

# Chemoil Corporation

*Growth Story*

*Agony & Ecstasy*

Robert V. Chandran  
CEO

[RVC@chemoil.com](mailto:RVC@chemoil.com)

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# *Questions before Us*

- Can entrepreneur transform a small business to billion \$ corp.?
- What does it take for transformation?
- Struggles of Global Management?
- Upside for a Global Corp.
- Can distance and culture gaps be bridged?
- What types of business fit Global structure?



# Personal Vision

*Strive to leave Footprints  
on the Sands of Time*





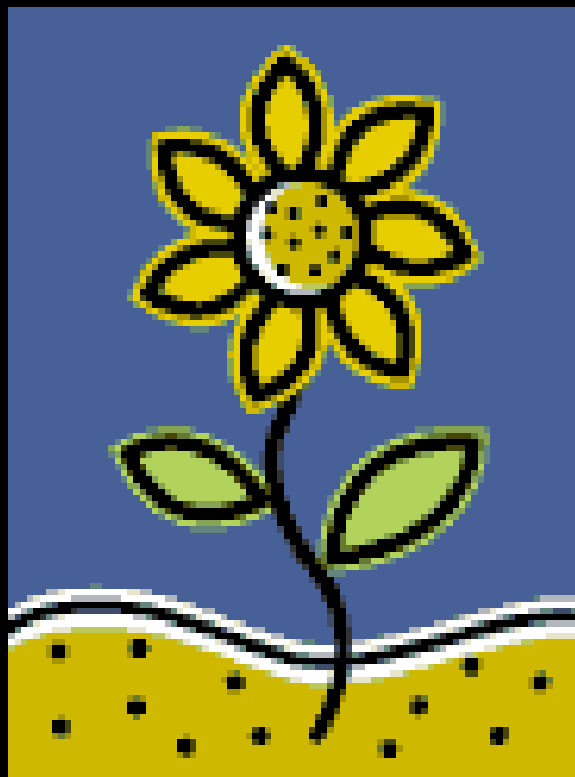
# Mile Markers

- Started in September 25, 1981
- INC 500 in 1986
- Forbes 400 in 1990
- Group Revenues 2004: \$3.5 Billion
- Global Operation
- Largest Independent in bunker business



# Business

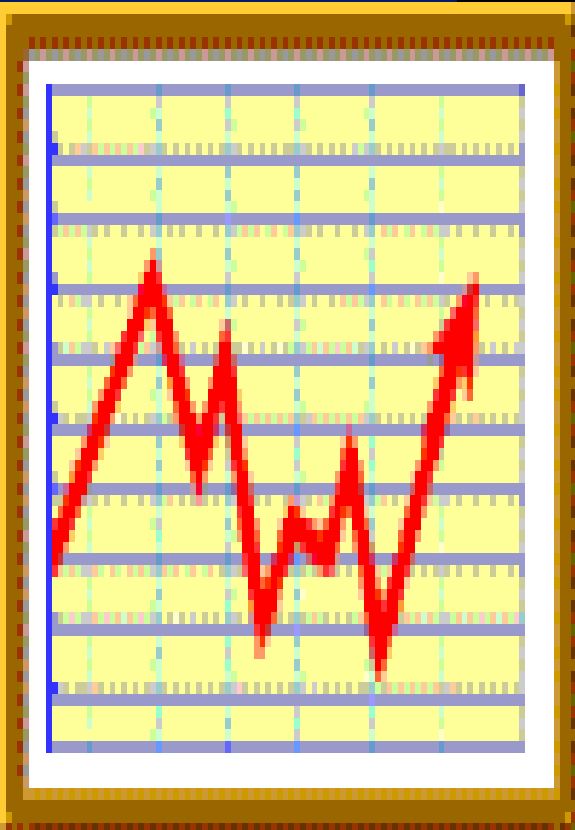
- Petroleum : Fuel Oil
  - ◆ Retail : Bunker Business
  - ◆ Trading : Cargo
  - ◆ Shipping / Barging
  - ◆ Terminal / Pipelines
- Technology
  - ◆ Software
  - ◆ Ecommerce
- Back office



