By Archt . Upeksha Hettithanthri,
Archt . Gayathri Kumari &
Gayanthi Mendis**

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DR HARSHA SUBASINGHE

FOUNDER / CEO OF CODEGEN GROUP OF COMPANIES



Could you please give a brief introduction about yourself, to start off?

I am the founder, CEO and President of CodeGen Group of Companies. I founded CodeGen in year 2000, which has now grown to over five hundred staff members based in Sri Lanka, UK, Canada and the U.S.A. I have obtained a bachelor's degree in Electrical and Electronics Computing from the Middlesex University, UK. I then completed my master's degree in Information technology and the PhD in Artificial Intelligence and Software Agents from the City University, London.





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I started my journey as a Software Engineer and I am proud to say that I possess many years of experience in Software Engineering. My research interests lie in Artificial Intelligence, Software Development, User Interfaces and Medical Applications. Apart from the primary business, I have formed Vega Technologies, Ombo Technologies, AiGrow, ChargeNet, Ram studios, Currymuch and Qube

Studio and have produced some of the renowned brands such as Vega, Chargenet, CloudSchool, Qube, TeavelBox, and Lia.

I have been playing a vital role in building up innovative culture within the universities. I'm a key sponsor for R&D projects of many state universities in Sri Lanka which help mold the correct industry-oriented mindset of young undergraduates, making them employable as they graduate from the universities. Also, I'm one of the key initiators and the vice chairman of Trace. Trace spearheaded the initiative with the UDA by having a vision to set up world class work spaces equipped with green, eco-friendly, energy efficient layouts and interiors targeting innovative companies to house their operations.



We would now like to know about your company. Can you explain its origin and how it reached the global market?

Codegen is predominantly a software company. We have around 600 software engineers. We generate money from software products and solutions but we are not a bespoke company. Basically, we provide our main product, the TravelBox travel solutions to countries all over the world except Africa for airlines, cruise liners, theme parks, tour operators and travel agencies. We are catering to world renowned brands with over three billion dollars revenue as our customer base.

On top of that, we are one of the largest investors in artificial intelligence and research. Through those researches we came up with other new products. Those products are based on Chatbots,

“THE VEGA CAR IS ALREADY BEING COMPLETED AND REGISTERED BY NOW. WE HAVE A WORKING PROTOTYPE CAR RIGHT NOW AND EXPECT IT TO BE AVAILABLE IN COMMERCIAL SCALE IN THE FUTURE. AND ALSO, WE USE THE SAME TECHNOLOGY TO BUILD TUK TUKS AND IT WILL BE COMING OUT VERY SOON. SO, WE WILL HAVE ELECTRIC TUK TUKS IN NEAR FUTURE. THIS TUK TUK HAS BEEN DESIGNED, DEVELOPED AND MANUFACTURED IN SRI LANKA INCLUDING ITS CHASSIS AS WELL. IT IS A PRETTY STABLE TUK TUK THAN THE TRADITIONAL ONES AVAILABLE IN THE MARKET AND IT WILL HAVE AN AIR-CONDITIONED VERSION AS WELL”

Natural Language Processing, optimization technologies, medical tools and other intelligence solutions.

We moved in to education sector as well. We provide education platforms for schools as well as for universities. Just like Udemy or Udacity, we provide a platform for teachers to share content directly to students whoever wants to learn the content. Furthermore, we move into kiosk solutions or smaller solutions to grab more and more customer bases as another part of the business.

