

# START UP

## Your Business in Thailand



BY ANDY ADITYA

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Dear Friend,

It is my pleasure to welcome you to read this Book and I really hope that you would find the information helpful.

When I first came to Thailand couple of decades back and started on my own, I faced several challenges which were quite unique on their own. As an entrepreneur, I tried implementing strategies which worked well in other countries but to my disbelief I found it failing in Thailand. I had to dwell with the language and cultural problems more than the real business constraints. I soon realized that, as a foreigner, it was vital to understand and mitigate these country specific problems as soon as possible otherwise doing business in Thailand would never be a success.



Since then, as a resident of Thailand over the last two decades, I've been assisting various business houses and Entrepreneurs to startup their business in Thailand. I must say that opportunities in emerging countries like Thailand are increasing everyday and business development must be a constant activity to support the bubbling economy. Once you overcome the initial challenges, it would reap the results that you have never dreamt of.

Though this book is mainly targeted to Non-Asians aspiring to start a business in Thailand, but am sure the contents would also be helpful for asian readers as well. The information contained here is a guideline for you to be successful in doing business in Thailand by embracing it's cultural and commercial diversities. Extended informations about opportunities in Thailand, legal formalities, options that are there, industry wise market research data, how to do business in Thailand etc can be found at my website - [startupinthailand.com](http://startupinthailand.com)

I am available as your resource to educate you, expose you to opportunities and help mitigate your risks for your businesses ventures in Thailand. You can know more about me at [andyaditya.com](http://andyaditya.com)

To your success,

*Andy Aditya*

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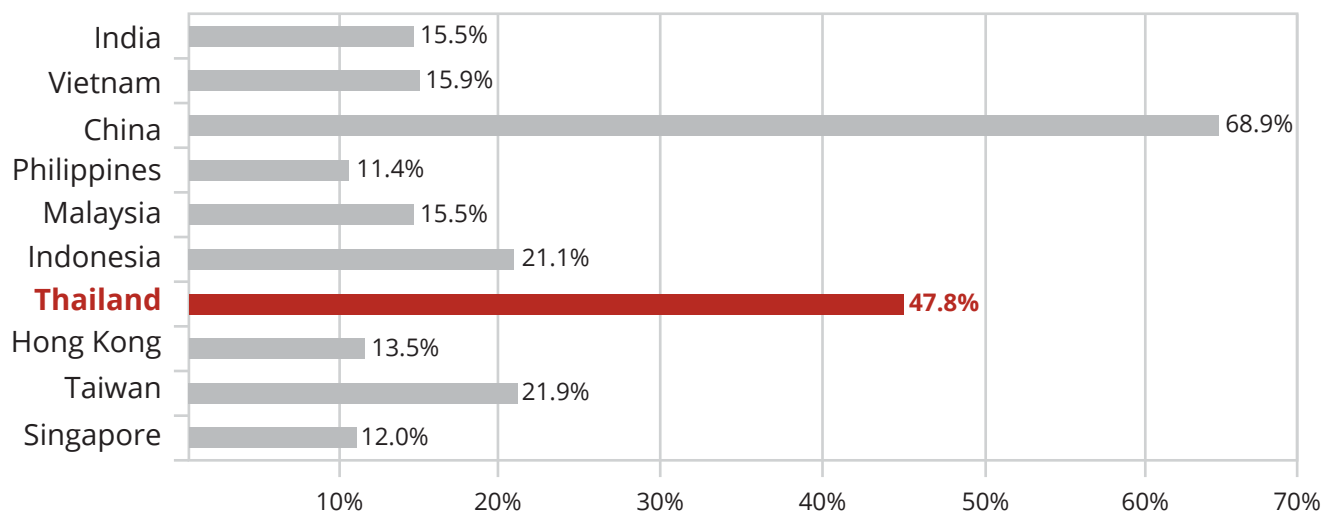
# Asia: The Spotlight!

Research claims, that a major share of the world's economic activities occurs in Asia. The continent is one the emerging markets in every domain, specially the tremendous technology boom witnessed in Asia is remarkable. With 60% of the global population residing here, the emerging markets of Asia provides enticing opportunities for business as it is still in the developing stage and the GDP is growing constantly every year. Places like Thailand, Hong Kong, and Singapore are becoming the most popular hubs and preferred destinations for investors.

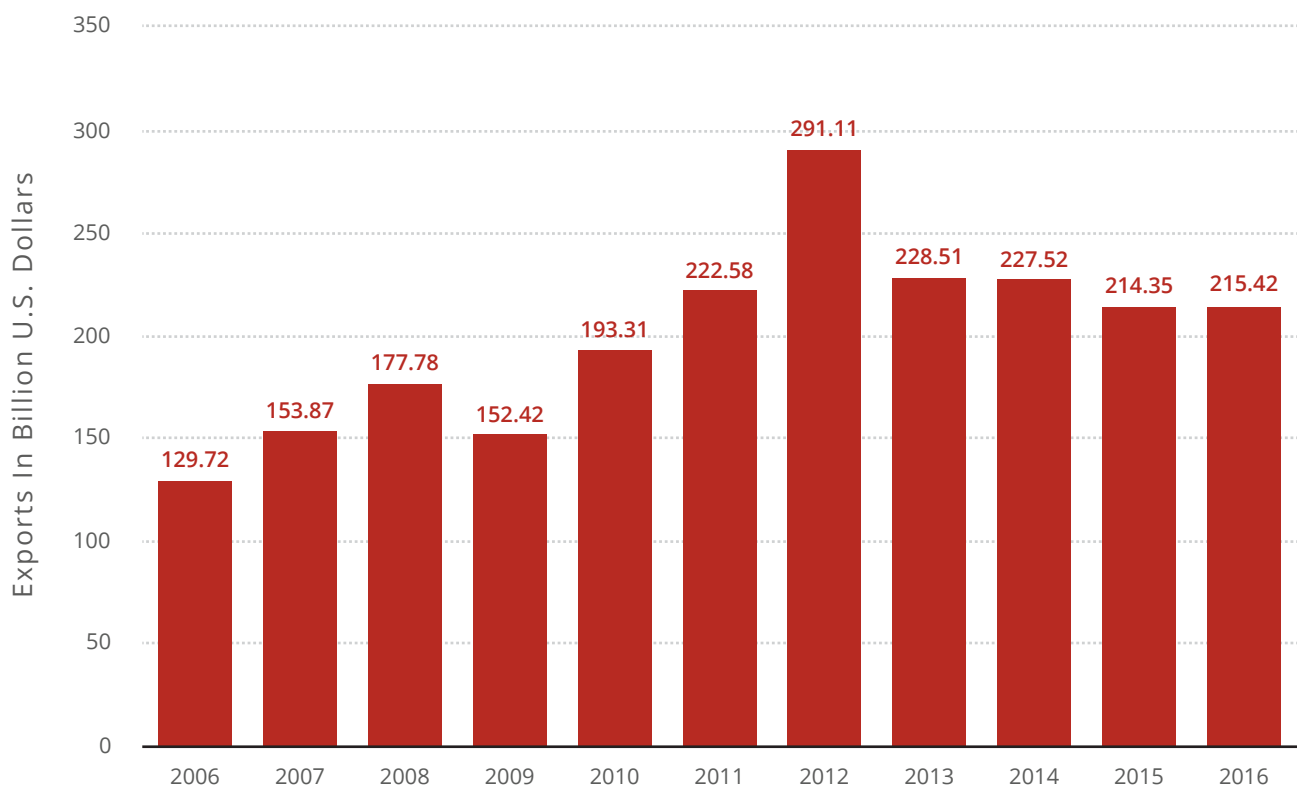
Starting up a business in Asia will entail a painstaking effort of giving your investment a good market value to ensure that you have a secured return of profits. As a wise entrepreneur, it is crucial to understand your potential market in the Asian countries before you start your journey. Business people find good reasons why they should start up a business in Asia.