*Growth*

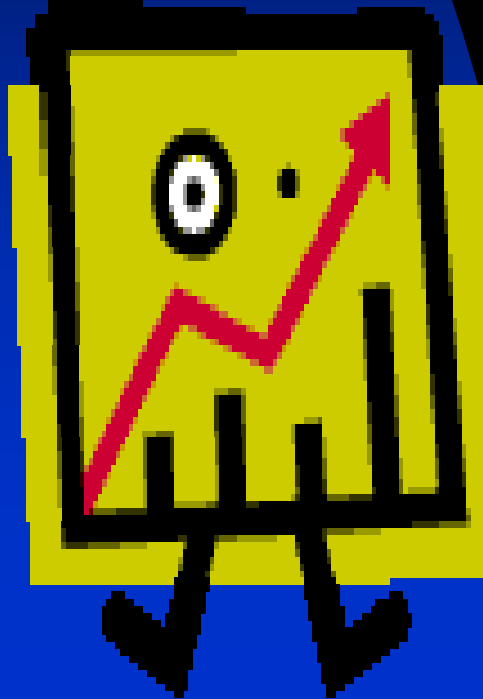
# Growth: Phase I

- Global marketing
  - ◆ Copenhagen, London, Hong Kong, New York, Sydney
- Increasing Supply Locations
  - ◆ Los Angeles, San Francisco, Houston, Singapore
- Consolidation
  - ◆ Closing – offices
  - ◆ London, New York, Hong Kong, Sydney,



# Growth: Phase II

- Achieving Critical Mass
  - ◆ Market Share : Los Angeles
- Capturing Asset margins
  - ◆ Terminal, Refinery, Barges, Ships
- Evolution of control of Assets
  - ◆ Ships: Voyage charter, COA , Time Charter, Ownership
- Risks:
  - ◆ Capital Intensive, Different Mgt.



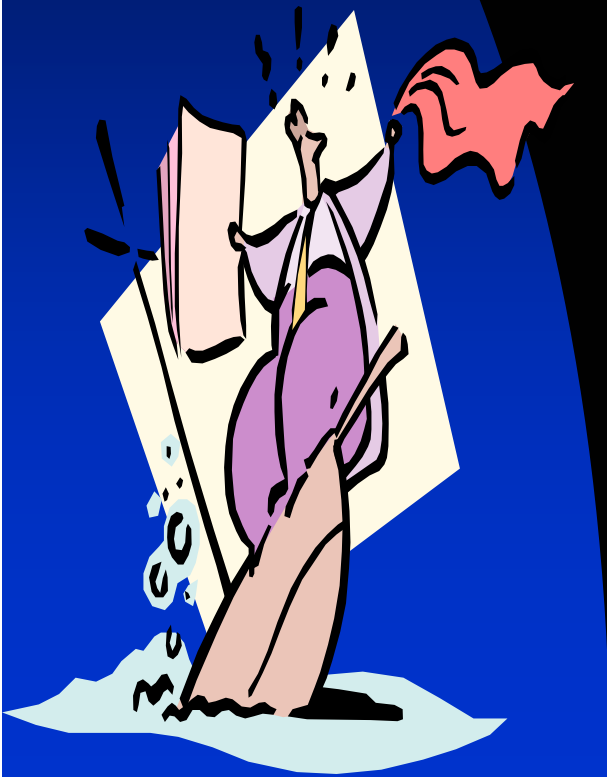
# Growth Vs Financial Strategy

- Small Capital High Leverage
  - ◆ \$1 Equity = \$45 Sales
- Self Sustaining Growth
  - ◆ 1% Return on Sales
  - ◆ 45% ROE
- Money Guzzlers : Assets
  - ◆ Tough assets to get long term debt
  - ◆ OPA 90
  - ◆ Unexpected cash drains



# Crisis 1993

- Mismatched Finances
  - ◆ Low equity: High Growth
  - ◆ Fixed Assets: No long term debt
- Low cycles of all business coincided
  - ◆ Phenomena once in 15 years
- Survival by sheer determination
  - ◆ Cut expenses, Closed operations, End justifies the means, Focus on Profit