Then we moved into super car business by developing the Vega. The Vega car is already being completed and registered by now. We have a working prototype car right now and expect it to be available in commercial scale in the future. And also, we use the same technology to build Tuk Tuks and it will be coming out very soon. So, we will have electric Tuk Tuks in near future. This Tuk Tuk has been designed, developed and manufactured in Sri Lanka



“WHAT WE WANT TO MAKE SURE IS THAT WE HAVE ELECTRIC VEHICLES AND THEN CHARGING NETWORK TO TO UTILIZE THE NATURAL ENERGY LIKE SOLAR AND WIND AND SAVE THEM IN OUR OWN PLATFORMS TO BE UTILIZED ANY TIME. OUR CHARGERS WILL BE CAPABLE OF STORING SOLAR POWER IN NEAR FUTURE SO THAT VEHICLES CAN RUN ON SOLAR”

including its chassis as well. It is a pretty stable Tuk Tuk than the traditional ones available in the market and it will have an air-conditioned version as well. This Tik Tuk will have 100 km per charge and 200 km per charge versions. And also, we came up with an ATV, a four-wheel drive that can work off-road. It is being completed right now and it will be available towards the end of the year and then hopefully we can start manufacturing.

Even though you have a vehicle if you don't have a charging network you can't charge the cars. We came up with charging stations to go up with it as well. We designed and developed charging points for Sri Lanka including fast chargers, Le Pew chargers and designed the largest charging network for Sri Lanka. Right now, we have 350 odd chargers around the country. So, we want to have more and more charging points when we have more electric vehicles across the country. The good thing is that the design, development and

manufacturing of this charging network happens in Sri Lanka and we climatize this network to suit our own environment. We even started exporting our chargers to India and we are looking forward to exporting to the rest of the countries as well.

And we then moved into the energy area where we started developing our own solar cell and also, we developed our own home batteries. You can have our lithium phosphate battery packs in your houses, if you have solar it will save energy into your battery packs and you can utilize in the night. We are looking for more chapter technologies for these battery packs as well. We are also manufacturing flow batteries in collaborations with universities and SLINTEC.

What we want to make sure is that we have electric vehicles and then charging network to to utilize the natural energy like solar and wind

and save them in our own platforms to be utilized any time. Our chargers will be capable of storing solar power in near future so that vehicles can run on solar.

Then we moved into agriculture so that we are one of the leading solution providers in smart agriculture. We have hydroponic and other vertical agriculture. We developed our own sensors which are fully designed, developed and manufactured in Sri Lanka. And we have developed fertigation units which can fertigate from greenhouses to any open fields. And also, we developed artificial intelligence to agriculture using optimization technique to give right parameters to the right plants at the right times so that we can expect better growth of the plant. We have our own greenhouses and greenhouses managed for other customers as well. By these efforts, we want to make sure that we will have



enough food security in any weather condition.

Furthermore, we invested on disease identification in medical area using artificial intelligence. I just told you only a very few things in which we are currently engaged. We truly want to provide solutions into energy sector, food security, education and agriculture. They are the verticals we are investing in.

What were the challenges you had to face when stepping into the international market?

Whenever we go to the international market, if your product is innovative and if it can speak itself up, then the market is there. But in third world countries we have a lot of corruptions, and those kinds of areas are very difficult to handle even if your product is so good. However, if you go in to rest of the developed countries, if your product is really good, we can capture the market.

How did you overcome those challenges?

This is a time that world's economies are shifting. When economies are shifting, the developing and the developed countries will change as well. Earlier Europe was in the lead but now it is Asia and with time to come in 2040s' economies will shift to Africa. You need to go there and grab these shifting market places. If you have the right product in the right shape to suite the right set of people, I think that will go pretty

well. That's because, if you sell Panadol in India, you can become quite successful because pharmaceutical products become very successful in huge Asian markets like India. So, it all depends on the product you are talking about and the strategy you are using.

According to you, what are the key strengths of your company?

I always believe that the strength of anything is the product. Today, marketing is not a problem as marketing is everywhere. But the difficult part is to get the right people because there are a lesser number of people who are born with the talent of selling and I think we have that strength along with the product portfolio and innovations of the products. But still, we are also improving in terms of marketing by finding potential employees for sales.

During the most difficult times of Covid - 19 what approaches did you use to sustain in the international market? Have you changed your

approach as now, we have to learn to live with COVID?