## The expanding growth of multi-national companies in Asia

### Percentage of Companies Intending to Expand



Among the Asian countries, Thailand ranks second to China where companies are willing to expand their businesses. This means that the opportunities for start-up businesses are very promising for investors who want to penetrate the Thailand market. Despite the stringent regulations among foreign investors, there are many areas of the Thai business market that continue to be a flourishing field worth exploring. The field of export business in the country is also growing. Thailand is the 27th largest export destinations for the United States and the country has an open economy that is highly dependent on the international trade. Economy wise, Thailand is known to have a Tiger Economy that draws its strength from the export industry, more particularly on rice export.



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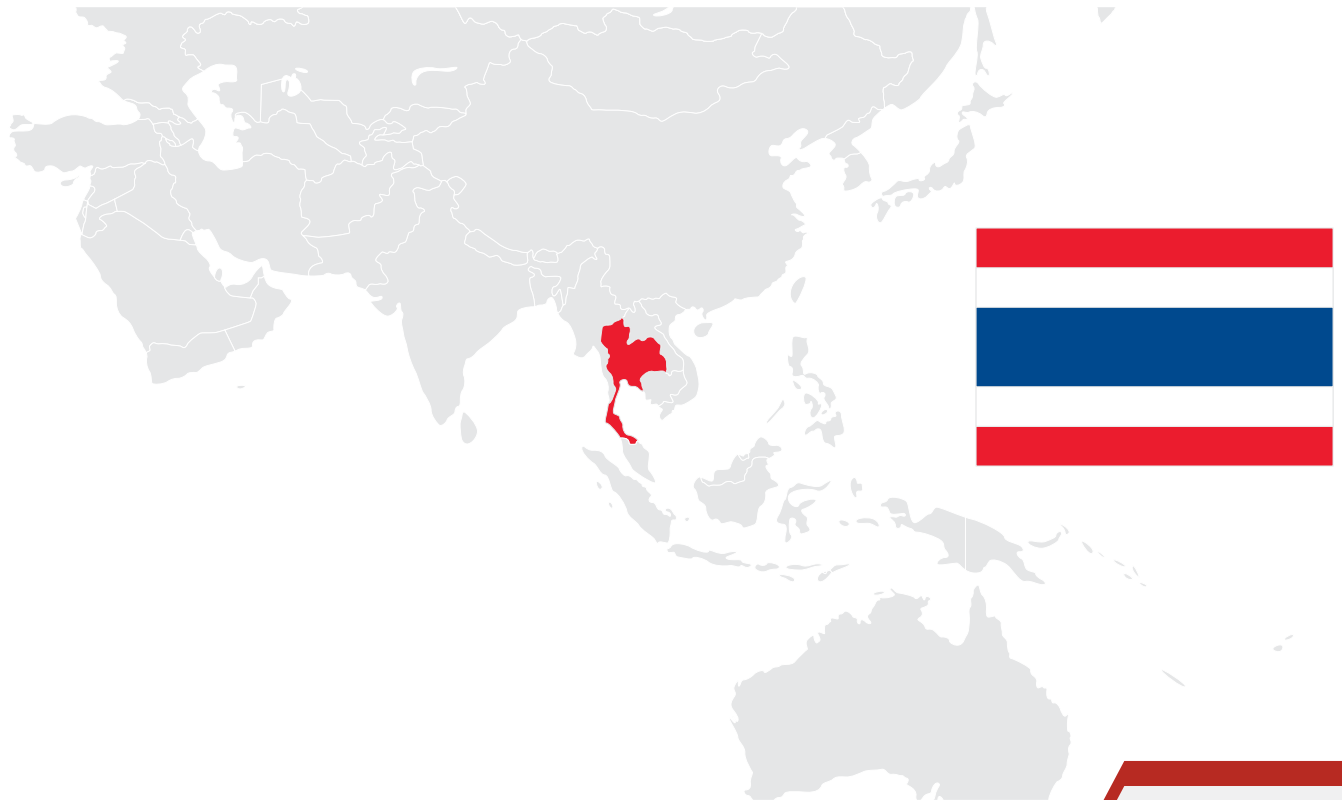
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Having a successful business in the home country usually tempts an entrepreneur to expand it abroad. With its ever persistent economic growth, Asia has often been targeted by investors as an alluring destination for startups.

So why wouldn't you exploit it by setting up your business in Asia?

But, the question that actually matters is: "Which could be the best place to start?" Thailand is one of the emerging nations that offer great business prospects to foreign investors. The economic development of Thailand is greatly influenced by foreign investments. Therefore, the government of the country offers lucrative and easy legal framework which attracts overseas companies and investors to expand their businesses in Thailand.

As Thailand is geographically closer to many emerging markets, the prospects of business growth is high in the country. To start off a venture in Thailand, you need to do some ground work, perform some market research and gather market data in order to have a broader impact in the international arena. You must know which sectors have less competition and higher profit margins. Sectors that are most attractive for foreign investments should be chosen for business.





# Thailand - As Compared with it's Neighboring Countries

Doing business in Thailand lets you play a part in one of the most dynamic and vibrant economies in Southeast Asia region. Tiding over various economic challenges over the years, today's Thailand offer various opportunities to expats, today's Thailand offer various opportunities to expats.

The Country enjoys its strategic location and its a gateway to the heart of Asia – home to what is today one of the most growing economic markets. Thailand also offers the expedient trade with India, China and Association of Southeast Asian Nations (ASEAN) countries, and effortless access into the sub-region, Greater Mekong, where emerging and new promising markets offer enormous business potential.

Thailand enjoys a better startup destination when compared to Vietnam, Malaysia, India, or even China. The overall start-up requirement cost is lower in Thailand with lesser documentation and good quality work force, making it a country easier to operate. That is the reason, most of the business owners are able to utilize all their resources efficiently, and in return, achieve great improvement in their overall productivity.

## Demographics

US\$ = 36.07THB



**Population**  
(2016)  
68 M



**ASEAN Population**  
(2016)  
633 M



**Literacy Rate**  
(2015)  
97%



**Minimum Wage**  
(2016)  
300 Baht/day  
8.32 US\$/day

*Source: United Nations*

## Comparing to its neighboring countries:

**Singapore:** The government of Singapore is trying hard to stimulate start-ups in the Country. The cost of the registration of the company is only \$1, the taxes are on the lower side, and there is a special visa called EnterPass for start-up entrepreneurs, however, the downside is the high cost of living. Expats need to spend approximately twice as much money as they would spend in Thailand to enjoy the same quality of life. Many foreigners chose to establish their new business start-up in Singapore but they operate their business from Thailand, which is more cost-effective location as compared to Singapore.

**China:** The cost of living in Beijing, China is overall 20% higher compared to Bangkok, Thailand. The rentals for urban accommodation in China is 60-70% higher when compared with similar types in Bangkok. The vast pool of skilled and semi-skilled labor availability is one of the bonuses to starting up business in China. However, language barriers and incompatible ethos for foreigners often offer a hindrance.

