

**KEY SUCCESS FACTORS OF THAI SUCCESSFUL SOCIAL
ENTERPRISE, KHAOKHO TALAYPU**



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ENTERPRISE, KHAOKHO TALAYPU**

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M.M. (INNOVATION IN MANAGEMENT)

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ABSTRACT

One of success of social entrepreneurship in Thailand is selected to analyze to find the key success factors. The selected company is Khaokho Talaypu, agricultural based company in Phetchabun. Khaokho Talaypu is awarded the best tourist attraction from Tourism Thailand Organization in 2013 and is considered and recognized as successful social enterprise in Phetchabun. The framework created by Austin *et al.*, is implemented with Khaokho Talaypu. This paper is going to investigate and explore to find the answer of the main question which is “What are the key success factors of the success social entrepreneurship in Thailand?”. According to Austin *et al.*, framework, the area of study is comprised of opportunity, context, human resources, financial resources and social value proposition.

KEY WORDS: SOCIAL ENTERPRISE, KHAOKHO TALAYPU, KEY SUCCESS
FACTORS, AGRICULTURE, AUSTIN FRAMEWORK

22 pages

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CHAPTER I

INTRODUCTION

In Thailand, generally the corporates mainly focus on the profit under the strong capitalism. As a result, it widens gap of social inequality between rich and poor people. Emphasized only GDP perspective for the past decades, the natural resource in Thailand has been eroding over time. According to Seum Foundation, the area of forest has plumped from 83% to around 30% in the only past 50 years. With this current situation, there are some organizations concerning in these problems. One of those organizations is social enterprise.

The social enterprise is that the company is selling the certain product or serving the service which the highest profit is not the prime goal. Its goal is to earn the profit at the sufficient level in order to let the company operates smoothly. At the same time the social enterprise either has set the objective at the beginning or adjusted the objective during operating to solve a social problem and/or develop the living of local people and/or an environmental problem.

Academic about the social enterprise in Thailand is just introduced recently. However, some Thai companies have run with this concept for many years. Social enterprises in Thailand, according to Thailand Social Enterprise Organization, they can be categorized into 6 types. There are Community-Based Social Enterprise, Non-Government Organization, Governmental Social Enterprise, Social Enterprise established by new entrepreneur, Social Enterprise established by public company and the others (established by temple, educational institute).

CHAPTER II

LITERATURE REVIEW

Due to the lack of a complete theory of study of social entrepreneurship in both of systematic and theoretical focuses (Harman, 2008), this study would like to pick Austin et al., (2006) analytical framework in order to be less ambiguous. With this framework, there are five key analytical area which are opportunity, human resources, financial resources, contextual factors and the social value proposition. All of these components are overlapped and interrelated by social value located in the center of their circles.

