

United Business Systems (Pvt) Ltd.

Analysis of Business Environment

How to Keep Pace with the Changing Business Environment by Changing Strategy and Use of Information Technology

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Dedicated to the never-ending love of my parents.....

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1 Introduction

1.1 What are Prefabricated Structures

Prefabrication is the practice of assembling components of a structure in a factory or other manufacturing site, and transporting complete assemblies or sub-assemblies to the construction site where the structure is to be located. The term is used to distinguish this process from the more conventional construction practice of transporting the basic materials to the construction site where all assembly is carried out.

An example from house-building illustrates the process of prefabrication. The conventional method of building a house is to transport bricks, timber, cement, sand, steel and construction aggregate, etc. to the site, and to construct the house on site from these materials. In prefabricated construction, only the foundations are constructed in this way, while sections of walls, floors and roof are prefabricated (assembled) in a factory (possibly with window and door frames included), transported to the site, lifted into place by a crane and bolted together.

The theory behind the method is that time and cost is saved if similar construction tasks can be grouped, and assembly line techniques can be employed in prefabrication at a location where skilled labor is available, while congestion at the assembly site, which wastes time, can be reduced. The method finds application particularly where the structure is composed of repeating units or forms, or where multiple copies of the same basic structure are being constructed. Prefabrication avoids the need to transport so many skilled workers to the construction site, and other restricting conditions such as a lack of power, lack of water, exposure to harsh weather or a hazardous environment are avoided. Against these advantages must be weighed the cost of transporting prefabricated sections and lifting them into position as they will usually be larger, more fragile and more difficult to handle than the materials and components of which they are made.

The most widely used form of prefabrication in building and civil engineering is the use of prefabricated concrete and prefabricated steel sections in structures where a particular part or form is repeated many times. It can be difficult to construct the formwork required to mould concrete components on site, and delivering wet concrete to the site before it starts to set requires precise time management. Pouring concrete sections in a factory brings the advantages of being able to re-use moulds and the concrete can be mixed on the spot without having to be transported to and pumped wet on a congested construction site. Prefabricating steel sections reduces on-site cutting and welding costs as well as the associated hazards.

Prefabrication techniques are used in the construction of apartment blocks, and housing developments with repeated housing units. The quality of prefabricated housing units had increased to the point that they may not be distinguishable from traditionally built units to those that live in them. The technique is also used in office blocks, warehouses and factory buildings. Prefabricated steel and glass sections are widely used for the exterior of large buildings.

Detached houses, cottages, log cabin, saunas, etc. are also sold with prefabricated elements. Prefabrication of modular wall elements allows building of complex thermal insulation, window frame components, etc. on an assembly line, which tends to improve quality over on-site construction of each individual wall or frame. Wood construction in particular benefits from the improved quality. However, tradition often favors building by hand in many countries, and the image of prefab as a "cheap" method only slows its adoption. However, current practice already allows the modifying the floor plan according to the customer's requirements and selecting the surfacing material, e.g. a personalized brick facade can be masoned even if the load-supporting elements are timber.

1.1.1 Advantages

- High capacity - enabling the realization of important projects
- Factory made products
- Shorter construction time - less than half of conventional cast in site construction
- Independent of adverse weather conditions during construction
- Continuing erection in winter time until -20 °C
- Quality surveillance system
- Opportunities for good architecture
- Healthy buildings

- Reduced energy consumption
- Environmentally friendly way of building with optimum use of materials, recycling of waste products, less noise and dust, etc.
- Cost effective solutions
- Safety in construction
- Increase in the quality of construction
- Reduction of construction waste

1.1.2 Disadvantages

- Leaks can form at joints in prefabricated components.
- Transportation costs may be higher for voluminous prefabricated sections than for the materials of which they are made, which can often be packed more efficiently.
- Large prefabricated sections require heavy-duty cranes and precision measurement and handling to place in position.
- Larger groups of buildings from the same type of prefabricated elements tend to look drab and monotonous.

The demand for prefabricated structures in Pakistan is projected to grow by many folds in the coming years keeping in view the announcement of China Pakistan Economic Corridor CPEC which will not only be needing quick building solutions but also structures with easy and quick mobility. Apart from CPEC the growing concern about earthquake resistant structures in the country will also play a vital role in flourishing the prefabricated structure industry.