**Malaysia:** The Malaysian Government is also rather friendly towards new start-up entrepreneurs. The Malaysian Government grants the 1-year business visa for those coming to begin a new business in the country. The overall cost of living in Malaysia is roughly at par with Thailand. Some items like food may be even cheaper than in Bangkok, though beer is more expensive in Malaysia due to the high tax on alcohol. Even though the infrastructure, industries and policy systems are good but security and unstable political issues poses a threat to foreign businessmen.



# Understanding Thai People & The Cultural Shock

Foreigners will find Thailand a beautiful country that offer numerous exotic beaches, marvelous landscapes, amazing national parks, and historical cities.

Modern businesses, international schools, healthcare facilities, accommodation and tourist spots are all commonplace in Thailand but, unlike other places in Southeast Asia, expats can experience and enjoy unusual extravagance because of Thailand's low cost of living.

The people of Thailand are well known all over the world for their welcoming gesture and have a healthy cultural heritage with an ever smiling face that they are very proud of. No wonder, Thailand is often labeled as 'Land of Smiles'.

However, foreigners in Thailand can experience a degree of culture shock. So here are few tips to understand Thai people in their own way.

## Welcoming and respecting culture



Greeting someone is an act of great significance in the Thai culture. The manner of greeting is measured as per the societal standing of both people, and making any wrong move may result in losing face in front of a Thai person may result from a Thai person to lose face - this is considered a dishonor and it must be dodged or avoided at all costs. However, if appropriately used, it will be an opportunity to show your respect to the Thai people.

In Thailand for a traditional Thai greeting, palms are placed together somewhere between the forehead and the chest in a prayer-like gesture. They are closely held to the body whereupon a small bow is made. The higher the pair of hands and the lower the bow, it symbolizes more respect is shown towards the Thai People. This gesture is called a wai (to be pronounced as "why").

The appropriate manners and etiquette are for the secondary party to offer a wai first, with the elderly person then to return back the wai. Though the locals won't expect a foreigner to greet them with a wai but, if its offered by them, not returning the wai to them would be an insult.

However, the non-nationals initiating a wai must be aware that it should not be offered to any person having lower social status. As doing the same will embarrass the person, will cause them to lose their face, and the wai won't be returned back. As a tradition in Thailand, the wai is not initiated to greet children, servers, laborers or street vendors. If a person of this status initiates a wai, it's not likely to be returned, instead one should simply smile in response.

## Personal relationship is crucial for an investor

Thai business people like to deal with clients in person. It is therefore important to avoid making transactions through a telephone call, as it is a wrong business practice in Thailand. Visiting your clients personally, through an appointment, to discuss important business matters is very crucial. Business people in Southeast Asia like to mix business meetings with socialization like, evening social events or a round of Golf which can boost your chances effectively to close a business deal. Establishing personal connection with the Thai businessmen will also give you the opportunity to grow your business connections through referrals and meet big business people in any of the social business events that you attend.





## The manner of giving your business card



As you engage in social meetings with Thai business people, it is smart to carry business cards to hand it down to prospective clients. Business cards offer an opportunity of marketing your start-up business and in making it look professional and reputable. When giving your business card, observe the etiquette of holding it with both hands with the printed side facing towards the receiver, which is the same gesture they do if they

are the ones giving their business card to you. It is respectful to slightly bow your head after receiving their business card.

## Etiquette in paying the bills



It is a tradition that in a business meeting with Thai business people, the boss or the eldest on the table will pay the bill. This gesture is considered to be honorable to the one paying the bill and it will be improper and disrespectful if you insist on paying. Make sure to graciously thank the person for such a gesture though.

## Respect to the Royal family



Because most businesses in Thailand are family owned, people enjoy the respect and trust that are shared by every member of their business community. If you are dealing with Thai business people it is important to show respect to the Thai Royal family. It is improper to crack negative jokes about the Royal family in Thailand and it can have a negative impact to your personal relationship with the Thai business community. Pay

the highest respect to the Thai Royal family which are often the subject of social conversation within the business community and be proper enough to show some kind remarks about them.

## Dress code in Thailand

The physical appearances are very important to the people of Thailand. Here is an old saying, “clothes makes the man” which holds true. Thai people appreciate foreigners who try to make an effort to keep a reserved appearance. Brands of repute are important to display your social status, be it the clothes you wear, or the car you drive or even the pen that you carry...It sums up your personality overall, putting more weight to the conversation that you are going to have.



Going outside wearing T-shirts and shorts are totally acceptable, but skirts and pants should have a modest length. However, being a country with rich traditions, women are expected to keep their shoulders and chest covered.



For the office going people in Thailand, expats are expected to wear formal outfit. Women avoid wearing sleeveless blouses and wearing jeans is a definite no. Men can wear shirts and dressy pants; ties are not a mandatory requirement but for formal gatherings, it is recommended. Blazers or suits are common for both genders with black and white are predominant colors specially in the Banking Industry/Public Sector.

In destinations like Phuket, Krabi and Hua Hin, which are beach towns, Thai people are more accustomed to wearing bikinis and swimming suits at the beach. Nonetheless, when going for lunch, dinner or at any stroll around the town, expats should cover up.

## Language barrier in Thailand



English is not widely spoken in Thailand; which could be one of the major hindrance for any foreigner trying to settle down and operate a business. The official language of Thailand is Thai, it is a tonal language as it has five different tones. Each of the different tones reflects a different meaning, which means a single word can have five different meaning completely.

If an immigrant pronounces a word incorrectly, it is expected to have a different meaning entirely from what they intended to say. The good thing is that the Thai people are very forgiving when non-nationals try to speak Thai, and they will teach them to speak the word correctly.

## Religion in Thailand

Most of the population, almost 94%, practice Buddhism in Thailand. Buddhism is considered more a way of life than a religion in Thailand. It portrays the general nature of the Thai people. All the way through the country, there are hundreds of beautiful temples called as 'WATs' in Thai.

There are also other religions which exist in Thailand. Everyone in Thailand has their right to the religion, and their choice is protected.



## Women in Thailand



Like many countries, most of the businesses are conducted by men in Thailand. Though, in the past few years, several fences have begun falling for women and today a good chunk of the executive positions in the workforce are held by the women. However, there is still a long way to go for complete gender parity in Thailand.

As per the traditional Thai beliefs, women are prohibited to touch a monk, sitting next to him (either on the same level or higher level) or hand him anything. Women are required to cover up and to wear a long pant or skirt, long sleeved blouses and a headscarf while entering a temple.

Immigrants must note that public displays of affection is fairly uncommon in Thailand. Therefore, one needs to be careful while interacting with a female in public, as Thais believe if a man touches a woman in public, she loses her face.

## Consider the issues that may surface from your business undertaking

It is important to consider the non-economic issues that may surface with your business dealing to prospective customers in respect of family ownership and values, loyalty structures in an organization and religious issues. You are at your best position if you ask around from the locals about the common cultural background within their community and do your research about a particular client prior to dealing with them. It is best to avoid conversations that can trigger controversy on non-business matters while keeping in mind that personal connections remain relevant in building trust and business relationships in Asia.



## Growing your network can make a difference



Since Thailand, as well as in Asia, personal relationships and family values count much, developing a social connection would help in sorting out the complexities of the cultural barriers of the locals. Less effort will be required if you are able to gain personal referrals from clients who trust your business services. Business people in Asia give honour to the recommendations given by their colleagues in the business industry. A referral from your one client to another significantly improves your chance of your start-up business and helps you build your personal connection with the experts in their respective industries. Socialization is a process that helps you learn and understand the Asian business tradition that brings your business closer to the Thai culture - a definite enabler for your success in Thailand.