# New Strategy

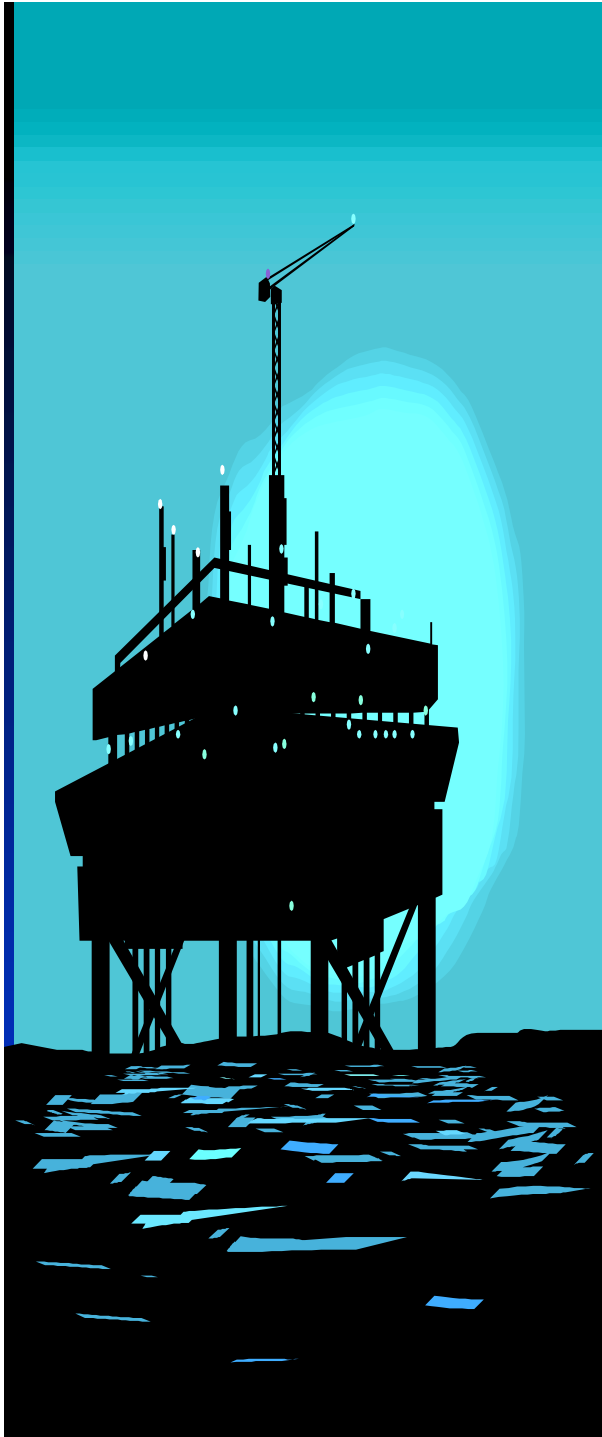
- Profit before Growth
- Fix Equity : New Partner?
- Rebuild Banking Relationship
- Risk Averse in Growth
- New Partner : Itochu
- Build Partner confidence : Profits
- Building Operating strength- Back Office, Technology, Paper Trading, Cargo operations, Global Presence



# How to Grow Globally: Safe

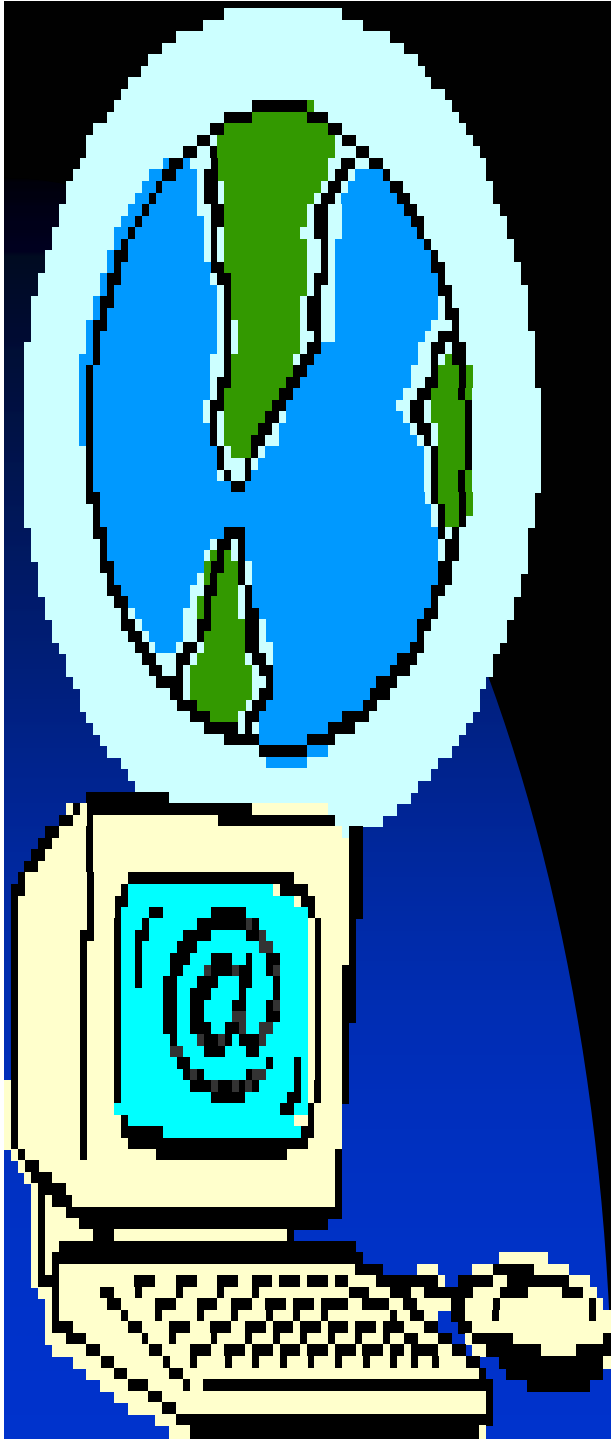
- To find Entrepreneurs
- Buy 50% of existing entrepreneurial Companies
- Buy them cheap or Goodwill partly on future earnings
- Take successful teams and pay them well to bring the business
- Identify risks and search for reinsuring Risks