Basically, when it is a disaster, companies like ours in travel sector get affected. I think Covid-19 affected everybody, not just one sector. Even at the universities like yours, students are not physically joining and now you have to innovate yourselves. Students coming to the class and learning from the class is no longer the viable solution. Likewise, our business is the same. We innovated ourselves. We made sure that costs are maintained extremely low. That is because if you are getting affected, everybody is going to cut their business down. We, as a company never declared huge amounts of profit all the time. We normally make sure we have healthy chunks of money in the banks so that we can sustain those eventually.

Even before Covid, for the last five years we've been looking for solutions that do not depend on what happens in the world. For example, if we look at food security, whether you are at home or not, you need food. And then we invested in transportation because when you need food, you need



because innovations can come from so many different people; from a kid to an eighty-year-old man. So, you never know from where innovation emerges. But when innovation comes, we need to have space: facilities to execute those innovations. So, I don't think the government has ever thought about the importance of innovations. For companies like ours, even tax policies have not been positioned yet. Any government has to think about these things and change them accordingly. Most of the time, when policy makers are not in that caliber of innovation, how can they go there and change the policies and provide infrastructure? That's my concern.

transportation to bring food for you. Tomorrow we may not have dollars to buy any fuel. What is going to happen to you? How are you going to travel? Because of that reason, we invested in electric vehicles that can be charged from freely available energy sources. So likewise, we invested on areas that do not depend on the conditions of the world. We invested on greenhouses so whatever the weather is, we can grow vegetables. So, five years ago, before any of these things happened, we looked for transforming the company into a business that provides solutions for the basic needs. This is how we are going to survive in future as well.

How do you see the future prospect of the industry you are in; both locally and globally?

The world is not going to be the same in future. Nature is hitting us back; COVID will be there for a long time, and the weather condition is getting worse. This shows we are yet to face difficult situations, so, we are positioning our company towards the sustainability. And we make sure the company is providing the basic needs of the consumers.

So, as a company we are looking for solutions which can save the human generations and that's what we truly envision to do.

Do you think that you have enough support from the regulatory authorities?

Basically, we as a company never ask for support from anybody. Even though we didn't talk about it, nobody has given us any support so far, not a single government has given any support. Except in 2014, the current president initiated building the Trace Expert city. That was the only support we had from the government by building those infrastructure. It is actually the role of the government to provide such infrastructure so that companies like ours can experiment more and more innovations. For various regulatory authorities, we have told these are the things to get done. Unfortunately, they seem to be not getting it yet. If you are going to change the country, the most important part is to do innovations. In order to create innovations, you have to create innovative platforms. That's mainly

What improvements do you suggest for aspiring SMEs in Sri Lanka to reach the global market?

When we talk about Sri Lanka, people are trying to find out an easy life and expecting the government to expedite as much as possible. As SMEs, first we need to look at the industry. When it comes to technological factors, there is a major issue in lack of tooling systems. So, as governments, they should provide these kind of tooling systems to help the SMEs to do their prototypes. More robotics, more machinery introduction can help the SMEs to cut their cost and the technology advancement can help to develop SMEs by themselves. Also, in years to come, computers will do a better prediction than humans. So, SMEs need to be smarter and should grab the opportunities in the market to succeed at the end.

By Maneesha Dias & Dinusha Weerasekera

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THE STORY OF THE SRI LANKAN CRAB WHO CONQUERED

THE GLOBAL SEAS



CHEF DHARSHAN MUNIDASA
FOUNDER OF MINISTRY OF CRAB

Chef Dharshan Munidasa is a Sri Lankan self-taught chef, restaurateur, and television personality. Born to a Sri Lankan father and a Japanese mother, he was exposed to both cultures from an early age. The passion he had for food and food culture influenced him to become a self-taught chef. Chef Dharshan Munidasa founded several restaurants, including Nihonbashi, Ministry of Crab (in partnership with legendary cricketers Kumar Sangakkara and Mahela Jayawardena),

Kaema Sutra (in partnership with Bollywood Actress Jacqueline Fernandez), and most recently Carne Diem, a unique steak restaurant in the Maldives. It is noteworthy that the only two Sri Lankan restaurants to be included on Asia's 50 Best Restaurants List are Nihonbashi and Ministry of Crab, interestingly, established by Chef Dharshan Munidasa. Both Nihonbashi and Ministry of Crab have reached international markets and are operating in countries across the globe, including Maldives, India, Philippines, China and Thailand.