## Get help from professionals

Language barrier is a common problem that every investor has difficulty overcoming. If you are serious about making your business thrive within the Asian business community, you should be willing to learn the local language. There are experts that can provide you the basic training or you can hire them as an interpreter for effective communication between yourself and your prospective client. It is important to express your business services in the local language. If your start-up business involves product selling, you should invest in making packaging using the local language of your target market.



## Be conscious of body language



You will not be lost on how to adjust to the Thai business culture by making yourself more vigilant in understanding or interpreting body language of the business people you are dealing with. This means that you should be able to exercise the right timing, the proper choice of words and observing the courtesy of silence and pauses while communicating with them. Thais are very transparent about their feelings, hence, you can see from their gesture and facial expression whether your actions are offensive or unacceptable and you would learn to stop from there. How you present your business and branding will also be known from your body language thus, make sure to approach your business dealings wisely and carefully.



## Build a local team

If your start-up business needs more employees, you can benefit from learning about the business culture in Asia by hiring local professionals who can communicate better with you in the universal English language while helping you understand the major key points regarding the Asian business culture. The Asian market is very complex and keeping local people aboard will give you better opportunities of learning about their culture and how to do business according to the Asian business culture.

## Embrace their culture as part of yours

No matter how difficult it is to align your business to the Thai culture of business community, it is a necessary step forward to embrace their traditions and culture to fit into the world of Thailand Business Community. Learning their basic language is a good starting point. A basic language to learn is how to say yes in their native language. It is also required to dress up in conformity to their tradition. In Bangkok for instance, business attire remains to be conservative. Both men and women are expected to wear dark suits or formal attire or in certain instances long sleeve shirts. In China, men and women are likewise conservative in their manner of dressing even on casual meetings.



# Cultural Dos and Don'ts in Thailand



Business development in Thailand is something more than technical aspiration and administrative action. It urges good approach and behavior in professional meetings. In order to generate and grow up a business partnership successfully in Thailand, you should know some particular etiquette and local cultural courtesy. Furthermore, you need to pay definite business etiquette to the sustained expats in this territory and have to conquer the Thai business rules conveniently.

- Expats must show their respect towards the Thai royal family as they are highly revered by the Thai local. Any negative comments regarding the country as well as the king must be avoided. If any person insults the country and king, that person will not only lose the chance of making good relationships with Thais but may even have criminal proceeding against them. People should ensure to treat all images of the royal family with the respect.



- In Thailand, when the Thai national anthem is being played, it is highly important that everyone must stop whatever they are doing and stand still to display respect. The anthem is broadcasted over radio and television twice a day – regularly at 8 am in the morning and 6 pm in the evening when the national flag is raised and lowered. There is an anthem dedicated to the King of Thailand which is referred to as the royal anthem and is broadcasted before the commencement of movies in the cinema halls and multiplexes. Everyone is required to stand up and maintain a straight posture to show respect.
- Never touch the head of a person or pass anything over the heads of the Thai people. As the head is the highest part of the body, it is considered to be sacred and requires to be treated with highest amount of respect.
- Any pictures of Buddha need to be treated with due respect. Should not point the feet in the direction of Buddha image. The same concept is valid for Buddhist monks too.
- While entering any temples, buildings or homes which have an image of Buddha inside, one should take their shoes/slippers off outside. Some offices and shops also expect the same. So, while entering, one must check and see whether there is any space to leave shoes. If so, ensure to do the same.
- Use your feet for standing or walking and not for anything else. To put feet on a desk or a table is not acceptable, and one must avoid pointing their feet at people. To touch one's feet in public also considered impolite.
- Never pass anything on the left hand and must not point with only one finger.



# Why Should You Do Business in Thailand?



Thailand has one of the most stable economies among the Asian countries. Its Gross Domestic Products (GDP) continues to show a consistent growth pattern over the past decade. The country has economic policies in support of free trade among international countries and is very committed to its bilateral and multilateral free trade agreements, making it an attractive business destination for global trading.

Foreign Investors prefer Thailand to be an ideal environment for growing start-up businesses. Its strategic location of being at the heart of Asia, with good supply chain connectivity easily allows trade with neighbors like China, India, Singapore, Malaysia and other Southeast Asian countries. The country has abundant natural resources and world class logistics infrastructure, combined with cost effective workforce that can foster your business growth professionally.

It is a promising opportunity for foreign investors to leverage the business potential of the country's export and domestic consumer markets. Thailand is emerging as the business hub of Asia. It ranks 22nd in industrial output, 11th in agricultural output and 28th in export volume. Thailand is also a top tourist destination globally which promotes infrastructure development contributing to a stable economy in the country.

Many entrepreneurs wish to penetrate the Thailand market with their goods and services offerings. However, for Foreign start-up businesses, there may be initial difficulties arising from compliance with the legal requirements or obtaining a Foreign business permit from the Thai authorities. It is to be noted that the Thai government is very selective on the categories of business that are allowed to be promoted by Foreigners. Although this may appear to be a barrier for some investors to enter the Thai business market, but in reality it is not so. You need the assistance of legal experts and professional business consultants to guide you and establish your start-up business, without potential legal impediments.

The Thai government has policies, which are very supportive of Foreign investors. The Board of Investment (BOI) of Thailand offers several incentives to prospective investors in the country such as tax holidays, easy employment for foreigners and exemptions on import duties, to name a few. Thailand's policies on trading are compliant with the World Trade Organization (WTO) regulations. Doing business in Thailand is promising, however, the key to a successful business venture in this country will mostly depend on building successful relationships and partnering with the business subject matter experts in the country.

If you wish to do business in Thailand, the country offers several benefits. Here are a few highlights.

## Welcoming and Open Economy

The Thai community, particularly the Thai business community, is known for its welcoming attitude towards foreign investment, to invite corporates/multinationals to start business operations in Thailand. Organizations will find the systems and infrastructure well aligned and complying to international standards for a successful business setup.

## A Diversified Manufacturing Economy

Thailand has an active and large manufacturing sector which produces a diverse and wide array of products including automotive, textile, fish products, toys, furniture rubber and jewellery. Such strength in the FMCG and manufacturing vertical segments has led the country to become the regional leader in terms of trade and commerce. Processing of Agricultural products and high volumes of Commodity exports have boosted the growth of manufacturing businesses in Thailand.

## Positive and active policies of Thai Government

The government of Thailand is an innovative and forward-thinking body that aggressively encourages socio-economic growth and development. Foreign investments in industrial setups as well as technology development are highly encouraged by Thai Government. Almost every year, they come out with lucrative schemes to attract foreign investments.

## An Adaptable, Cost-Effective and Efficient Workforce

As a country, Thailand has a flexible, adaptable and efficient workforce. According to Thailand's Board of Investment (BOI), the literacy rates for men are 94% and for women is 90%, which is a motivation for every Foreign investor to plan for long term future developments. Additionally, being educated and flexible, the country's workforce is also one of the most cost-effective with the daily average wage for Bangkok being approximately USD 8.8.

The Thai culture is very rich in history and traditions. Thais are peace-loving people, with deep integrity, patience, honesty and a desire to be successful. As a regional centre in Asean for manufacturing and trade, Thailand is an attractive location with the right blend of economic focus and dynamism in business.





# Prospective Sectors to Invest in Thailand

Jewelry, Textiles, IT, Hospitality, Automotive, High-Tech, Retail, Commodities, Food Processing, Tourism and electrical appliances, are all promising fields for start-up businesses in the country. The Thai Customs officials also indicated that skin care product export from the country is gaining momentum. In the Euromonitor Report, we find, expansion of skin care beauty products increasing due to the explosive growth of beauty clinics with special emphasis on natural & organic treatments.

