



MINDNET

the Newsletter of the

COLOMBO MBA ALUMNI ASSOCIATION

First Choice in Business Governance

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Annual Fellowship Dinner

The Annual Fellowship Dinner 2003 of the Association was held on 31st October 2003 at the Taj Samudra Crystal Ball Room. The Chief Guest was Mrs. Sumithra Moonesinghe, Chairman, Bank of Ceylon. The Guest of Honour was Prof. Thilak Hettiarachchi, Vice Chancellor, University of Colombo. The occasion was also graced by the Dean of the Faculty of Management and Finance, University of Colombo, Mr. Pradeep Randivela and Dr. Fazeela Ahsan coordinator of the MBA program. Over 100 MBA graduates participated in the event. The highlights of the event included a very informative and enlightening speech delivered by the Chief Guest.



SOFT OPENING OF CMBAAA Office

The CMBAAA office was opened on 03/02/2004 at the faculty of Management and Finance, University of Colombo.



**CMBAAA Workshop on six sigma –25th March 2004
at Hotel Taj Samudra**

Testing Times for the Exporter : Are we ready to face the 'acid test'?

By Kingsley Bernard (Colombo MBA Alumnus)

All Sri Lankan governments of the recent past have emphasized the importance of export development to achieve the country's economic targets. This is understandable for a developing nation like Sri Lanka with a relatively small domestic market and an export sector that contributes 30 percent to the Gross Domestic Product (GDP). However, considering the vital importance of export development, have Sri Lankan exporters fully utilized the extensive opportunities available to them?

Sri Lanka's annual rate of export growth during the past 11 years (from 1992 to 2002), was approximately 6.47%, while the average annual contribution to GNP was about 30%. The comparative figures for 2001 and 2002 indicate a substantial drop in exports registering a figure of US\$ 4699m in 2002 as against US\$ 4817m. in 2001. Year 2003 registered a significant improvement in export growth compared to 2002, it is estimated to record an annual growth rate of approximately 10 per cent with an overall economic growth of 5.5 per cent. Does this trend forecast a positive growth for the year 2004 ? Though a fairly difficult question to answer, especially in the light of threats to continuation of the peace process and the current political impasse, this article proposes to highlight a few opportunities and challenges available to Sri Lankan exporters in this changing world environment.

Three major developments epitomize the current world scenario. They are globalization, technological advances and deregulation, which present endless opportunities and challenges to all exporters.

The present global environment may be described as the best of times for exporters

because of the enormous strides made in the field of information technology and the high productivity resulting from rapid advances in mechanization and automation. The world has also witnessed vast improvements in modern medicine and rapid growth in international trade as well as the end of the Cold War and mankind has the capacity to eradicate hunger in the world and to cure many an epidemic. However, it can be argued that it is also the worst of times, due to the prevailing high levels of poverty, religious conflicts, environmental pollution, political dictatorship, and unprecedented levels of corruption, threats of terrorism and the proliferation of weapons of mass destruction. It is indeed disturbing that some developing countries are diverting their limited resources in larger proportions for destroying their own nations, rather than building them. Sri Lanka is no exception.

Today's market place is enormously complex. Domestic markets, irrespective of size or stage of development and at one time immune to foreign invaders, are now battlefields of giant global corporations as well as niche marketers. Globalization is taking place at a rapid and continuous pace, making the whole world a global village. Major strides in technology have shortened time and distance, facilitating fast dissemination of information and data across the globe. New and innovative products are being discovered and launched at an astonishing pace, made available worldwide in a short time. Communications media are being innovated at mind-boggling speed. Extraordinary growth rates have been recorded in the IT field. New distribution channels and formats are being tested and applied. Deregulation is taking place at a

higher pace, removing barriers to domestic and international business. Regulated economies are becoming free markets presenting enormous opportunities and challenges.

In this context, China with its large population of 1.3 billion and substantial trade imbalance with Sri Lanka in its favor, presents Sri Lankan exporters with many opportunities as well as threats. Positively, China is probably the largest single market in the world to give consumers a free economic environment. Contrarily however, it also poses a major threat to other international players via its high competitiveness especially in the product sector. Sri Lanka being no exception, there is little doubt that China will be a strong competitor in both the domestic and international markets in virtually all product domains. Product sectors such as garments, ceramics, footwear and electronic components will be especially vulnerable. China may also seem a more viable option for investors due to the low cost of production, cheap labour, gigantic market for finished goods as well as its commitment to reforms, both political and economical.