1.2 UBS Background

United Business Systems (Pvt) Ltd. has a diversified portfolio consisting of construction, manufacturing and trading services offered to its wide spectrum of clients. It has been in the field of steel structure construction for the past 10 years and is a reliable name when it comes to turnkey projects. UBS is committed to timely complete and deliver the projects it undertakes ensuring the satisfaction of its clients. The steel structure construction division has its own skilled team which is capable of managing various diverse projects at multiple locations at the same time by integrating its production, sales, design and construction. The strength of UBS lies in the fact that it offers a one stop shop or total turnkey solution to its clients requirement of steel structures with value added services like designing, fabrication and managing different projects at different levels.

1.2.1 Business Details

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1.3 UBS and it's Clients

Client satisfaction plays the pivotal role for UBS relationship with its clients. UBS aims to not only delivery quality but also do it in a manner which no other company can offer by reducing the cost without compromising on the quality, hence creating a win win situation for both itself and the client. Following are some of UBS's main clients.

- ANDRITZ Hydro
- DESCON Engineering (Pvt) Ltd
- Bahria Town
- EKL (Pvt) Ltd
- ERRA
- ICI Pakistan
- IKAN
- MPCL
- Shaheen Foundation
- Read Foundation
- ZEALCON

- UNICEF
- SPAPEV
- Pakistan Army
- Private Contractors
- Private House Owners

As it is clear from the above list that UBS has clients from both B2B and B2C category however it mainly targets B2B segment which is a larger and more profitable of both the categories. Keeping this in view it is essential for UBS to keep on reviewing this segment on regular basis to identify potential areas for growth. This analysis has become more important due to current developments taking place in Pakistan such as China Pakistan Economic Corridor (CPEC) which is claimed to be the game changer for the region.

The aim of this project is to analyze the prefab structure industry in general and point out potential areas for growth. This will also involve reviewing of UBS current strategy towards its B2B segment to identify strengths and point out where improvements are required.

2 Strategic Analysis

2.1 The need of the Project and Overview of Steel Structure Industry of Pakistan

Pakistan has an estimated aggregate steel consumption of around 7 million tons per annum in the organized sector. This translates to a per capita consumption of approx. 37 kg, nearly a fifth of the global average of 225 kg. Demand for steel is primarily driven by the construction and manufacturing sectors, collectively accounting for over 90% of aggregate steel consumption.

This market is mainly divided into raw product (iron ore and scrap); flat products (sheets and plates used in the automotive sector); long products (steel bars, wire rods, rails and structural used in infrastructure development), tubes and pipes. However, the industry is not very stable, as according to the World Steel Association, in 2008, Pakistan's contribution to the global market was 0.1%, yet by 2015 it had dropped to 0.06%. Part of the reason for this lack of dynamism is the fact that the steel market is

extremely fragmented. There are at least 600 big and small players in the industry, with no clear leaders able to provide direction to the industry.

This growth has been propelled by the demand generated by large infrastructure projects such as DHA City and DHA Oasis, Bahria Town and luxury projects by Emaar Pakistan and increasing demand in the automotive sector. Another important factor set to fuel growth is the China Pakistan Economic Corridor (CPEC); this \$46 billion mega infrastructure project is expected to increase demand exponentially.

A huge threat to Pakistan's steel industry is Chinese imports. Pakistan has a Free Trade Agreement (FTA) with China and this means that finished goods are imported at concessional rates of duty.

Despite key challenges including structural issues as well as dumping of cheap steel from China, we feel that the industry has a positive outlook on the back of anticipated infrastructure development activities because of CPEC. Although this is slated to lead to unprecedented development in infrastructure (consequently an increase in demand for steel), however question still remains whether the Chinese will use Pakistani labour or indeed and more pertinently if they will opt to import Chinese steel rather than use steel made in Pakistan.

Achieving the above proposed approach is not possible unless we have a complete knowledge about the company, industry in which it is competing and the industrial environment of the country.

For understanding the company SWOT analysis is an easy and effective way to point out strengths and weaknesses of a company. SWOT analysis also highlights the opportunities in the market. To develop and launch a new product in any country anyone must do the strategic analysis and get idea about the market and the customers. we have used following two models to do the strategic analysis of the market and customers so that we can see if the market situation is favorable for launching a product like ours.

2.2 SWOT Analysis

SWOT analysis was done of UBS so that we have an idea about opportunities in the market and our strengths and weaknesses. It will enable us to judge what new opportunities are available and whether UBS is ready to take advantage of those emerging opportunities or not.