Other than above specified industries, there are some sectors that are highly prospective for Foreign investment in Thailand. These include agriculture, alternative energy, ICT, and value-added services. Energy and Engineering Solutions seem to have overwhelming growth potential in the near future.

Thailand can be considered as one of the few emerging nations to promote alternative energy investment. The Thai Government first launched its Alternative Energy Development Plan in the year 2008. According to this plan, 25% of the country's total energy consumption will be provided by renewable resources by the end of 2022. This will reduce the dependence of the country on fossil fuels to a great extent for energy.

The Thai Government has been taking significant steps to facilitate the research and development of alternative energy resources. The School of Renewable Energy Technology in Thailand train students to work in this domain. The alternative energy sector in Thailand boasts a promising future in the coming days.

The Thai Government is taking several steps to expand these industries for the economic development of the country.

The Board of Investment (BOI) of Thailand offers various types of fiscal incentives for investments that are tax-free.

Amongst the tax incentives are: import duty on raw materials, import of machineries and corporate income tax, which are either totally exempted or reduced.

Amongst the major Non-Tax incentives, the two major advantages are that, it allows Foreigners to be employed in Thailand, and allows them to own land or landed property which is otherwise not possible by a Foreigner. Moreover, the entitlement of 100% ownership to a foreign business, combined with the ease of doing foreign exchange transactions, often provide the right encouragement and confidence to any Foreigner for having an expansion plan to Thailand.

The BOI has acknowledged the significance of alternative energy and its enormous potential to support the future development of Thailand. Therefore, it has taken initiatives to prioritize the promotion of alternative energy industry development. The renewable and alternative energy projects that have been approved by the Thailand government before 2012 have secured huge incentives across the country, except Bangkok.

For a closer look at the various industries of Thailand and their relative significance, you may refer to our information portal [www.startupinthailand.com](http://www.startupinthailand.com), wherein we have Industry specific market research data for 20+ industries, which is available for your ready reference.





# Understanding the Basic Business Laws in Thailand

Expat Businessmen or Professionals who do not wish to work as employees in Thailand, but plan to take on the role of investor in business or planning to open a new business, should be appraised of several restrictions on Foreign ownership. As a self-employed person, we advise you to be well aware by seeking complete and detailed legal information before investing in a business in Thailand.

Further, you are advised not to set up a “shell company” in Thailand in order to avoid the restrictions on expats buying property or to obtain a long-term visa in Thailand. Just like the non-residents doing a job without proper legal Thai work permit, this is nothing more than just inviting problems from Thai law enforcement.

As a Foreigner planning his own start-up in Thailand, getting support from a competent and experienced legal representative and/or tax advisor is strongly recommended. Expats must ensure consulting with knowledgeable, trustworthy and skilled experts to advise them on financial and legal related matters.

If you need more information about the Thai market, reliable data on foreign trade, recommendations of experienced lawyers, etc. do not hesitate to contact your country's Chamber of Commerce in Bangkok.

The Government of Thailand prohibits and restricts business categories and economical areas for Foreigners in the Foreign Business Act (A.D.1999). Under this Act, Foreigners are prohibited and restricted from involving in most business categories, unless an alien business operation sanction has been acquired from the Director-General of the Department of Commercial Registration along with the approval of the Foreign Business Committee.

To start and run a business in Thailand as a Foreigner, the approval under the Foreign Business Act B.E. 2542 must be complied with. Foreigners can obtain a foreign business license for certain business categories only unless there is an exemption contained in a treaty or under a special provision of Thai law.

## The Foreign Business Act in Thailand divides businesses into three categories:

List 1: In general, the businesses listed in this category are primarily prohibited to the expats unless and until there is an exemption notification contained under a special law or in a treaty between the Foreigner's home country of citizenship and Thailand.

List 2: This list Refers to those businesses which are basically owned by Foreigners and that were in existence prior to the enactment of the Thailand's Foreign Business law. These foreign businesses were officially permitted that they can apply for a special Alien Business License and can continue their business operations. However, Foreigners are not authorized to start a new business under in this category unless a special permission from the Minister together with the approval of the Cabinet is obtained.

List 3: Under this List, businesses are treated in a similar manner to those in List 2. However, the power to permit an Alien Business License to Foreigners who want to start a new business in Thailand, is vested with the Director-General of the Department of Commercial Registration and the Foreign Business Committee. Exemptions are allowed under the Treaty of Amity, and based on Economic Relations between Thailand and USA. Also, the Thai Board of Investment (BOI) may allow exceptions for businesses covered under Lists 2 and 3.



# Business Planning - Tips to Develop a Strong Business Plan

A strong business plan can help build a flourishing business in Thailand, irrespective of the threats and weaknesses. The key success criteria is to develop a business plan that can help you expand your business in Thailand. Here is a list of steps that will help to develop a strong business plan:

- Perform market research in Thailand.
- Analyze the demographics and find out the potential customers based on their locations.
- Identify sales leads and marketing channels.
- Keep a rough track of the sales volumes and your areas of potential growth.
- Find distribution channels that will best suit your business needs.
- Have sufficient information about your competitors' products and offerings. Know about their distribution channels as well.
- Identify and select prospective entry points and niches.
- Keep updated with the current and future political climates of the country.
- Understand the economic climate of Thailand.
- Be aware of the initial investment cost and possible risk factors.
- Understand and identify the operational and logistics needs of your business.

- Localize the operational and logistics needs with respect to your home country.
- Follow the rules and regulations and recognize the possible restraints that can affect your operations.
- Conduct market surveys and tests to visualize the viability and profit prospects of the products or services you are offering.
- Analyze your marketing techniques. Check out if your offerings are feasible in Thailand.
- Find out the possible funding opportunities that may be helpful in the expansion of your business in Thailand.
- Analyze opportunities and threats for your product in Thailand market.
- Build a strong business plan that can address the market in Thailand.
- Approach and build relationships with distributors and producers. Know their pricing.
- Understand the supply-side market and its barriers and opportunities.



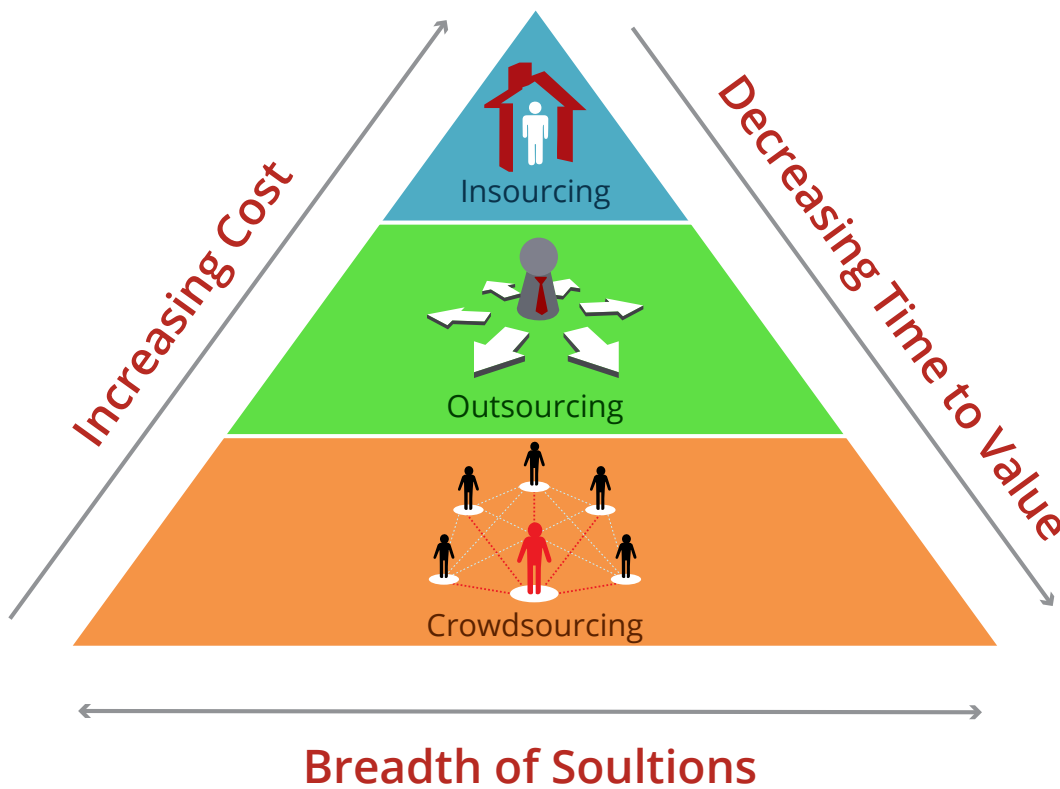
# Business Startup & Execution - Essential Tips