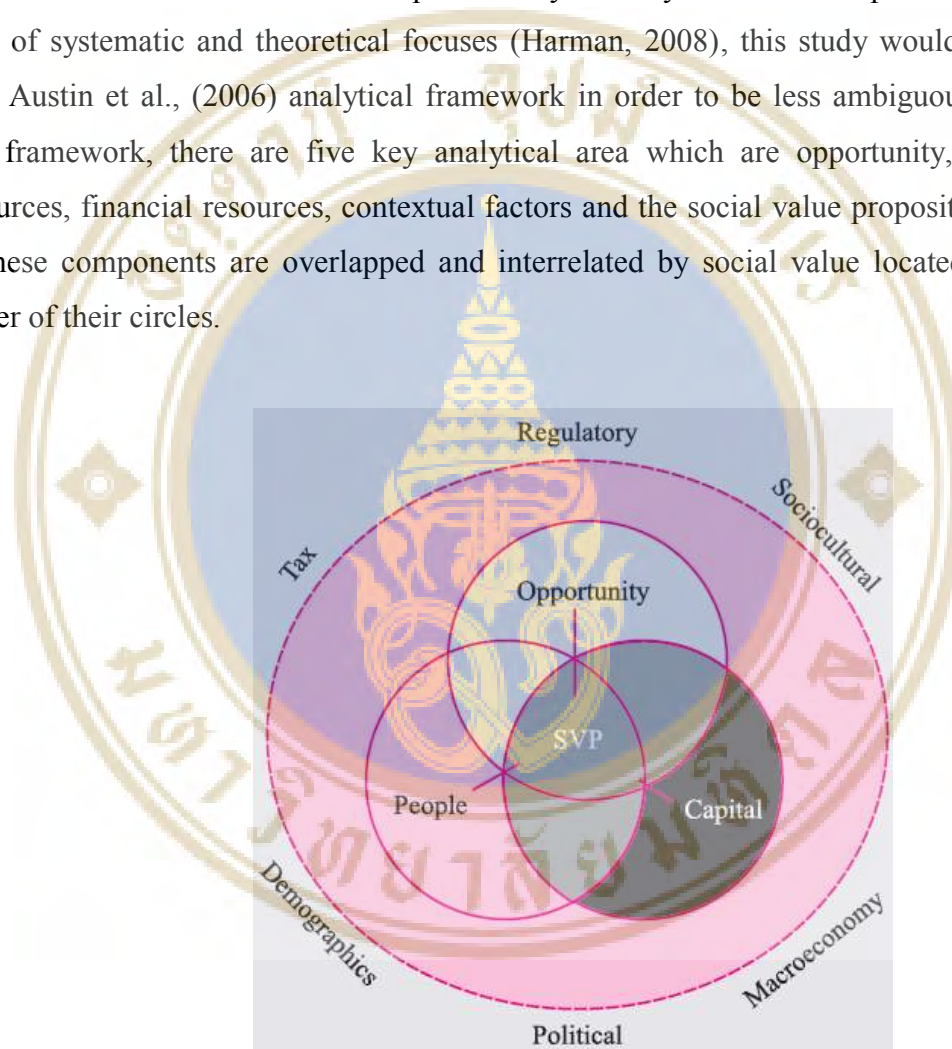


Figure 2.1 Social Entrepreneurship Framework (Austin, 2006)

Note: SVP =Social-Value Proposition

The first component is opportunity. According to Austin et al. (2006), the opportunity is considered as the beginning point for social entrepreneurship. The desire of future state (vision) which it is different from the current situation is able to

achieve with a particular and credible path of change. All stakeholders should have the same understanding of the nature of that certain opportunity. Generally, social entrepreneurship focuses on serving basic needs, long-standing needs effectively by innovative method.

The second and third components are human resources and financial resources. In social entrepreneurship, both resources are the enabling variables. Likewise commercial entrepreneurship, social entrepreneurship must understand clearly in their industry in order to find and attract the resource for create a new venture. The good reputation is the important factor for entrepreneur so that building reliability to stakeholders. As a result, they are willing to invest. To deal with each need from stakeholders, the dealing skill is crucial due to different needs of stakeholders. However it is eligible in short term funding because of its nature.

The fourth component is the context. It is considered as influencing factor to the nature and outcome of the opportunity which it cannot be controlled by the management. The external factors (such as; tax regulatory, macro-economy and the social-political environment) allow the entrepreneur to seize the available opportunities. Social entrepreneurs could manage and adapt these factors with decisive considerations.

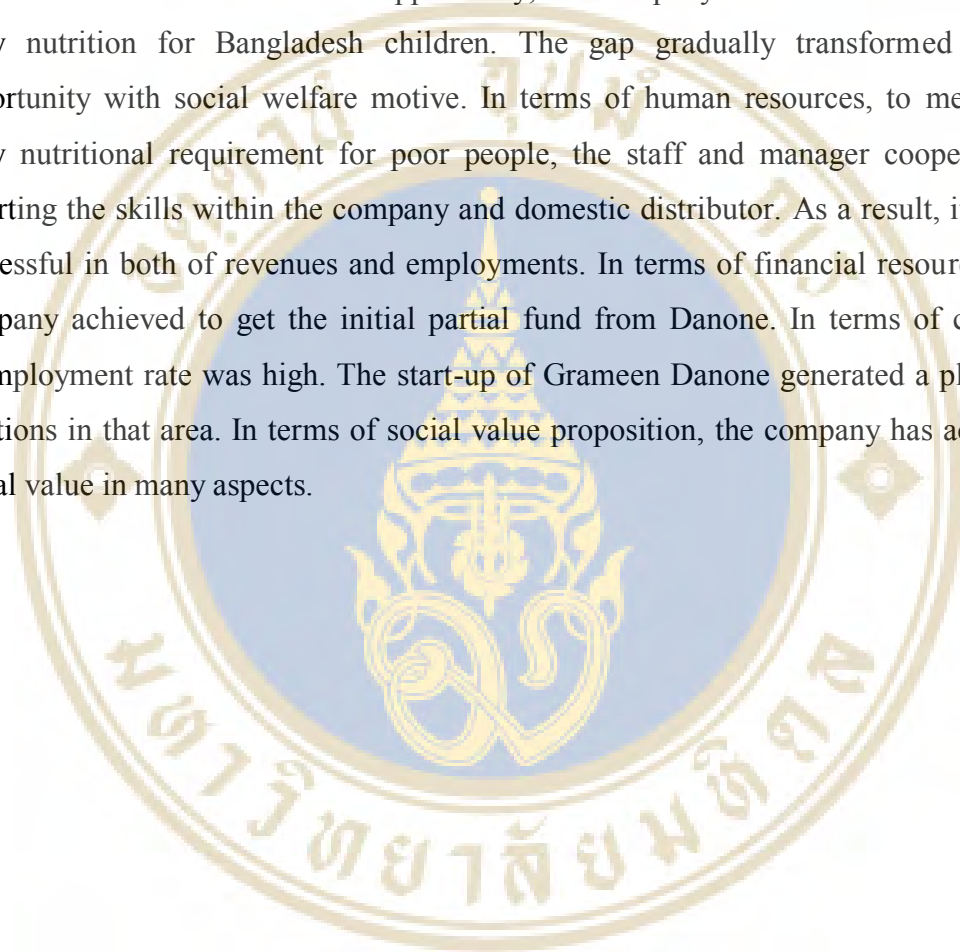
The last component is the social value proposition. This is the center and core driving factor of the framework to propel social entrepreneurs to deal with social entrepreneurship. The main objective is to generate social value which it differentiates from commercial enterprises. To deliver the social value effectively, the social entrepreneur has to ensure all components of framework which are going to get along together.