# Petroleum

- United States of America
  - ◆ San Francisco , Los Angeles
  - ◆ Houston , New Orleans ,
  - ◆ New York, Philadelphia
- South America
  - ◆ Panama, Colombia
- Europe
  - ◆ Rotterdam
  - ◆ Antwerp
- Asia
  - ◆ Singapore



# Technology

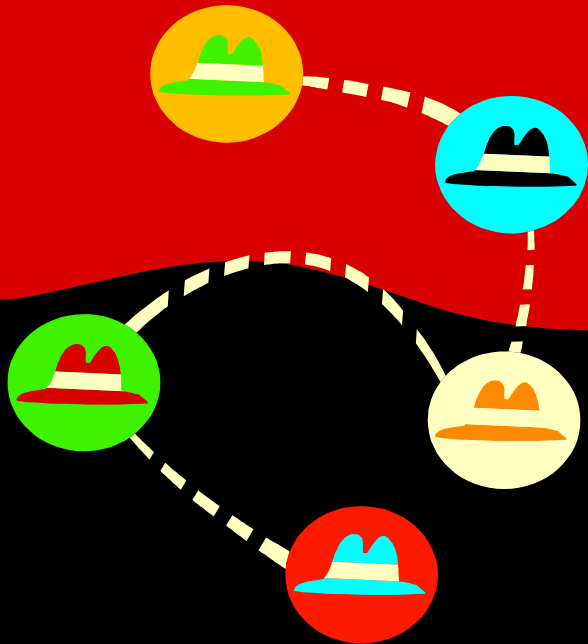
- Asia
  - ◆ California Software – Public Co.
  - ◆ Madras
  - ◆ Tokyo
- United States of America
  - ◆ San Francisco
- Europe
  - ◆ Cambridge, UK



# Back office

- Highly Qualified, Cheap labor
- Cheap communications
- Available Technology
- Cost 10-15% of United States
- Madras –office
- Accounting
- Finance , Collection
- Websites : Conquest
- Control. Audit