2.2.1 Strengths

- A strong and very skillful team who can tackle any technical issues related to steel structure industry, so this saves the cost of new team development for the company.
- As UBS has a vast area of Industrial land at it's disposal, therefore to further extend business by introduction of more manufacturing plants in the same field or any other field is not a big deal as far as investment in acquisition of land or building of industrial sheds is concerned.
- UBS offers one stop shop for it's clients. It offers solutions from designing to implementation and is a trusted name when it comes to turn key projects thanks to it's dedicated and professional team.
- UBS is mostly importing raw material directly from various manufacturers in China. This gives UBS a cost advantage over it's competitors.
- Importing raw material directly from manufacturers does not only gives cost advantage but also gives UBS more control over the product quality and consistency.
- Since majority of the customers of steel structure industry are concerned mostly about the quality therefore UBS direct import of raw material gives the company edge. If carefully figured out the low cost advantage of directly importing raw material from manufacturers along with better quality can be the source of sustainable competitive advantage for UBS.
- The existing customer base of UBS is satisfied with the products and services of the company and hence can be used as a source of marketing by the company. In other words they can play role of advocates for the company.
- UBS experience in the field of sandwich panels production is unmatched for not only the new entrants but also the existing competition. So UBS can use it as a source of charging premium from it's clients.
- Good financial management and financial resources enable UBS to invest either in the form of product extension or diversification.
- Importing from manufacturers directly forces UBS to have a good quantity of raw material in stock. This situation can also be used to charge premium from customers when raw material is scarce in the market.
- Direct importing allows UBS to stay a step ahead of others when it comes to sudden price fluctuation of raw material in the international market. UBS can use this when procuring material and charging premium from customers.

2.2.2 Weaknesses

- Pre fab steel structure industry is still in developmental stage in Pakistan hence UBS still has a long way ahead in terms of developing and establishing itself in this market.
- Majority of the population compares monetary aspects of this construction with the conventional practice of construction and find no significant difference. What they forget to compare is the time and maintenance value which is of much more importance. Hence UBS will have to strive and create awareness in the market.
- Currently, UBS is not a very big company having head office located in Islamabad. Estimating the development of the market and increasing pace of business UBS will have to open local offices on provincial levels to cater needs all across the country. Although one central office makes control strong but also creates limitations for operations and marketing.

2.2.3 Opportunities

- Pakistan being sixth most populous country becomes a huge ground of opportunities
- Announcement of China Pakistan Economic Corridor (CPEC) which is a 43 Billion Dollars projects sets the grounds ready to make Pakistan a financial hub of the world in next 10-15 years.
- There is very little competition in Pakistani market as of now. There are only few local companies having reliable names in the market. Since this is a huge market and has lot of potential so we feel that there is a big opportunity for UBS in Pakistani market
- Many countries including US, Canada, China and UK have shifted from conventional construction to pre-fab structures which opens many opportunities for Pakistan.
- Pre fabricated structures are becoming famous for their quick installation and portability making it a worthy investment. This aspect is of high importance as most of the businesses want their investment to be safe and long lasting.
- People all across the globe and Pakistan are always looking for an easier and faster way to get the things done and when it comes to construction this mentality becomes more critical.
- It's the latest and efficient new technology and people are moving towards it.
- People in Pakistan are looking for one stop shop for their needs and hence prefer companies who are capable of taking care of everything even if they charge a bit high for these services.

2.2.4 Threats

- Since Pakistan is not a developed market and hence is not able to control raw material prices therefore slight fluctuation in developed markets will have a bull whip effect on Pakistani market.

- The potential of CPEC is huge and hence will attract not only customers for prefab structures but will also attract manufacturers especially from China.
- Chinese companies play on the basis of low cost hence it will be difficult for Pakistani competitors to catch up with them.
- Not only new manufacturers will enter the market but as this does not require huge investment different traders of raw material as well as the customers will be tempted to invest in this field by forward or backward integration.
- There is no protection to the local manufacturers from the government end to safeguard their interest and promote existing local manufacturers instead of foreigners and new investments especially from China who can change the rules of the game due to their low cost offers.

2.3 Porter five forces Analysis for the Industry

Porter's five forces analysis is a framework that attempts to analyze the level of competition within an industry and business strategy development. It draws upon industrial organization economics to derive five forces that determine the competitive intensity and therefore attractiveness of an Industry. Attractiveness in this context refers to the overall industry profitability. An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability. A very unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit.