Furthermore, are Sri Lankan exporters making full use of the opportunities presented by the FTA between Sri Lanka and India? Or are we only complaining about the strong legal framework in place in India such as antitrust and antidumping laws? Do their tariff and non-tariff barriers in grabbing the Indian Rupee defeat us and have we been innovative enough to find micro niches available in the huge and diverse Indian Market? It is evident from trade statistics, that economic activities have gained momentum as a result of the FTA and trade balances do suggest that these gains tend to be in India's favour. Therefore, it is a challenge for the export sector to make the existing FTA more favourable to Sri Lanka through the implementation of appropriate product/market and investment strategies. It is encouraging to note that at least a few Sri Lankan companies have extended

themselves into India. However, most of the opportunities available in India for investment have yet to be fully explored by our entrepreneurs. It is especially disheartening that Sri Lankan products with a high competitive advantage have not yet made significant inroads within the Indian market.

In Sri Lanka's apparel exports, are we ready to bid farewell to the MFA and what are the strategies being employed to face the currently prevailing, intensely competitive free market conditions existing within the international arena? The most appropriate strategy to successfully overcome these challenges would be through innovative and branded products. However, the process of brand development and acceptance by consumers is a relatively long term and arduous one. In fact, with the exception of a very few tea exports, Sri Lankan brands have yet to be established and gain recognition in international markets.

In conclusion, the current global scenario, with its many exciting innovations, opportunities and challenges seem to beckon local exporters too, to climb on the bandwagon towards new heights in export growth. The question haunting us is Are we ready to face the "acid test"?

WORKSHOP ON POSITIVE TOMORROW

One day learning program and workshop on "A Positive Tomorrow" organized by the CMBAAA was held on 30th January 2004 at Hotel Galadari. The facilitator of the above program was Mr. Dhammika Kalapuge who is a Chartered Marketer and former Vice President Marketing at DFCC Bank.



There was excellent participation at the workshop.

PROFILE: Chanaka Ellawala GG, Dip M (CIM), MBA

Founder President CMBAAA

Chanaka is the Joint Managing Director at Ellawala Exports (Pvt) Ltd., which in the short span of 25 years has risen to become the industry leader in the export of gems and jewellery from Sri Lanka, having recently won 2 prestigious awards from the National Gem & Jewellery Authority, a Gold Award for Gem Exports and a Silver Award for Jewellery Exports.

He is the Chairman of the Gem & Jewellery Cluster under the Competitiveness Initiative (a USAID project) and plays a lead role in developing and implementing the strategic plans of the gem & jewellery industry.

Chanaka was recently appointed as Managing Director of the Ceylon Sapphire Council which is a joint venture project involving 8 of the leading jewellery exporters of Sri Lanka. The CSC is a pilot project to design, manufacture and market globally, a luxury branded line of Ceylon Sapphire Jewellery.

Professional Qualifications

Graduate Gemmologist (GIA, USA)

Diplom a in Marketing (CIM, UK)

Master of Business Administration (University of Colombo)



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Nivard Cabraal addresses the MBA

Mr. Ajith Nivard Cabraal the popular Management Consultant conducted a workshop on "The management role in the Sri Lankan context" on 11th December 2003 at the Faculty of Management and Finance university of Colombo.



LATEST TECHNIQUES ON BUILDING EFFECTIVE COMMUNICATION SKILLS

A Guest Speech by Mr. Niranjan De Silva on "Latest Techniques on Developing Effective Communication Skills", organized by the CMBAAA was held on 23rd of October 2003 at the Auditorium of the Faculty of Management and Finance at University of Colombo.



Mr. Niranjan De Silva is a Chartered Engineer by profession. He is the Director/CEO of Metropolitan Computers (Pvt) Ltd. and a Past President of the Colombo Toast Masters Club and the Computer Society of Sri Lanka.

This program was open to the CMBAAA members and the MBA students of the Faculty of Management and Finance university of Colombo.

A large number of CMBAAA members and MBA students participated in this event.



IS THERE A **LION** IN YOU ?