Tell us about your journey in the art of culinary.

I was passionate about food since I was a child and wanted to eat good food. I went to the United States of America and studied at the John Hopkins University to read for a double degree in Computer Engineering and International

Relations. I did not like the food that was served in the dorms and started cooking to feed myself. With my love for food and my passion for cooking, I self-learned and experimented with food. I came back to Sri Lanka in 1994 with my father passing away. Once I was back in Sri Lanka, I started Nihonbashi with my mother. I had no formal education at a culinary school or formal training in culinary under any chef, but it was my love and passion for food that pushed me to become a chef.

What motivates you to create new dishes?

I believe that experimenting with food

and creating new dishes is fun, and I do not believe in copying the dishes made by someone else. I think it is my informal self-education that has made me think like that. I am not confined to a frame, and I try out different ingredients and create new dishes. Even during the lockdown period, I spent most of my time creating new dishes.

Can you tell us about how Ministry of Crab came into play?

The idea for Ministry of Crab came from an episode of my TV Show "Culinary Journeys with Dharshan" that focused on how Sri Lankan Crab

“ I HAD NO FORMAL EDUCATION AT A CULINARY SCHOOL OR FORMAL TRAINING IN CULINARY UNDER ANY CHEF, BUT IT WAS MY LOVE AND PASSION FOR FOOD THAT PUSHED ME TO BECOME A CHEF ”



was exported to Singapore and was filmed in both Singapore and Sri Lanka. After the TV show, a friend of mine asked me why I don't open up a crab restaurant, and that is how it all started. Then I came up with the name and the menu. Kumar and Mahela joined the journey, and that's how Ministry of Crab was born. There was a joke saying that 'to get the best Sri Lankan crabs, you need to go to Singapore'. I wanted to change this. With the establishment of Ministry of Crab, we managed to serve fresh Sri Lankan crabs to our patrons.

What sets Ministry of Crab apart from other players in the market?

Ministry of Crab was the first of its kind, focusing solely on the Sri Lankan Mud Crab as the hero ingredient. We believe in freshness and locally source majority of our ingredients; our ingredients are of the highest quality; we do not use any frozen ingredients nor do we freeze our seafood. Our menu is very focused, which allows us to do what we do extremely well. Our unique presentation style, à la minute cooking, meticulous attention to detail and world class service sets us apart, as we create an exceptional dining experience for all of our guests.

What were the challenges that Ministry of Crab faced in its journey of becoming an international food chain?

The biggest challenge of going international was Supply Chain Management. There were difficulties with importing fresh crab due to mortality, distance, temperature differences between countries. There were logistics issues associated with transporting the cargo from airports to restaurants and with importation.

What do you think about the future prospects of the industry?



We are living in a world that is uncertain, where nothing is predictable. The restaurant industry is one of the industries that is struggling the most in the current context with all the restrictions imposed. Therefore, it is really difficult to predict the prospects of the industry at this time.

What is your stance with regard to the government and institutional support given to Sri Lankan start-up restaurants?

These times are unprecedented and many governments have not been able to identify how best to provide their support to the restaurant industry as a whole. We have had multiple lockdowns spanning unknown numbers of days and the reality of the virus is still sinking in. Governments like ours have been helpful but at the same time have

been finding it very hard to help us in the same way other countries have approached the restaurant industry. We need more assistance to get the situation under control and we hope that business will slowly get back to normalcy.

How would you advise the aspiring restaurateurs who are eager to start up their own restaurant.?

To make it worthwhile in the long run, I believe that it should be original. Markets are flooded with the same thing, and therefore you should be unique.

