

CHAPTER 6

MANAGEMENT ANALYSIS

In this section, we will provide the strategic plan for the shareholder off-take commitments, organizational chart and labor estimation for ATC Company.

6.1 STRATEGIC PLAN

In current situation, it is important for new entries in ASEAN PTA to have

- Committed product off-takes bases on long term off-take commitments with equity partners

The benefits of having equity partners who are major players in polyester industry include:

- Committed off-takes of PTA provides a high plant loading/operating rate for the PTA plant supporting the long term profitability of the operation and returns to equity investors and lenders of project financing
- Participation of the polyester companies will assure that the Thai PTA joint venture remains closely in tune with the needs of the polyester industry on equity and supply and allow for planning of expansion to meet their future PTA requirements.

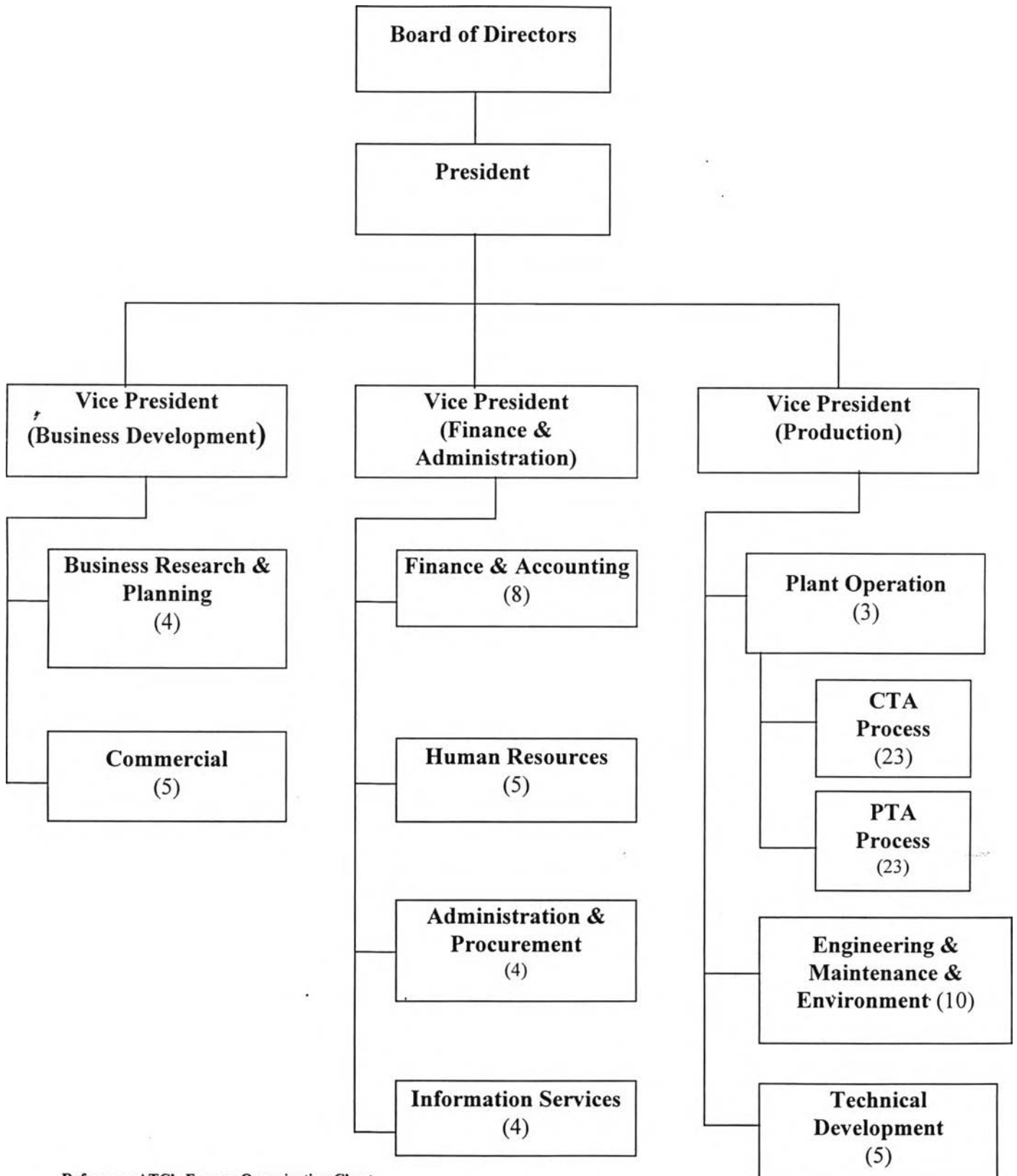
The shareholder off-take commitments will be finalized in the near future. The total shareholder off-takes affect the expected domestic and export sales volumes for the Thai PTA project. With 100 percent commitment by the shareholders, the optimum plant capacity would be on the order of 450 thousand metric tons per year. However, with the expected shareholder off-take levels in the range of 30 to 50 percent of their PTA requirements, Thai PTA's expected domestic demand would be in the range of 144 to 228 thousand metric tons per year (Table 6.1). These figures are based on year 2001 shareholder requirements for polyester production projected operating rates for Thailand. For a 350 thousand metric ton per year capacity, Thai PTA's required sales to other domestic and export customers would be in the range of 125 to 200 thousand metric tons per year. We expect that the banks will need to understand Thai PTA's marketing/sales plan for selling any uncommitted PTA sales in domestic and export markets.