# *Business Strategies*

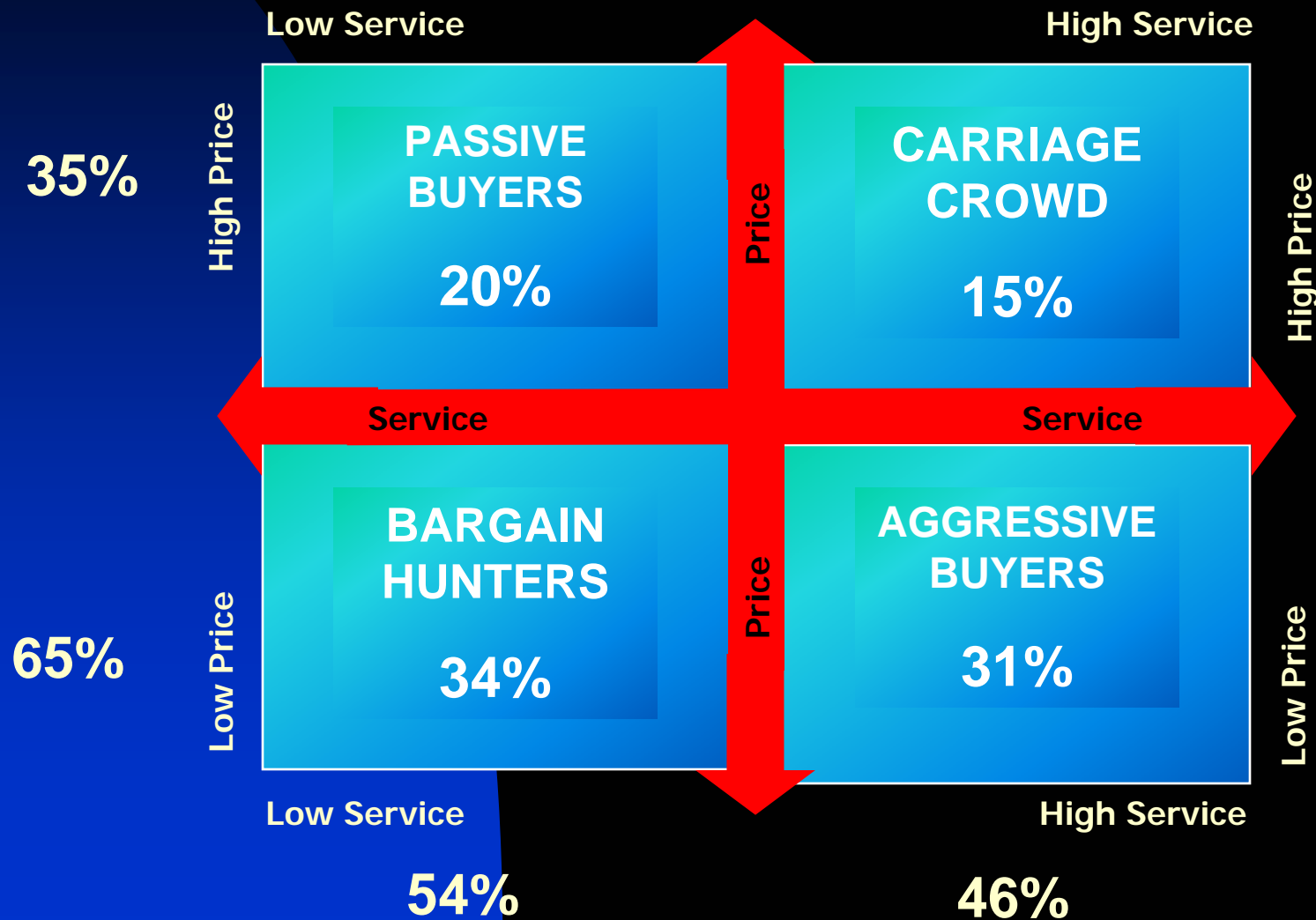


# Niche Development

- Market Share
- Logistics
- Supply Relationship
- Management
- Financial Clout
- “ Can Do ” Attitude
- Excellent Back office
- Technology