## Market Entry - Do it right

While the country has an open export market that you can explore as a start-up business, its business environment imposes stringent regulations that every entrepreneur should know. In order to have a better chance of growing your start-up business within the Thai business environment, you will need a market entry strategy:

- Finding a local business partner is an initial step to take if you are a foreign investor looking for a business opportunity within the Thai market.
- Local partners can help you overcome the stringent legal requirements imposed on foreign investors by the government. They can also help you understand how to embrace the Thai business culture and build your market knowledge, establish local networks and overcome the difficulties of making your business fit within the Thai business culture.
- Ensure an understanding of the legal environment when doing business in Thailand. You need to hire professionals like lawyers and accountants to help you meet the Thai business regulations such as tax and business registration matters, immigration issues and other similar requirements for starting a business in Thailand.
- Extensive market research is necessary to understand and validate your intention to enter Thailand.
- Consider outsourcing your business processes, often the local procedures take much longer time for a Foreigner to understand and execute. The first year is critical for a startup and it may pass in a jiffy if you don't plan things ahead.

# Resource Planning and Outsourcing to Penetrate The Thai Market



## Comparing Service Delivery Paradigms

Business outsourcing plays a crucial role when you intend to establish a start-up business in Thailand. Prior to sourcing you need to implement a good resource planning strategy, in order to address the crucial aspects of running your business. At the early stage of most start-up businesses, the owner manages the various aspects of their business such as the data management, sales, marketing and finance.



In a competitive Asian marketplace, doing everything on your own can be tiring. That is why many start-up businesses consider outsourcing, which is a viable solution of delegating non-core functions to specialized service providers, to boost the efficiency of your business operation and services. Defining a good resource planning strategy and outsourcing can increase your chances of breaking into the competitive Asian market.

## Resource planning for start-up business

Finding appropriate resources for your business can be difficult at the early stage of doing business. Thus, resource planning will help you focus on your goals for important aspects of starting your business such as the following:

### Financing your business

This is perhaps the most important resource that you need when starting a business. Ensure that you are able to determine your investment capacity in starting a business. Is your fund sufficient to cover for the operations and overhead costs of running your business? If not, consider taking out loans from various lending and financial institutions to supplement your business funding, in order to start your business operations right away.

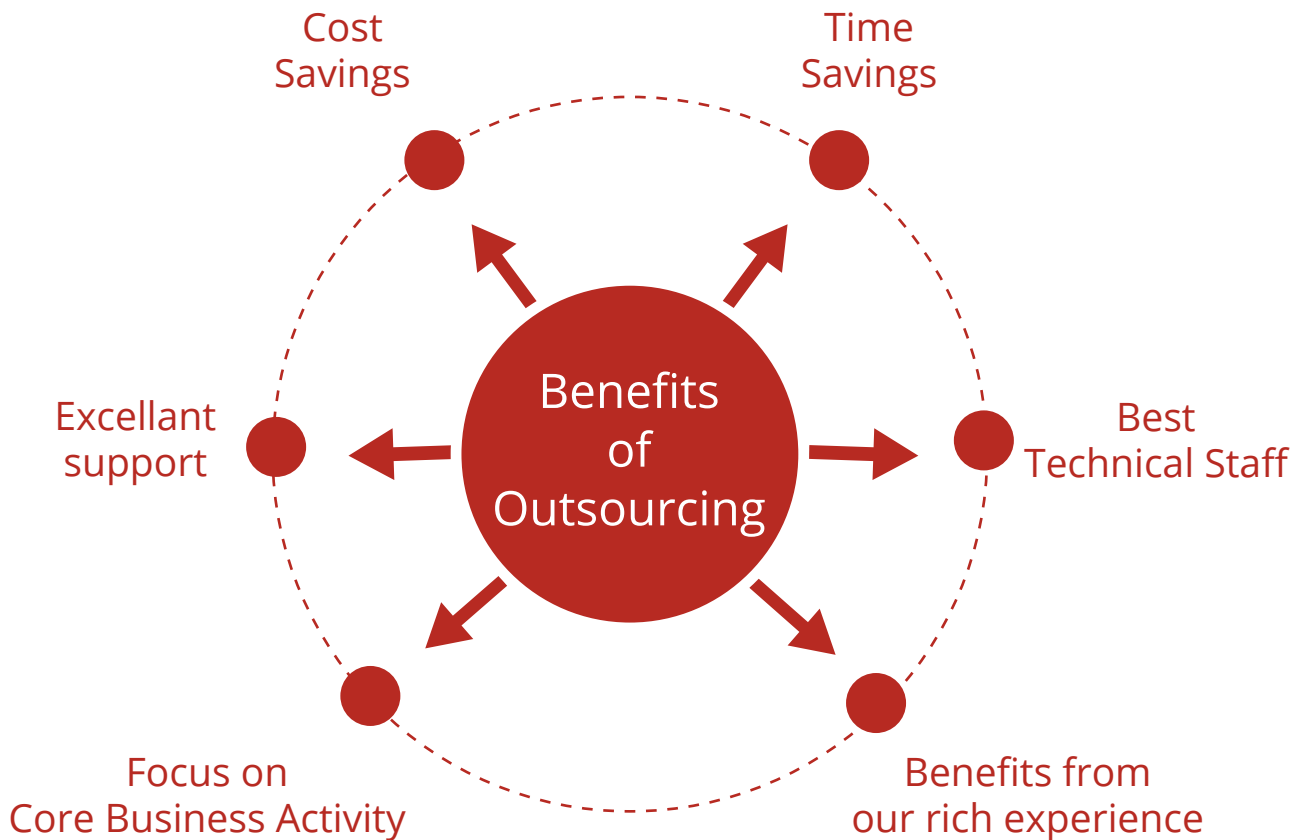
### Physical resources

Physical resources will involve the machineries, tools and equipment that you will need for your business. It also includes the physical location, where to open your physical storage to reach out to the local market. Surveying the possible places that are likely to give you a better coverage for reaching out to your customers and getting the help of the locals can help expedite your search. Make an inventory on the important resources that are indispensable to your business and prioritize their purchases. This will help you bring your budget at the optimum estimate, by spending on the necessary equipment that will help get your business running.