There are some studies conducting with Austin's framework so that to find the key success factors of successful social enterprise. The two cases are the Eagerhawk recycle shop and Grameen Danone Foods.

In the case of Eagerhawk recycle shop which is a community recycling enterprise, following with the five key analytical area, these are the conclusion from the case. In terms of opportunity, their key stakeholders share a same understanding of their nature. In terms of people, the company shows the ability to work across, understand and manage the interests of diverse constituencies. The staff shows a long

term commitment for its result. In terms of financial resources, the company's financial is considered as self-sustaining. In terms of the context, economic and institutional factors of Australia shape the company's opportunity. In terms of social value, key stakeholders all received social value by the deal.

In the case of Grameen Damone Foods which is the yoghurt manufacture in Bangladesh, this company is also studied under the five key analytical area of Austin's framework. In terms of opportunity, the company tried to lessen the gap of daily nutrition for Bangladesh children. The gap gradually transformed to the opportunity with social welfare motive. In terms of human resources, to meet with daily nutritional requirement for poor people, the staff and manager cooperate by diverting the skills within the company and domestic distributor. As a result, it shows successful in both of revenues and employments. In terms of financial resources, the company achieved to get the initial partial fund from Danone. In terms of context, unemployment rate was high. The start-up of Grameen Danone generated a plenty of positions in that area. In terms of social value proposition, the company has achieved social value in many aspects.



CHAPTER III

METHODOLOGY

This report is studied and analyzed on the certain case of social enterprise in Thailand. The report is going to proceed from particular facts to find the conclusion of the case. This paper conducts the experiment by secondary research. The information of the selected social enterprise is gathered from many channels such as, interview clip, newspaper and the reliable website. The case study approach yields the great number of information in depth and it causes to explore and identify one of patterns of key success factors of successful social enterprise in Thailand. The main criteria to select the case comes from the high numbers rewards they received and agricultural based company since Thailand is considered as agricultural country. In this sense, this study is selected Khaokho Talaypu CO., LTD (Khaokho Talaypu). This company has the strong reputation until their success story published by famous newspaper, magazine and TV. In addition, Khaokho Talaypu is delicately selected to be one of the great fifty social enterprises in Thailand ranked by Stock Exchange of Thailand (SET). In 2013, Khaokho Talaypu received the best tourist attraction from Tourism Thailand Organization. As mentioned earlier, this study is conducted with secondary sources from the owner's interview through many channels. Besides from the owner, the interview of employee of Khaokho Talaypu is also collected. This study focuses to find the key success factors of Khaokho Talaypu under the framework done by Austin *et al.*, (2006). This framework comprises of five key analytical areas which are opportunity, people, financial resources, context and social value.

To collect secondary data, the study collects from many sources such as newspapers, reliable website, online video which relate to Khaokho Talaypu. The main source is Mr.Son Chomdee who is CEO of Khaokho Talaypu and the founder. The interview is done by 3rd party in video and article format. In addition, those videos also interviewed manager and staff in many departments; farm, production, sales and resort & spa service. The media did the interviews with 10 staff. Three of them are

from managerial level from organic agriculture department, factory sector and sales department. And the rest are operational staff from kitchen, medical and cosmetic department, oil extract department, designing department, resort and spa. The article mostly describes on how the success of Khaokho Talaypu. The author is going to categorize and group them before analyzing. It is going to be combined with the information getting from the interview.