Originality, uniqueness, creativity and passion will help a start-up restaurateur to succeed in the long run.

By *Tharani Sooriyaarachchi & Gishan Abhaygunarathna*

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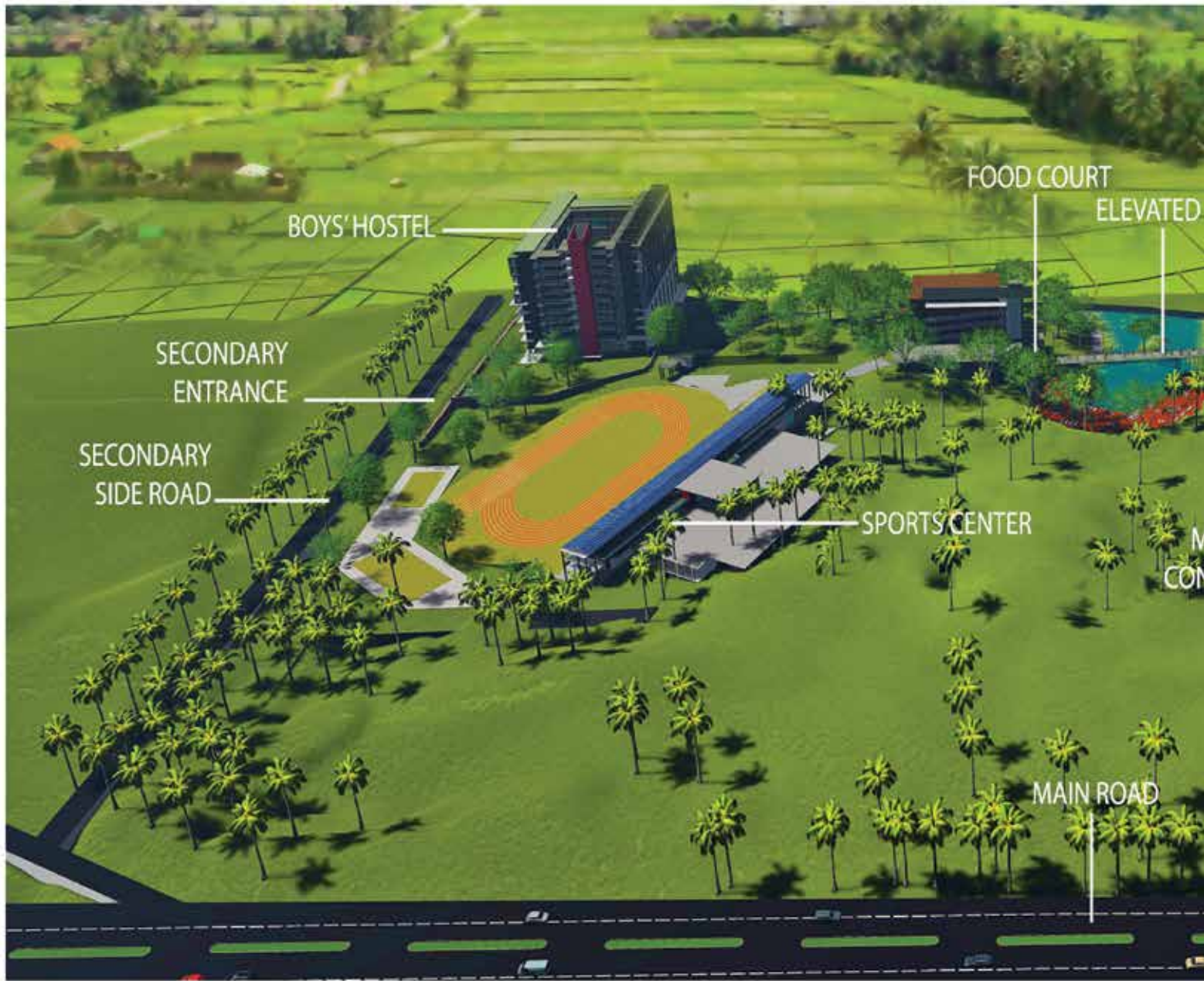