To identify potential areas for growth it is important to first analyze the industry in which UBS competes. Applying Porter 5 forces to the steel structure industry can give a better view of the whole industry.

So to analyze the current situation of the Pre fab Steel Structures industry in Pakistan we decided to use porter five as well so that we can check the current status of the country as well as to get an idea that in future how much competition is expected.

Threat of New Entrant for steel structure industry is therefore (High) Threat of Substitutes (Low/Medium) Bargaining Power of Buyers (High) Bargaining Power of Suppliers (High) Industry Rivalry Substitutes Rivalry among Existing Firms (High).

Let's analyze the steel structure industry in the light of Porter's 5 forces.

2.3.1 Threat of New Entrants (Medium)

There exists a high threat of new entrants for the vendors of steel structure industry. This threat has become even intense due to the introduction of Chinese products for the last couple of years. Majority of the customers have not switched to the purchase of cheaper Chinese products yet due to limited approach and less risk taking ability, but the market of steel structure and its raw material has seriously been jeopardized by Chinese alternatives available. The low entry barriers have enabled Chinese to approach the local markets of Pakistan and to flood their products taking advantage of their low cost products. The absolute cost advantage and easy access to the markets for Chinese manufacturers has made it highly challenging for the local industry players to compete against them, with in the given resources. Therefore, the local players are forced to make huge cuts on their profit margins to fight against the cost leadership of Chinese products and to retain their existing customers. It is expected that the situation will become even worse for the local players of the industry with the introduction of free trade under the CPEC umbrella.

On the other hand considering the entry of local competition, since the investment involved is not significantly high and labor availability is also not an issue, therefore it is easy for any big steel producing giant or any other group to enter this industry and take advantage of opportunities emerging after the announcement of CPEC.

Entry barriers are high as there are no laws in Pakistan for safeguarding the existing local manufacturers. Another factor for this is that not a very huge investment is needed to enter into this market. There is huge growth opportunities and potential in the market and people have realized that now and they have started to take interest.

2.3.2 Threat of Substitute Products or Services (Low or Medium)

The threat for substitutes is not quite intensive threat for the steel structure industry players and is not foreseen as most detrimental one in near future. The direct substitutes for the products of steel structure industry players are the conventional building techniques which are slowly but gradually becoming obsolete mainly due to the fact that they require a lot of time to complete as compared to steel structures. Also considering the mobility of steel structures the customers consider this as a worthy investment as compared to conventional buildings.

The local players have with time enhanced their product quality to meet the increasing demands of their customers. Hence, the products being manufactured by local manufacturers are highly susceptible to be substituted by conventional building techniques.

The industrial situation is more alarming for local manufacturers when we talk of indirect substitutes, in the form of Chinese competitors. The influence of Chinese manufacturers is very rapidly picking up and this is what has adversely affected the sales of local manufacturers, which indirectly has hampered the production of these manufacturers. The sales of Chinese manufacturers are expected to increase in future and increase the threat of substitutes for the local steel structure industry. A point to be mentioned is that this threat is not currently evident for customers who are not price sensitive and it is probably because these customers prefer expensive but locally manufactured steel structures due to their long term business relations with these local manufacturers.

There are not many other alternatives available (locally and internationally) so threat of substitute is low or somewhat medium. Main substitute is conventional method of construction however this is not of much significance because when both are compared on the basis of time period for completion and return on investment pre fab steel structures easily win from the conventional methodology. However awareness level in general public is low therefore it will take some few more years to have conventional construction completely taken over by the pre fab steel structures.

2.3.3 Bargaining Power of Customers (Buyers) (High)

In case of steel structure industry of Pakistan the bargaining power of customer is unfairly high. It is primarily because of the limited number of customers. As the main projects under the CPEC umbrella are awarded to Chinese firms enabling them to take advantage of this situation. On one hand these Chinese firms not only hold the key to mega projects but also have direct access to Chinese firms who are directly competing with the local players of the steel structure industry. Not only this but these Chinese firms having key to mega projects also get tax evasion from the government which enables them to get cheap goods from China directly even more cheaper. The only point favoring the local players is the time factor involved in importing the material from China directly. However this cannot be considered as a long term competitive advantage because once the CPEC moves forward it will allow Chinese firms to establish their own manufacturing plants in Pakistan.