The steps that this paper conducts the analysis with the case study approach comprise of five steps. Firstly, the data and information are collected from various media channels. Then they will be filtered for vital attributes as the author thinks that the owner (CEO) and staff of Khaokho Talaypu emphasize or that information is very useful for social enterprise. Thirdly, opportunity is deliberately considered first. The area of opportunity will be analyzed based on the context. Next, human resources and financial resources will be analyzed following the opportunity. Fifthly, the social value proposition is the overlap of opportunity, people (human resources) and capital (financial resources). The paper is going to find out these integrating factors.

CHAPTER IV

COMPANY BACKGROUND

At the beginning, Mr.Son, the founder of Khaokho Talaypu, graduated from Chulalongkorn University in Bachelor of Law. However his first career was the constructor, his job got the well paid. He worked about ten years and had quite large amount of money in his bank account. In his mind all the time, he always had the idea to set the agricultural business in an upcountry since his background was familiar with this field since his childhood grew up in the farmer family. Once he had enough money, he decided to find the location to set up the business. To find the right place, it took Mr.Son about two years for surveying. His first criterion was that he must to love at that place since he planned to stay in long length. He visited many places where the sales sign appeared. Unfortunately, none of them was impressed to Mr.Son. When he arrived the Khaokho, he had the first impression due to its weather (entire year cold) and placid. In 1987, he decided to buy 50 rai land at THB 2 million.

Khaokho Talaypu is the agricultural based company and is considered as social enterprise. It comprises of 4 main business sectors which are food sector, cosmetic sector, Thai medicine sector and resort & spa sector. The root of every sector comes from the same company philosophy is that products and services must be developed and produced under Thai folk wisdom with local & natural raw material with the appropriate level of applying machine, technology and innovation. The headquarters locates at Khaokho, Phetchabun with 200 rai. With this area, it contains agricultural farms, forest, food plant, medical plant, resort, spa and massage center, knowledge center and retailer.

The location of Khaokho Talaypu is at 137 Moo.5 Tongsamoh, Khaokho, Phetchabun 67270. Khaokho Talaypu's geography combines with mountain and flat land along with two canals. As its altitude is about 3,000 feet, it leads to Khaokho Talaypu is cold for whole year. The average temperature is about 17°C. In addition, there are small tribes living nearby Khaokho Talaypu in mountains and flat land.

Seventy percent of Khaokho Talaypu's land is forest and fifteen percent is water area. The reason is to keep the amount of forest at high level is to let it completes natural ecology. In another word, completed ecology is to let plant grows freely and allows creature living spontaneously. Once it is done, the forest of Khaokho Talaypu provides lots of benefits. That area is the great knowledge center for studying how to retreat the land from useless to fruitful land. Moreover, the rich resource of forest provides the best raw material for food products, medical products and cosmetic products. However, the amount of usage is at appropriate level. To grow and maintain forest, it follows the five keys resolution of Khaokho Talaypu. There are good environment, good food, good physical and mentality, good activity and good root of Thai folk wisdom. Besides from the five keys resolution, Khaokho Talaypu also sets "The Rule of Five No and Three Must". The rules of Five No comprises of "no chemical", "no single plantation", "no burning" and "drying soil" and "no counting as plant and animal are enemy". For Three Musts, there are "Must grow various plants", "Must cover soil" and "Must grow odorous plant".



Figure 4.1 Khaokho Talaypu was achieved 2013 Thailand tourism awards in agriculture segment from tourism authority of Thailand

