



# Business that fits like a glove

By Lyn Cacha

Even with the economic recession, the global healthcare industry is expected to stay buoyant as more people -- despite their economic status -- age, live unhealthy lifestyles and succumb to sickness. With this, it is expected that the demand for healthcare services, medical devices and supplies will increase over the years.

In the global market, Malaysia is one of the largest exporters and producers of latex gloves. It currently supplies 65% of the world's natural rubber and half of the world's nitrile gloves. As more manufacturers join the glove manufacturing bandwagon, the Standard Malaysian Glove (SMG) was introduced to further improve barrier performance and minimise the risk of later protein allergy.

Despite facing fierce competition from neighbouring countries such as Thailand with its abundant latex and labour force, Top Glove Corporation Bhd remains a leading and largest glove provider in the world. Mr. Tan Sri Lim, Wee Chai, Chairman and Founder of Top Glove, shared with International Plastics News for Asia (IRNA) how the company made serious investment moves and adopted new processing technologies to produce gloves that meet customers' diverse requirements.

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*— Mr. Tan Sri Lim, Wee Chai, Chairman and Founder, Top Glove Corporation Bhd*

**IRNA: Top Glove is the world's largest manufacturer of rubber gloves. What are the various types of gloves do you produce and their best features?**

**Mr. Tan Sri Lim:** We basically produce many different types of gloves that cater to various industries such as medical, food and beverage, industrial, household, surgical and cleanroom sectors. These gloves are made of various materials such as latex, nitrile, vinyl, and polyethylene. Each of our gloves has a unique feature. For instance, our latex surgical gloves are very comfortable even after long periods of use as they are fully anatomically designed to provide superior flexibility and grip, whilst reducing hand fatigue to the user.

**IRNA: What were the past moves undertaken by the company to reach this highly respected position in the global market?**

**Mr. Tan Sri Lim:** The best companies always rise to the top and find a way to thrive in spite of difficult economic conditions. We think that having a clear business direction and corporate culture are keys to our company's success. We value honesty, integrity, and transparency.

Our business direction is to produce consistently high quality

gloves at the most affordable cost. We have continuously improved our product quality and production efficiency. Research and development initiatives are undertaken to achieve continuous improvements and unfailing satisfaction of our customers' needs.

Aside from securing quality and cutting expense, we continue to work on expanding our business through strategic investments. Having the foresight to expand capacity is another important factor to our success. It enables us to capture the growth in the rubber glove industry. Top Glove's focus on being an OEM since the early days has allowed greater economies of scale which translate to more competitive pricing. The consistency of the product quality coupled with competitive pricing has enabled the company to penetrate new markets and steadily gain market share. These and more initiatives on our part have enabled us to overtake a major supplier in mid-2004 which led us to become the world's largest rubber glove manufacturer.

Furthermore, the demand for gloves is almost recession proof, as these are deemed a necessity item especially in the medical industry. Its importance as a protective agent is compounded during the global health scares like SARS and H1N1. Global demand for rubber gloves has risen by 8% to 10% per year, with still many opportunities in the emerging markets where glove usage is low.

**IRNA: Where are your facilities located and what are their capacities?**

**Mr. Tan Sri Lim:** Currently, we have 22 factories -- with 16 located in Malaysia, four in Thailand (including two latex concentrate plants), and two in China. These factories are equipped with 447 production lines and have a total production capacity of 40 billion pieces of gloves per year.

**IRNA: Do you adhere to a quality control standard?**

**Mr. Tan Sri Lim:** We ensure high product quality by implementing a comprehensive quality assurance system. All in-house inspection and testing are conducted in accordance with international product quality standards such as ASTM, EN, ISO and NBR standards. We also

conduct quality control of all the incoming raw materials, in-process parameters, up till the outgoing finished products.

Since last year, we have also extended our quality control exercise to include inspection and testing of raw materials at our supplier's premise. This practice ensures only high and acceptable quality raw materials are delivered to Top Glove.

We have also automated many of our processes to reduce human error and for greater consistency of product quality. For example, the utilisation of auto-dosing system, robotic arm auto-stripping machines, automatic tensile strength testing machines, SCADA system for better monitoring and control of oven temperature and many more.

**IRNA: What external factors currently affect your operations and how do you respond to these?**

**Mr. Tan Sri Lim:** Currently, fluctuating raw material prices, in particular latex, is a major cause for concern in our industry as it forms the main cost component of our product. Fortunately, our customers are aware of the cyclical nature of rubber prices and due to our established business relationship with them, we are able to pass on the majority of the increased cost of raw material to our customers. Similarly,



A comprehensive quality assurance system has been put in place.

when latex prices go down, customers will enjoy lower glove prices.

Adverse foreign exchange movements, in particular, the weakening of US dollar is another negative market condition that we have to deal with currently. To mitigate the negative impact of the rising Ringgit, Top Glove has been rigorously hedging its open foreign exchange position with forward contracts.

Other external factors that affect an export oriented business like ours are the global economic uncertainties. Fortunately, the glove industry is fairly resilient to the cyclical effects of the economy as gloves are deemed a necessity item especially in the medical industry.

We also ensure we also spread out the risk by not relying on any one particular customer. Over the years we have been building our customer base around the world. To date, we have 1,000 customers in over 180 countries with no single biggest customer constituting more than 4% of our revenue. This has helped cushion any negative effects from the world economic downturn.

**IRNA**

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