# Manage Customers for Profit

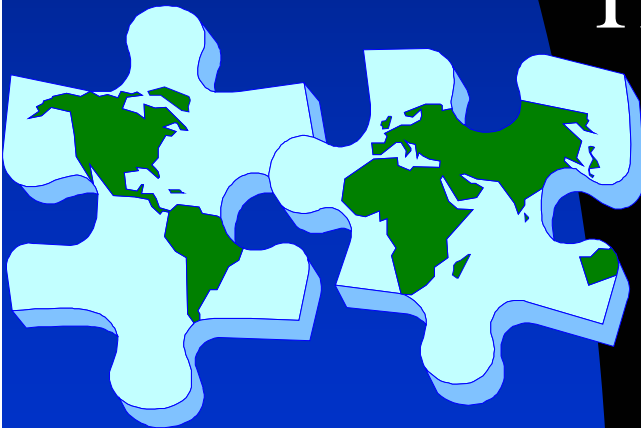
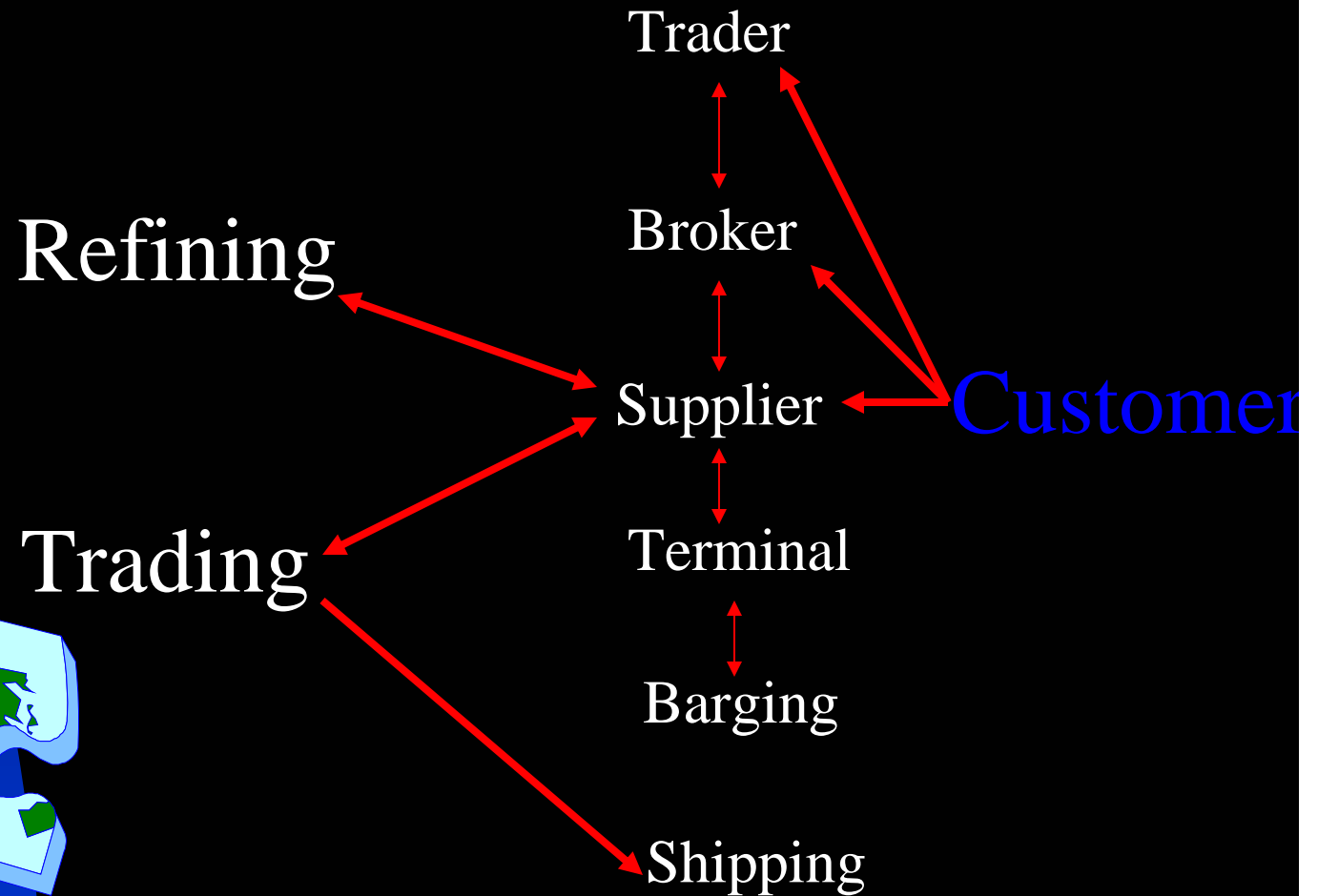


# Global Reach

Americas	Europe	Asia	New Area
USA Panama Colombia	Rotterdam Antwerp	Singapore	Middle East India
	Mediterranean. Africa		South America Africa



# Market Place



To achieve know how in each area of Market !

An illustration on the left side of the slide shows two stylized figures, one with green hair and one with black hair, both wearing white shirts and brown pants. They are holding up a large, yellow banner with the letters 'CM' in green. The background is a light green gradient.

## *People Management*

- People will make the difference
- Every employee is a story to be read
- Loyalty comes out of commitment
- To forgive is Divine
- Employees work for individuals not companies
- Always provide safety net for good potential employees

# Curiosity

- It is living with a view..... Things can be better... present has to be changed
- To understand how the world works
- To be curious what makes people tick
- Replace rationalization, with fact finding



# *Lessons Learned*

- Always have alternatives
- Bigger is better
- Companies do what Boss does
- Positive attitude is foundation for success
- Live with the deal
- Think and do Good so Good comes to you
- Always thank the ones that made you





**Thank You!**

**Any Questions?**