Source: <http://www.khaokhonaturalfarm.com>

CHAPTER V

RESULT AND DISCUSSION

5.1 Opportunity

The agricultural product needs to be processed at the proper level of between current technology and Thai folk wisdom. With the nature of agriculture product, it can last long only a week for fresh fruit and vegetable until it delays. In addition, in case of seasonal fruit, tons of products can be harvested. Generally, the surplus of supply leads to low price of fresh fruit. Many times the market price at that certain time is below than the cost. The processing would be the proper solution to solve this problem. The benefits are increase the shelf life of product and add value of product itself. However, the processing at Khaokho Talaypu sticks with the concept that tries to implement current processing machine and the smallest amount of chemical ingredient but applying with Thai folk. For example, to produce the butterfly pea juice, Khaokho Talaypu adds lime (natural preservative) in order to increase the shelf life instead of adding chemical preservative. Although the shelf life of butterfly pea is short and the product must be kept in chilling temperature (4-10°C) but it safes for human consumption and it is rich of useful nutrition. Although the location of Khaokho Talaypu closes to the wholesale market of fresh fruit and vegetable (Lom Sak-Petchubun) of south of Northern region, Khaokho Talaypu decided to stick with processed product. The founder would not like to rely on fresh product. The reasons are already mentioned above. Until now, there are about 300 SKUs of processed products from five main sectors of Khaokho Talaypu lines. The way of thinking to process the product is that Khaokho Talaypu relies on heavily on Thai folk wisdom. It does not mean that Khaokho Talaypu turns back the clock. Khaokho Talaypu also applies current technology at the minimum amount which goes along smoothly with the product. The complexity and price of technology must be reachable for local people to implement.

Location, Thailand is considered as tropical rainforest country. As a result, the variety of plants can be grown easily. This is also an opportunity that the founder can see and take it. On top of that, the founder has a principle to grow in Khaokho Talaypu is that the plants must be the local plants. The home plants in Khaokho are countless. In addition, the handling cost of local plants from seeding till harvesting is low since those plants are suitable to grow there and they have immunity to resist the plant disease and insect.

Thai folk wisdom is the root of Thai culture. Thai society cannot be survived sustainably, if Thais leave the wisdom that Thai ancestors send pass to us generation by generation over thousand years. Although the progress of western knowledge has not yet studied and approved many of Thai folk wisdom. But Thai ancestors has tested, analyzed and proved the local plants which grow in forest. Their studies have done through both of noticeable and testing.

The example of notice in terms of Thai folk wisdom is that most of pests normally do not attack the strong odorous plant; such as, lemongrass, neem plant. With this benefit, Khaokho Talaypu has grown spotty them among their plants so that repelling pests out of the plant area. The next two examples are Thai herbs. Thai folk wisdom mentions that all part of those trees can be utilized with plentiful benefits. The first plant is *Thunbergia laurifolia* (ราชพฤกษ์) can be used entire tree (leave, stem, root and vine). The main function of *Thunbergia laurifolia* is to detox for all toxics (i.e. alcohol, pesticide and herbicide). The minor benefit is that its function can cure a fever. Another example is Jambolan plum. This tree also provides lots of benefits. Its bark is for curing diarrhea. Its seed is able to reduce the level of glucose in circular blood system. Khaokho Talaypu has seen this opportunity why Thai society has gained tons of useful and wonderful sources of knowledge. Unfortunately, the majority of generation X and generation Y Thais has neglected the root of Thai. The founder of Khaokho Talaypu has an ego to show the public in both of domestic and international level on how great of products and services based on Thai folk wisdom.

All key stakeholders have a same understanding, since Mr.Son has given all of his effort to Khaokho Talaypu about a quarter of century. The local people and local government are appreciated his work. They are willing to support Mr.Son's projects. For example, the local people are happy to work in Khaokho Talaypu.

According to the interview done by “Creative Thailand” organization, majority of staff loves the sustainable concept. The result of that concept generates the nice atmosphere of working place. The shade of tree shadow, chilling temperature all year and friendly working atmosphere are the top answer among the respondents. Once the concept is well accepted within Petchabun, later on it spreads out to other parties easily and effectively. These spirits absorb to the products and services to be unique identity. As a result, the product and service reach high quality with the 100% nature and localization. Both of domestic and international customers are able to feel and understand Khaokho Talaypu’s identity and concept. Although the size of customers is not large due to the higher price compared to competitors. But they show high loyalty from the record of repeated orders. Not only customers, suppliers of Khaokho Talaypu also have the same understanding. Even though, Khaokho Talaypu tried to rely on itself as much as possible. The company still procures and purchases from outsources. Outsources of Khaokho Talaypu mainly are farmers from nearby areas (i.e. Pitsanulok, Pichit). Their directions to run business are that all company’s process must affect to environment as less as possible. For example, they grow vegetable and fruit by using mixed varieties plantation. The benefit is that lesser chemical substances are used. In another word, those selected outsources have the understanding likewise Khaokho Talaypu.

5.2 Context

To create the opportunity, the contextual aspects are the base. In the case of Khaokho Talaypu, there are both of supportive and adverse contextual conditions. The regulatory is considered as supportive contextual factor. Since the great number of young labor force left the home town to work in Bangkok. The government has launched many supports to crawl back the number of inhabitant worker. Following the vision of Petchabun in terms of career, according to department of agricultural extension, it is that “Ecological tourist, safety agriculture, concern on the quality of living with sufficiency economy philosophy”. Obviously, the central government has tried to adjust current social value by creating new available job positions in upcountry.