To reach our strategic plan, we expect that the Thai PTA will be set as a joint venture between ATC and polyester companies at the portion of 70:30 to 50:50.

TABLE 6.1
THAI PTA PROJECT DOMESTIC DEMAND, 2001
(thousand metric tons)

Percent of Shareholder PTA Requirements	Demand
30%	144
40%	186
50%	228
100%	440

**FIGURE 6.1
ORGANIZATION CHART
THAI PTA COMPANY LIMITED**



Reference: ATC's Former Organization Chart

6.2 ORAGANIZATION STRUCTURE ⁽¹⁾

The new organization will be setup under the name of Thai PTA Company Limited. The head of the company is the President who will be appointed by the board of directors. The corporation has three departments supervised by three vice presidents. These departments are Business Development, Finance and Administration, and Production. The total employee is 94 persons.

Management and Administration Line	30	employee
Production Line	64	employee

Figure 6.1 shows the Thai PTA's organization chart. There are 8, 16 and 64 employee under Business Development, Finance & Administration and Production Department respectively.

(1) Such organization chart and its structure are reference from the former ATC organization chart that is a normal organization chart which widely use in PTT group of company.

6.3 LABOR COST ESTIMATION

We estimate the weighted average annual wage per employee for production line as shown in Table 6.2. The average annual wage is US\$ 14,348.97 per employee. Also, we estimate that the company will have the overhead expenses at 45 % of annual wage.

6.4 SALARY EXPENSES

We estimate the annual salary for management & administration employee as shown in Table 6.3. The total annual salary for 30 employee is US\$ 653,000.

6.5 JOB FUNCTION

The following are the lists of job duties in each section in the Thai PTA Company.

Business Research & Planning

- Study the industry demand and supply of company's products and related products
- Coordinate on business activities with ATC Group to ensure total customer satisfaction on quality, cost and delivery
- Provide business plan and other assignment study to management

Commercial

- Responsible for the overall sales and marketing activities including organizing and motivating the sales force
- Develop and implement comprehensive sales plans
- Serving clients' need and generate new client relationships

Finance & Accounting

- Responsible for the overall accounting and finance activities
- Managing and controlling the cash, importing, expenses, taxation, payable and receivable function
- Preparing financial, statutory and management reports

Human Resources

- Responsible for the management of the personnel activities including recruitment, payroll processes, manpower planning and labor relation
- To develop and implement evaluation systems including annual salary and compensation and benefit planning

Procurement & Administration

- Responsible for the procurement of consumer products and services for both office and plant
- Selection, development and maintenance of a capable and reliable supplier base
- Ensure an uninterrupted material and supply at a competitive price in the appropriate quality, the proper quantity, and the right time

Information Service

- Develop and implement the information processes, software, hardware and infrastructure management
- Maintenance of PC, Server and other IT equipment as well as support of all users
- Coordinate with external service providers and suppliers of IT systems

Plant Operation

- Responsible for production plan, control and management
- Ensure the highest production efficiency, quality and adherence to the production schedule
- Total factory management

Engineering & Maintenance

- Optimization of the production processes and structures
- Providing engineering support to plant operation
- Development of equipment specification and facility management
- Maintenance of process equipment

Technical Development

- Improving processes in quality and productivity and providing technical support to failure analysis
- Development and Implementation of quality and safety systems

Table 6.2 Salary Estimation for Management & Administration Line

	Annual Salary (US\$)
THAI PTA COMPANY LIMITED	
President	65,000.00
Vice President (Business Development)	50,000.00
Vice President (Finance & Administration)	50,000.00
Vice President (Production)	50,000.00
Manager :Business Research & Planning	33,000.00
Manager : Commercial	33,000.00
Manager : Finance & Accounting	33,000.00
Manager : Human Resources	33,000.00
Manager : Administration & Procurement	33,000.00
Manager : Information Services	33,000.00
Salary for 20 Staff : Management & Administration Line	240,000.00
Total Annual Salary : Management & Administration Line	653,000.00
Weighted Average Salary per employee (30 Employee)	21,766.67

Table 6.3 Wage Estimation for Production Line

	Annual Wage (US\$)
Plant Manager	35,000.00
2 Employee : Plant Operation	26,667.00
23 Employee : CTA Process	306,667.00
23 Employee : PTA Process	306,667.00
Manager : Engineering & Maintenance & Environment	35,000.00
9 Employee : Engineering & Maintenance & Environment	120,000.00
Manager : Technical Development	35,000.00
4 Employee : Technical Development	53,333.00
Total Annual Wage : Production Line	918,334.00
Weighted Average Wage per employee (64 Employee)	14,348.97

Reference : ATC's Wages and Salary Structure