In such a situation the manufacturers are left with no choice but to cut down their profits as much as they can to stay in the market. This also creates a tougher competition among the local players hence giving more strength to customers. The switching cost for customers is very low as compared to manufacturers. This also

allows the customer to force and implement their own payment terms on the manufacturers.

In Pakistan where there do not exist any strict policies and there are multiple producers of the same product, customers always have the option of alternate producer. Whereas, for producer there is not much choice to make and their business profitability is highly dependant upon their ability to retain the customers. This fact right away makes the switching cost of manufacturers very high as compared to customers and let the customers be in the high bargaining power. Having said this, it can be concluded that under the current scenario, for manufacturers to survive, it has become imperative to deliver competitively better products on the dimensions of both quality and cost.

Bargaining power of customers is very high because of limited number of customers and low awareness among public. These limited number of customers have different options in terms of both local and overseas manufacturers.

2.3.4 Bargaining Power of Suppliers (High)

The raw material (steel, iron and plastic) market in Pakistan is highly manipulated for the last few years. It is due to the low level of production and the increasing demand of steel in the steel structure industry there is an immense shortage of material in the market. This huge gap between supply and demand of the raw material has allowed the suppliers/distributors of steel to charge hefty premiums over raw material price. On the other hand the situation is equally dreadful for the manufacturers who sometimes due to the limited sources of raw material production have to pay exorbitant prices for the available material. Additionally, as the manufacturers are bound to follow the material specifications provided by their clients, therefore, they do not have the option of even using substitute materials. This fact places the raw material suppliers in the strong bargaining position.

In case of manufacturers who have direct access to supplier markets outside Pakistan are in a much better position. As they have direct access to bigger supplier markets they can directly take advantage of price fluctuation in those markets at an earlier stage than their competitors. However these manufacturers also run out of stock, this is when they have to rely on local suppliers to meet their needs. Time of procurement also plays a vital role in shifting power from manufacturer to the supplier. Therefore, manufacturers experience unfair squeezing from the local suppliers of steel. On the

other hand foreign suppliers can manipulate the situation by taking advantage of time required to deliver raw material.

Since in Pakistan we have limited available options in terms of suppliers from where raw material can be purchased therefore this situation favors the suppliers to charge more even when the prices in international markets are low because not all the manufacturers have direct access to raw material suppliers in international markets.

2.3.5 Intensity of Competitive Rivalry (High)

In general the rivalry among the existing firms is defined as high and level of cooperation can be found among manufacturers. It is primarily because of the fact that every manufacture is capable of manufacturing same set of products. So product differentiation boils down to only two facts

- Quality
- Cost

Therefore, as far as the product lines are concerned they are almost same to every manufacturer and this is what provokes them to be involved in fierce competition and hence rivalry.

To worsen the situation, there does not exist official associations of steel structure manufacturers which provides them a platform to communicate and to coordinate with each other on different problem areas. Struggle for resources also increases level of rivalry among manufacturers. It is mainly the shortage of raw material in local market which has triggered some malpractices among manufacturers. This trend is further deteriorating the interpersonal relationships of manufacturers and increasing the rivalry.

This also gives opportunity to not only Chinese manufacturers but also the customers who can take advantage of this intense rivalry and use it for their own good.

There is a severe competition in Pakistan as of now so the intensity of competitive rivalry is high. Not only between the local manufacturers but also as new entrants from China are coming in Pakistan the intensity of competition is increasing.

Keeping in mind all the strength and opportunities discussed in the SWOT and Porter's five force analysis we can see that it's a great opportunity for UBS due to CPEC to further extend it's business circle to foreign companies coming to Pakistan.

However at the same time invasion of Chinese companies will make the market tough by offering their products at low cost.

Pakistan being 6th world most populated country gives us vast opportunities to come into this business and capture most of the market share. Also, the development of this country due to foreign investment gives UBS an ideal situation to come up with new products in the same field or diversify it's business into other fields as well.

UBS can also seek to go for joint venture with any local or Chinese firm and get advantage of CPEC which is the biggest investment in the history of Pakistan. The pace of business is also increasing which demands for more centralized communication between all the departments and control of all the operations in the company. To do this modern technology will have to be used to make co ordination among various departments easy.