On the other hand about adverse contextual factor, the nature of main local industry (agricultural products and tourism) is seasonal. This factor can be categorized under macro-economy. With the nature of travelling period in Khaokho, Petchabun, only weekend and holidays in winter time are crowded with customers. In addition, majority of local people are relied on agricultural products. But the irrigation systems provided by government has not covered entire KhaoKho and other infrastructure is not well enough. Consequently, the farmers have to rely on raining season. It means that they are not able to grow the agricultural products out of season.

Another adverse contextual factor is the destruction of environment in KhaoKho. Since the modern method of agriculture, it focuses on the single plant cultivation and using chemical agents (i.e. chemical fertilizer, pesticide, herbicide) from land preparation till harvesting. With this method, it causes air, water and soil pollution. Furthermore, the smaller green area is come from the trespass of agriculture and tourism industry.

From the above contextual factors, they are all the boosters for Mr.Son to set up Khaokho Talaypu. His initial and main goal was to revitalize the drought and unfruitful land. He would like his company to grow sustainable with environmental friendly under Thai folk wisdom.

5.3 Human Resources

Local people are hired to work in Khaokho Talaypu. The main reasons of hiring local people are to create the career in the upcountry and gaining their proficiency. As the current situation of working behavior in Thailand, the great number of young workers in upcountry migrates to work in Bangkok and other major provinces (i.e. Chiang Mai, Nakornratchasrima and Phuket). Mr. Son intends to create the jobs in the society. The benefits are mutual to all parties. The local people know very well on the nature of indigenous plant because they are familiar to the forest and these people have been received the knowledge from their ancestors. This knowledge is very important for Khaokho Talaypu since it is the core of the company that they aim to deliver the authentic Thai product and service to the market. In the meantime,

young people are not necessary to leave their home town and the cost of living is dramatically lower than Bangkok.



Figure 5.1 Local workers

Source: <http://www.khaokhonaturalfarm.com>

Since the founder would like to have good environment, good food, good physical and mentality. So he would like to deliver what the same quality of products and services he got to the customers. This set of thought is already embedded to the essence of company. The one of criteria of Khaokho Talaypu is the attitude of staff. The common characteristic of staff is who is recruited conservative and environmental friendly. Later, the company set the training program for new comers to know and familiar with all services and products that Khaokho Talaypu does.

The strong commitment of Mr.Son to the society in long term has been accepted to local people. He gains the trust and reliability from adapting his concept of “good environment, good food, good physical and mentality” by applying pure nature and Thai folk wisdom. The example that shows Mr.Son has the strong passion to develop the quality of living in Khaokho. It comes from his effort to improve demolished ecology. Beginning with when he arrived 50 rais land at Khaokho, the only thing he saw was only grass covered the entire land. In order to convert from drought to fruitful land, he needed to demolish that grass/weed. At the beginning, he used the local method which is burn and bury. The result was fail. Then he tried with the western style which is spraying herbicide. The result was the same. Those efforts took him a few years. He almost gave up but when he trailed in the forest nearby his land he realized that why the area below the big trees in the forest does not have any grass growing. Then he analyzed and found that grass does not grow well with the low level of brightness. He mentioned that it was the turning point towards his believes.

From that incident, he claimed that he understands clearer on ecology. Finally, he applied shading strategy to seize the land from weed little by little. The next step after he gained the clean area was to grow the plant and tree. Mr.Son followed the concept of nature ecology by growing mixed varieties of plants in one time. The purposes are to reduce the chance of pests attacking the plant (similar as a single plant) and resulting in no chemical agent used to protect the plants. At the end, he could turn around the useless land to fertile land with the variety of plant. To strength of this successful model, Mr.Son has gradually extended the land from 50 rais at the beginning till 200 rais at the present.



Figure 5.2 Mr.Son Chumdee, the founder of Khaokho Talaypu CO., LTD

Source: <http://www.khaokhonaturalfarm.com>

Family atmosphere, the feeling, welfare and wellbeing of staff are in the top list that Khaokho Talaypu is concerned. Working with happiness comes first. Khaokho Talaypu always sticks with that the best working performance must come from good physical and mentality.