## Human resources

You need right people in order to mobilize your start-up business. By evaluating the major needs of your business operations, you can establish a good planning process on what skills and expertise your business needs and look out for people who can deliver these capabilities to your business advantage. Hiring locals will help you overcome the language barrier that might arise when dealing with your customers. Also, local experts are the best people you can bring aboard within the pool of your human resources.

## Outsourcing business functions



Outsourcing some of your business functions is often a proven best business practice to help to cut down your operations costs.

Technology plays a major role in the practice of business outsourcing by many organizations, but it usually depends upon the needs of your business. As a start-up business you may already have in-house staff that might be sufficient enough to handle your business services and operations. In a competitive Asian marketplace, you need to focus on building your business competence in meeting the needs of your target market. Outsourcing can help streamline the various aspects of your business services such as the manufacturing and marketing of your products in a time efficient manner, while improving the quality outcomes. Some of the considerations for business outsourcing include the following:

## When outsourcing is viable

Small start-up business might not need a large headcount of staff to make the business operational. If you need to expand, and the demand and supply from your business products and services are no longer proportionate, then it is time to outsource some aspects of your business operation. If you think there is more room to grow your business, but you don't have enough time and people to pursue such goals, then outsourcing becomes a good business consideration.

## What to outsource

It is a crucial element of knowing what to outsource from your business. Most start-up businesses in Thailand/Asia, find the need to outsource the sales or marketing aspect of their business by getting the help of local marketing experts who know the Thai/Asian market and culture very well. This is an effective strategy of penetrating through the unique market in Thailand. Commonly outsourced services for businesses are repetitive tasks, tasks that need the least supervision and those requiring specialized knowledge and skills.

## To whom you should outsource your business

Finding the right agency can significantly help increase the productivity of your start-up business. Skills and expertise are not the sole consideration when hiring an agency, but also goodwill, trust and confidence that they show. While there are several virtual contractors whose services are available for you, it is important to find the one who can be reliable in entrusting your business functions. Keeping a good personal relationship with virtual contractors also builds trust and loyalty to your business and it may result in a long term working relationship that is good for your business.

## Meeting Tips

If you are looking forward to developing and expanding a business in partnership, anywhere in Thailand, you must oblige by their cultural rules and regulations. There are innumerable ways to adopt to their cultural trend and local business etiquette while setting up a business strategy based on the local area. This kind of approach can accelerate your success rate and bring up the graph of growth seamlessly.

## Plan for a meeting

First presentation or meeting in Thailand or anywhere in the world should be impressive and must be to the point. In this regard, good homework or preparation on your own can be fruitful. Next, you should notify the desired company well before your arrival, adding the statement on the product or business terms you are going to discuss. It must include the introduction of your company, the product you are offering, and the motive of your business. Wait for the reply from the company you are contacting. Once they revert with a confirmation mail, start preparing for the presentation. Draw a preview of a meeting, set the day of appointment in advance and collect the required data accordingly. Once you get ready for presentation, cross-check and verify the validity of the available data. Be present in the meeting at the desired date, and at the scheduled time. At the time of presentation, be concise and clear enough about the deal, and also highlight the advantages of your service.

## The physical attire of your presentation

Your dressing sense during a presentation does matter to build your first impression with a Thai client. Try to wear clothes and accessories of reputed brands while going for a meeting or presentation. You must have a professional disposition with business suit and polished shoes. For the female participant, business suit means a blouse with skirts of a gentle length or trousers.

Nevertheless, the recommendation is not so much strict. You are allowed to wear smart casual clothes like jeans as long as they are acceptable and look appropriate. In a special case, jeans are allowed for men and women as well. In short, don't wear anything that makes the situation weird. Select the T-shirt which is carrying a good message or nice print. In addition, do not wear sunglasses. If you use spectacles, this is good enough but wearing sunglasses can create problems recognizing you. You can prefer wearing a light jacket, vest or blazer as top cover. Women can wear business suit, spaghetti straps for an aristocratic and professional look.

## The valuable instructions before attending a meeting

Remember, you are in Bangkok, the most crowded and the first metropolitan city of Thailand. Traffic here is one of the most common problems of day to day life. So, if you are keeping your eye for a meeting in Bangkok, you must keep this factor in your mind too. It is totally unpredictable in the streets of Bangkok when and where it can appear. Thereby, leave your room at least an hour before the scheduled meeting time. If you take the skytrain/Metro to reach the destination, keep thirty minutes more in hand because the transportation system in Bangkok face delay and complication very often. However, it is advisable to take the trains than a cab, especially if your meetings are in central Bangkok.

After the arrival to the venue, meet the secretary, introduce and wait a while till the next instruction is given. After reaching the meeting room, don't sit until you are invited to. Give a small introduction, shake hands and pass over your business card to the clients facing the English side of the card. Never forget to smile when you are introducing yourself and your colleague. Do not be surprised anyway if the meeting is attended by many people. Simply, put the best of your presentation before the client instead of thinking of their number and attitude. Often you might find the head of the organization speaking less than others as he observes the most and is the decision maker, making the final verdict at the end.



Voice is another important factor in project presentation. Whether the meeting is in the boardroom or in a restaurant, your voice tone and body language can say a lot about your confidence. During the meeting, when you are discussing a sensitive point, maintain your voice tone, keep it low but sturdy. In addition, do not produce thunderous voice during the meeting. People of Thailand consider this tone as an offense. Further, an overtone of voice may seem like you have an arrogant nature, even if you don't mean it. An adorable and steady voice quality is compatible for you service presentation with a potential client. You can make the presentation more charming by involving the clients in an interaction by asking questions and giving conclusions, as well.

Clear English in slow pace is always accepted. During a two-way conversation, try to keep your words concise, use clear sentence while dealing something or agreeing on a decision. Avoid any confusing statements and possible misunderstandings. More specifically, if you are dealing with a crucial matter, it would be better if you bring a good translator. Nevertheless, the translators are not required in Kickoff meeting, but they can be useful in a condition when some sensitive information need to be discussed because the client is not so much comfortable in English.

## The dynamic conclusion of the meeting

A good end of anything can conclude the attempt fully. In the case of presenting a project or meeting with a business, the client should end with a well wish and a nice, firm handshake. Make an easy window to communicate with your clients anytime to proceed the program further. In addition, you must end the discussion with the agreement of fulfilling their terms and conditions. You should display that you are reliable, professional and dependable enough to care about the client's satisfaction and the deadline of the project. Try to eliminate the common mistakes during the conclusion of project presentation in Thailand. Keep the cultural shock of Thailand in mind during the meeting and play accordingly at the close encounter of the conclusion.

# Business Best Practices for Thailand



Doing business in the country of Thailand, completely depends on the first and on-going impressions, common courtesies, body language and attention to the small details. Fitting in as well as collective “harmony” is a premium, along with making long lasting relationships. Nearly 95 percent of the population practice a Southeast Asian Buddhism named Theravada, The Buddhist approach to the life has strongly influenced the Thai behavior and attitude. The common expression that used by most of the people is “never mind and it does not matter”. This word makes them move towards the positive attitude and ready to tackle any kind of problems. Thai people are very proud of their monarchy, which is the oldest one in the world.

## Exercise patience and tolerance

Thais are not difficult to please but that doesn’t mean it is easy to work with them. Since Thailand has never been under colonial rule, many western habits, styles or mode of living are unknown to the people who never left the country to live abroad. The ability to maintain calmness and the willingness to understand another person’s difficulties and thereby easing him of his guilt or embarrassment is a classic social etiquette in the kingdom. Two distinct Thai words - Mai Pen Rai (never mind) and Chai Yen Yen (take it easy or calm down) describe the Thai feelings.