2.4 Proposed Approach

Considering the fact that due to CPEC this industry will get a boom therefore it is very important for UBS to not only align itself with the CPEC projects but also invest in other opportunities that may come in its way. Since UBS is one of the oldest players in the industry it is well positioned to do so. Such opportunities include introduction of new products to it's product range or diversify into other fields to take advantage of business growth due to CPEC which is a game changer for Pakistan.

Not only this but UBS should also rework on it's current strategy towards it's existing clients to ensure they stay loyal to UBS and do not fall prey to new comers in the industry. Although new comers will have to spend quite some time to establish their name and meet the quality needs of the market but customers who are looking for cheaper options and do not worry much about the quality can be an easy target for new entrants.

Assuming that the business will grow quite rapidly it is very important to keep pace with the increasing number of orders coming in and at the same time keeping an eye on the opportunities emerging in the market. Since UBS is currently following traditional business practices therefore for this purpose a user friendly software is required which can connect all the departments of the company and enable coordination among these departments to move away from traditional practices and save time and resources which can be put to other better use.

This software should initially reduce the dependence of various departments on one person for information about a particular order. Once this level is achieved this software can be further modified and can even be made available for the clients to keep up to date with their order details.

3 Existing Business Strategy and Proposed Changes

To keep pace with the changing business environment it is inevitable for UBS to review and revise its current B2B strategy. Currently UBS is not into very rigorous marketing practice and is relying on its existing customer base. However as the number of customers are increasing in the market it is very important that UBS makes an attempt to capture them and increase its customer base.

3.1 Types of Customers in Pakistan

As already mentioned there are two main type of customers in Pakistani market which are

- First category consists of customers who use pre fab structures for themselves. They are mostly concerned about the quality and focus on cost is a bit low. Their main aim is to get best quality in low cost but they are willing to pay premium for good quality. This category tends to be more loyal to a manufacturer and does not switch to other manufacturers easily.
- Second category consists of customers who purchase material from manufacturers and supply it to consumers. They act as intermediaries between manufacturer and the end consumer. This category is not looking for high quality unless or until

they are bound by their end customers to do so. These intermediaries are mainly successful when it comes to customers who are not very aware of the product quality and can easily be deceived or have knowledge about the product but have limited resources and are looking for cheaper options to just meet their needs. Hence this category is looking for low cost product and has the tendency to switch easily from one manufacturer to the other whenever low prices are offered.

3.2 Current Business Strategy

From above categorization of customers it becomes easy to highlight the main points of competition which are

- Quality
- Cost

It would not be appropriate to say that category one focuses only on quality and category two focuses only on cost. The truth is that a mix of both quality and cost can make a win win situation for the manufacturer in both the categories but this depends on whether that mix is of right proportion or not.

Currently UBS is focused mainly on supply of quality product to it's direct consumers who are pretty much satisfied from the products delivers and are not willing to switch easily. However it has been noticed that the number of intermediary customers are increasing who are working for different projects related to CPEC and are looking for cheaper products to cater the needs of end consumers.

Since UBS has direct access to raw material suppliers in international market, it is in a very good position to take advantage of price reduction in international market and pass it on to customers. This strategy will not only enable UBS to provide best quality but also enable it to do it in less cost. This can be very helpful in attracting new customers or intermediaries who are already purchasing from other manufacturers.

3.2.1 Proposed Strategic Plan

Keeping the above scenario and development in mind below are a few proposals regarding strategy of UBS towards it's clients. It should be kept in mind that current customers are satisfied from UBS offers and are strength for the company and new customers are the ones where improvement is required.

3.2.1.1 Important Points of new Strategic Plan

Key features of new strategic plan are

- Develop and implement a workable marketing plan for existing and new customers.
- Develop and maintain financial plan for uninterrupted financial input.
- Design and implement a workable and flexible operational plan.
- Develop and implement an IT system for co ordination among various departments.
- Review and adjust strategic plan periodically.



3.2.1.2 Existing Customers

- Further strengthening of business relationship.
- Close co ordination to understand their future needs.
- Further enhance the concept of one stop shop to meet their requirements.
- Flexible payment plans.
- Offer discount on big orders to further gain their trust.

- Ensure product quality for every order.
- Develop such a relationship with the existing customers which serve as a word of mouth for the company.
- Study customers in detail and try to find out what other products can be offered to them. This will help the company to invest in the right area by taking advantage of existing customer base.