Think differently with innovation, Khaokho Talaypu tries to create new product which differed from what already serves in the market by applying Thai folk wisdom and new technology. For example, lemongrass, common company would process to be lemongrass-sugar by conventional method (dissolving with water, heating, evaporating and crystalizing). With this conventional method, its heat damages the nutrient in lemongrass and pulls out its aroma during evaporating. On the other hand, Khaokho Talaypu has developed and adapted the modern method by

applying hydraulic press. This method does not require heating and water. As a result, lemongrass-sugar by Khaokho Talaypu enhances the aroma and nutrient. The selling price jumps from THB 80 per kilogram with conventional method to THB 180 per kilogram with hydraulic press.

From one of Thai folk wisdom, leaves from pine tree prevents mold. Khaokho Talaypu creates pillow with those leaves. Another example, Khaokho Talaypu decided to pack rain water and sell. The reason is many people neglect the good thing we have. The founder would like to send the message to those people. Before commercial production, Khaokho Talaypu sent the samples to Thai FDA to approve first in terms of chemical residuals and food safety.

According to the interview with Mr.Son, his point of view in terms of research and development is that R&D is the key to understand in detail what we have in our backyard. The analysis is based on the current scientific method. The direction of company growth focuses on lunching the quality and delicate product by working hard in R&D. Although at the end those product cannot produce in the mass basis. But the company still sticks with this strategy. Khaokho Talaypu will not enter to mass product which requires large scale of factory.

5.4 Financial Resources

Khaokho Talaypu has applied self-sustaining financial principle since it is established. The start-up capital came from the founder, Mr.Son. He had planned that in the first 10 years of working period he intended to collect the lump sum of money for setting his company. The land was bought initially at 50 rais with THB 2,000,000. After he had retreat the useless land to fruitful land which it takes around three years, he started the business with agriculture industry.

It is true that the operational cost of organic agriculture is higher than conventional agriculture which it relies on chemical agents but only in the short run (the first two years). In the long run, organic agriculture requires lesser cost than conventional method because it does not need to add chemical fertilizer and pesticide.

The products of Khaokho Talaypu are focused on the value of agriculture (i.e. vegetable, fruit and herb). The creativity is applied to generate the new idea in

order to launch new products. Those ideas are as seeds to develop new products and services. However all products and services are be created once harvests are leftover. The sales amount is not the main parameter to monitor the successful of Khaokho Talaypu. The purpose of trade in Khaokho Talaypu's mind is to be sufficient for running business.

The revenue is not come from the one source. Khaokho Talaypu sets the direction to generate the income from many sectors. (i.e. fresh food products, processed products, cosmetic product, medical products, spa and resort). Khaokho Talaypu comprises of four main businesses which are farm, food, household, resort and spa business to diverse the risk.

Starting from the farm with the concept is left over after consuming within family then sell. Later on food business started. The line of food businesses are fresh products, restaurant and processed products. Next household product starts. Resort business with the concept is to live close to the nature (Example; soil building and no road can be parked at the room in order to keep everything likewise what they are.) In addition, the customer of resort can study on how folk culture, organic concept and how Khaokho Talaypu produce the products. The purpose is that to treat the customer as a family member. They would feel that they are a part of Khaokho Talaypu. Furthermore, this method can be considered as a promoting tool to let the customer know how the purity of the Khaokho Talaypu's product is and this method can add the story and background of the product into customer mind. It would increase customer loyalty to Khaokho Talaypu. In 2012, the revenue from resort and spa was counted about 20% of total revenue.

Increase utilization of waste, since the products of Kao Kho Talaypu mainly are agricultural based products. The waste (by product) from the production is organic waste which is the source of enriched organic fertilizer. Not only reduce waste and reduce demolished cost of waste, but also reduce fertilizer cost and increase the quality of soil (unlike chemical fertilizer). Another of sample of using the waste in Khaokho Talaypu, it is ash from the boiler. That ash is very strong alkalinity. From that characteristic, Khaokho Talaypu uses it to be a base substance to produce soap.

Vertical integration will generate many source of income to the company. In other words, the company tries to diverse risk by not relying on the business just

one field. For example, in the raining season and week day the revenue from resort sector usually drops. Anyway Khaokho Talaypu also gets the income from processed food and spa product sectors. As we mention earlier, resort is not only place to retrieve energy. Khaokho Talaypu positions his company as a hub of organic study and Thai folk wisdom study. There are groups of students, professor, government staff and interested people visiting the company. Khaokho Talaypu can generate the income from their stays during weekday. But the bottom line is Khaokho Talaypu would like to educate the people about organic concept and encourage new generation of Thai people to let them know Thai folk wisdom is so great. Lastly they have their own shop at Khaokho and Bangkok to be their channel to sell and distribute their products. Not only domestic market, but also Khaokho Talaypu sells the products to overseas countries (i.e. England, Italy, Taiwan). The proportion between domestic and overseas market is at 65:35.