In any urgent or awkward situation which could stir anger to a westerner, the Thais would keep cool and do things the more practical way. In case of the biggest mistakes that you do, Thais would not be too bothered about the consequences and will be prompted to move on, saying never mind. Normally it takes longer to do and achieve things in Thailand but don't get perturbed with it, have patience. The quicker you learn to live and do business the 'Thai' way, the faster you would ride the road to success.

## Fundamental business factor

Relationship building is one of the most important factors for success in doing business. Thailand is a country in which social engagement plays a major role in building trust. This reveals that maintaining and presenting good profile is very important for Thai people. Coming straight to the point in a business presentation is not always the 'Right' way to win customers, rather building up a relationship first over first meetings and then proposing the business proposal would be the right way to go about it.

## Business relations

Even though Thai people are extremely tolerant and forgiving, businessmen, women and tourists should observe the proper social customs in order to avoid the embarrassment from any sort of misunderstandings. In Thailand, business relationships highly depend on close personal relationships. Respect for the status, patience and also not losing face values can be an appreciated in Thai culture.

## Presenting yourself

"Khun" is the word which is used for addressing Mr, Ms, Mrs, and Miss, for example Khun Peter. Thai people also use nicknames instead of given name. Once Thai nicknames are introduced by the party you can call him/her by adding Khun to it.

## Exchanging presents

Exchanging of gifts is a regular practice for doing business in Thailand. Gifts don't need to be expensive, but it portrays a gesture, which may assist in building strong relationship with partners and clients. Gifts should be accepted with a slight nod and a 'wai' and should not be opened as and when received.

## Business cards

Visiting cards or business cards are used extensively in Thailand, preferably with the Thai language version placed on one side of the card. In Thailand, mostly it is called “Name card”.

## Behavior and dress code

Thai value systems are dependent on the dress, religion, social behavior, sexual orientation and are more conservative compared to an average Western culture. In business, Thai people tend to follow the formal dress code.

## Communication

Thai people will not admit if they didn't understand a communication, in order not to offend their foreign counterpart. Expats, specially from the West might leave the meeting thinking they have reached an agreement, but in reality it is just the opposite. Miscommunication is one of the most common things in Business which lets a Foreigner be baffled. It is highly recommended to have a good interpreter in the form of a secretary or assistant for better communication and understanding in business.

## Build your business with agility

Thailand consists of a diverse and rapidly evolving marketplace, and your business needs should be imbued with necessary agility that will make it more flexible in adapting to changes without compromising its foundation. You need to learn based from experience and personal dealings with your customers, and be sensitive enough to address the needs and preferences of your potential customers.

## Invest on local talents

Because the Thailand business practice has a strong cultural foundation, it is important to invest on the local talents who can become assets in helping build a closer relationship with your customers for your business.

Local talent can help you explore all business opportunities available with a strong “insider” tip on how to deal with local customers especially in terms of cultural considerations.

## Build trustworthy business and personal relationship

Penetrating the Asian business world always requires socialization as a means of engaging in personal relationships and building trust. You can best market your start-up business by taking the baseline step of building your social and business network. Most business in Asia are family oriented thereby building trust and personal credibility is very important in social dealings. Showing genuine concern that goes beyond business can help you gain the trust of your customers and potential clients.

Being in an Asian business environment requires a lot of sensible marketing approach in order to help your start-up business thrive better in Asia. As an investor, entrepreneur or aspiring business magnate within the Asian market, it is crucial to learn balancing business interests with the norms of Asian business culture if you want to gain a good business reputation within the Asian marketplace.





# Critical Success Factors

It's certainly not that Thailand wants to make it difficult for foreign businesses to do well. Financial discipline and respect for the local people of Thailand is the key, and the Government of Thailand is looking to build successful, strong businesses to accelerate an emergent business economy.



## Ensure that you hold controlling interest in the company

It's very obvious, that most of the foreigners cannot have more than 49 percent of shares holding in a Thai company, but they are not aware of the fact that there are other ways available for them to have a full control over the company with the minority shares. The magic words are "Preference Shares". Effectively, even a small holding of preference shares can hold the majority of all the common shares combined. Such kind of setting should take place at the time of the incorporation of the company. Though it's possible to make such setting after incorporation, but it can be a costly endeavor and also a time consuming one.

## Don't clutch anyone who is a Thai for the purpose of shareholders

Under the corporate laws of Thailand, you need to have a minimum of shareholders i.e. three shareholders and if you are a non-national shareholder, there must be at least two Thai shareholders in your company. Most of the foreigners do not have the "real" Thai business partners as shareholders, so most often they grab any "Somchai" that they know and make them a shareholder of the company.

Evidently, making a random partner in the company is unwise and very risky because that the upcoming new partner lawfully holds majority ownership in the company!

As already stated above, Preference Shares still keeps your control the company, conversely it goes without saying if your partner is holding any shares in your company, make sure that your partners are someone whom you can rely on and are engaged in the business to get sign contracts, signatures and have a deep interest in the success of the company.

## Understand that process would take time and will require a lot of "Hoop-Jumping"

The English proverb "Rome wasn't built in a day" is very suitable in the context of setting up a Thai Company. However, if all the partners of the Company are Thai directors and shareholders, then it can be a day's work, but adding a single Foreigner into the company can get things more complicated.

Let's revisit the mistake number 2: Most of the Foreigners commencing a business in Thailand may not have Thai shareholders that are able or willing to invest funds into the business as capital. The corporate law of Thailand states that any company with foreign shareholding requires that all the shareholders including Thai shareholders and foreigner shareholders, must give their bank statements to confirm that they have sufficient funds to cover the number of shares held.

Most of the Thai shareholders do not have such type of money lying around, it means probably you need to set up your company with all Thai directors and Thai shareholders. Only after the incorporation of the company you can change or modify the shareholder's agreement to foreign owned of up to a maximum of 49 percent.

Another frequent problem that arises during setting up a company with a foreign shareholder, is changing the director of the company from a Thai national to a non-national (Foreigner). If you can work lawfully in Thailand, this won't interrupt you, but most of the foreign business owners don't hold a legal work permit in Thailand. This can become a problematic issue because without holding a Thai work permit, a Foreigner entrepreneur is unable to sign any legal documents or contracts on behalf of the company.

Consequently, to make everything good, you must obtain a Thai work permit before becoming a director in the company, and that generally takes about three months or so.

For those who don't like or can't able to spend sufficient time in Thailand, the occasional business travel won't be of much assistance for the success of their prospective business. It is essential that firm has a local representative to maintain the ongoing contacts and also interaction with the proposed partner.

*Be Adventurous, Be Creative, Be Patient In Thailand...*

*...Success Will Follow You!*



# Andy Aditya

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## About the Author

Andy Aditya ([andyaditya.com](http://andyaditya.com))

For the last 25 years, as an accomplished startup specialist, Andy has started and built over 20 companies in Thailand and Asia encompassing 15 diversified industries. As a resident of Thailand for last two decades, Andy has been assisting foreign as well as Thai companies to start new ventures, with the goal to achieve ROI at the shortest possible time. Since his initial years in Thailand, Andy has been mitigating business risks and constraints for business owners as their friend, philosopher and guide.

He has been an accomplished executive with high-caliber in general management skills gained through hands-on experience in core business functions like strategic planning & operations, sales & marketing, international business & sourcing, product development & branding and financial & employee management. This has given him a proven record for building product/service offerings with a competitive position to grow revenue, profit and business value.

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