



CASE 4

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GUM Industries (1985) Sdn. Bhd. — The Totoya Crisis

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ABSTRACT

This case on strategy presents an opportunity for post-graduate and final year undergraduate students to try their hands at crisis management. It provides critical information on the organization's internal and external environment and highlights issues that require their immediate attention. To emulate reality, a sense of urgency has been written into the case. This case has a moderate level of difficulty.

The case may also be used to teach marketing, especially in terms of value creation along the supply chain, from suppliers to end-consumers.

Keywords: GUM Industries, Totoya Crisis

PROLOGUE

Standing by the window, Mr. K. H. Tan, the General Manager, looked down at the shop floor that used to be a hive of activity. He felt a heavy weight on his shoulders – Things were not going well lately. He turned to Mr. Ang, the Assistant General Manager:

Mr. Tan: I think we are in a desperate situation, Ang! Totoya is facing fierce price challenges from our competitors and these people are eating into our market. Their prices are sometimes 10 percent lower than our's. We do not have much flexibility in adjusting our prices as our FOB prices are also increasing; but our margins are dwindling. And, I suspect, this is just the tip of the iceberg – I keep hearing rumours that our people have problems working together too. What do you think, Ang?

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