Figure 5.3: The layout of Khaokho Talaypu in Petchabun showing its vertical integration

Source: <http://www.khaokhonaturalfarm.com>

The main domestic customers of Khaokho Talaypu are working people who age thirty years old and above. They concern on environment and health. For foreign customers, they order in OEM basis. This group of customer mostly knows Khaokho Talaypu's product when they travelled in Thailand and bought it for a souvenir. After they had consumed the product, they loved it due to its quality and

pure nature. Foreign customers purchasing with OEM basis is counted about 20% of total revenue. The overseas customers are Italy, Japan, Kuwait, Taiwan, Australia, England and Lithuania.

Most of source of raw materials in Khaokho Talaypu are come from the company itself. They try to utilize the local raw material first. Raw material, equipment and machine, Khaokho Talaypu tries their best to procure from external sources as less as possible. Sometimes they have to import from third party to be ingredients. Besides from using them in production, the hidden purpose is to study and develop those raw materials by R&D team. Although it takes time until their R&D team can get a raw material which its function likes the prototype. Mr.Son strongly emphasizes the local raw material. For example, in the beginning, to produce natural liquid soap, the original recipe chemical agent which bought from overseas country is needed to add as preservative. Later on, Mr.Son thought that it had better to develop natural preservative instead. At the end, R&D came up with coconut oil to be a natural preservative. To develop the new product based on the organic agriculture in order to increase the value of product, Khaokho Talaypu has cooperated with Narasuan University. For example, toothpaste is produced from 100% natural organic raw material grown at Kao Kho Talaypu.



Figure 5.4, 5.5 and 5.6: Products (drink, aroma oil and shampoo)

Source: <http://www.khaokhonaturalfarm.com>

5.5 Social Value Proposition

Environmental, Khaokho Talaypu turned 200 rais of useless land to complete sustainable ecological area. The 200 rais are treated and maintained with natural way. The chemical agents have not been used. The company has not polluted anything back to the society. In the contrast, they increase the green area to Khaokho, Petchabun instead.

Economy, not only generating jobs at Khaokho, Petchabun, Khaokho Talaypu becomes the attractive tourism spot in Khaokho. To guarantee this success, Khaokho Talaypu was received 2013 Thailand Tourism Awards in Agriculture Segment from Tourism Authority of Thailand. Apart from tourism sector, Khaokho Talaypu established the retailer for raw material and finished product which made in Petchabun to be a hub of raw material and product produced under Thai folk wisdom with self-efficient concept in Petchabun.

Education, Khaokho Talaypu has opened organic farming and Thai folk wisdom study for the private and public sectors who are interested in without any cost. According to Mr.Son, he would like to return back to the society. One of them is to educate people. The most effective educational way is learning by practicing at the actual site. So far, there are around thirty five groups attending this knowledge center. For example, Nongkayard Administrative Organization, Chantaburi Administrative Organization, Tak Commercial Office, GMM staff, etc.



Figure 5.7 and 5.8: Knowledge center

Source: <http://www.khaokhonaturalfarm.com>

CHAPTER VI

CONCLUSION

This paper analyses the factors associated with successful social enterprise, Khaokho Talaypu, by using case study approach. To explore its success, we conduct the analysis with the framework done by Austin *et al.*, (2006).

The operation of Khaokho Talaypu has improved the society in Khaokho, Petchubun in many aspects. Firstly, Khaokho Talaypu generated about 100 job positions for local people which attract young people to work with. Not only reduce unemployment rate, it also allows their family to live together (It is a factor to prevent the social problem). Secondly, the study hub of green concept, Thai folk wisdom and sustainability which comes the result from the company, this institute returns back to the public in the forms of knowledge and inspiration. Lastly, the quality of environment has been improved from the last 20 years ago. Khaokho Talaypu is the great example of successful social enterprise in Thailand for people who are interested in.

The limitation of this study would be that it is conducted from secondary sources only. All of them did the interview with Mr.Son. The duration is counted about 70% of its duration. The data collected from the staff is not quite in detail. Our suggestion is that the detailed interview had better to apply with their staff in order to receive the full amount of information. This kind of information is going to fulfill the completeness of paper. The benefits and application of this study would be the case study of agricultural based company in Thailand. Since Thailand is categorized as agricultural country. This report could support and guide the relevant company who are interested in social enterprise.

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