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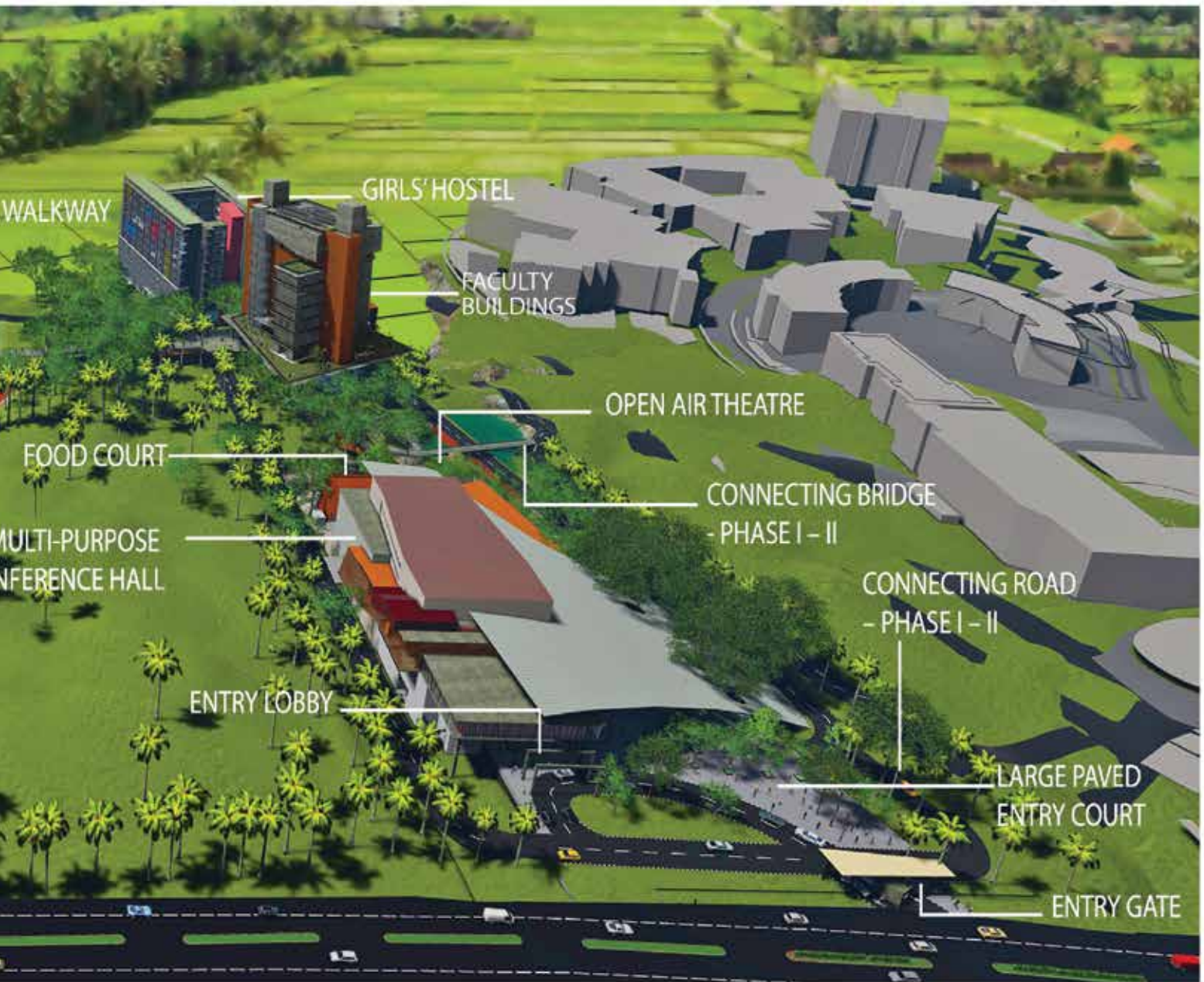


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