3.2.1.3 New Customers

- Aggressive marketing through personalized emails, company brochures, bill boards and arranging personal meetings.
- Engaging new Business Development Managers who know about the customers and have the ability to influence them.
- Understand whether the new customer is quality focused or quantity focused.
- Offer low prices and good quality to switch from other suppliers.
- Communicate the benefits of your product.
- Use links of existing customers and their relationship to develop new customers.
- Communicate the importance of customer development to your team and keep company up to date with the new developments in the market.

3.3 Marketing Plan

To get hold of new customers UBS has to aggressively pursue marketing activities to create awareness among the public about the existence of the company. For this not only personal relations will have to be used but various advertisement media such as billboards, print media, brochures, internet and social media will have to be brought into use. Following are some major marketing goals. Following are some of the proposals which can be useful for achieving these goals.

3.3.1 Goals

- Increase awareness in the market about Pre Fab Construction and it's benefits.
- Build brand awareness of UBS in the market.
- Increase customer base of UBS.
- Increase sales and maximize profit.
- Develop and strengthen customer loyalty.
- Increase market share.

To achieve above mentioned goals following marketing media are used. As the main aim of marketing plan is to increase customer awareness and increase customer base of UBS therefore main focus will be on mass marketing media such as print media and

billboards. Also as the nature of business is mostly B2 B hence business development managers will also play vital role in achieving this targets.

3.3.2 Print Media Advertisements

UBS can use newspaper adds to create a general awareness among the public. It is the cheapest and ensures wide coverage. Although the effectiveness of print media advertisement will be low but it can cover a wide area in low cost.

3.3.3 Brochures

Company brochures containing information about the products which are offered, along with major project details that company have completed and list of it's major clients can also be used. These brochures should be very specific. These brochures can be sent via post to various firms who are engaged in mega projects directly or are working for other firms working on different projects. These brochures can also be sent to various project sites directly.

3.3.4 Business Development Managers

UBS should engage capable human resource in different cities to cover different areas. As the CPEC project is geographically dispersed all over the country this step can save time and will also be effective when it comes to meeting different clients at different locations at the same time. However company should ensure that right people are hired for the right job. People engaged should be devoted, focused and should have proper knowledge about the product. Also they should have sufficient links and contacts in various companies because B2B relationships are very critical.

Company can also use it's relationship with various suppliers in different locations and either enter into a JV or can sign a commission based understanding with them to serve in that location.

Hiring managers is costly but will ensure more control whereas a commission based understanding will be a risky thing to do as this can encourage the other partner to go into manufacturing on his own.

3.3.5 Internet and Social Media Presence

In this digital age it is unavoidable for a business to move forward without having it's presence over the internet. Therefore UBS should have a user friendly up to date

company website which should provide details about the products, current and completed projects and list of clients.

Social media is also a source of cheaper marketing and wide coverage, UBS should use this tool as well and should create a Facebook page showing latest developments.

3.3.6 Billboards

UBS can use billboards at critical locations such as entry and exit points of major cities, industrial areas and billboards located near to project sites. This is a costly approach but will have direct eye contact with customers.

3.4 Financial Plan

To ensure smooth execution of marketing plan financial resources are very critical as an uninterrupted financial support is required to make a marketing plan successful. It is important to allocate financial resources for a particular job at the very start of it.

In case of UBS we can divide the financial matters into three main forms one is fixed cost, the second one is variable cost whereas the last one is one time cost. Fixed cost will include the cost required to acquire office premises at new locations and the salaries of staff at those locations. Fixed cost will also include software maintenance cost which is required to align the order taking and delivery process. Variable costs will include some maintenance cost, fuel or transportation cost, utility bills etc. Variable cost will also include cost of print media advertisements and billboards etc. One time cost will be for ordering software development and printing of brochures. Below Tables show an estimate of finance required to meet these expenses.

<u>One time Cost (PKR)</u>	
Software Development	150,000
Brochures Printing	50,000
<u>Total</u>	200,000

<u>Fixed Cost per Month (PKR)</u>		<u>Variable Cost per Month (PKR)</u>	
Office Premises	40,000	Utility Bills	25,000
Salaries (BD Manager)	45,000	Fuel / Transportation	15,000
Salaries (Support Staff)	20,000	Advertisements	25,000
Software Maintenance	15,000	Billboards	100,000
Miscellaneous	20,000		
<u>Total</u>	140,000	<u>Total</u>	165,000

3.4.1 Arranging and Managing of Financial Resources

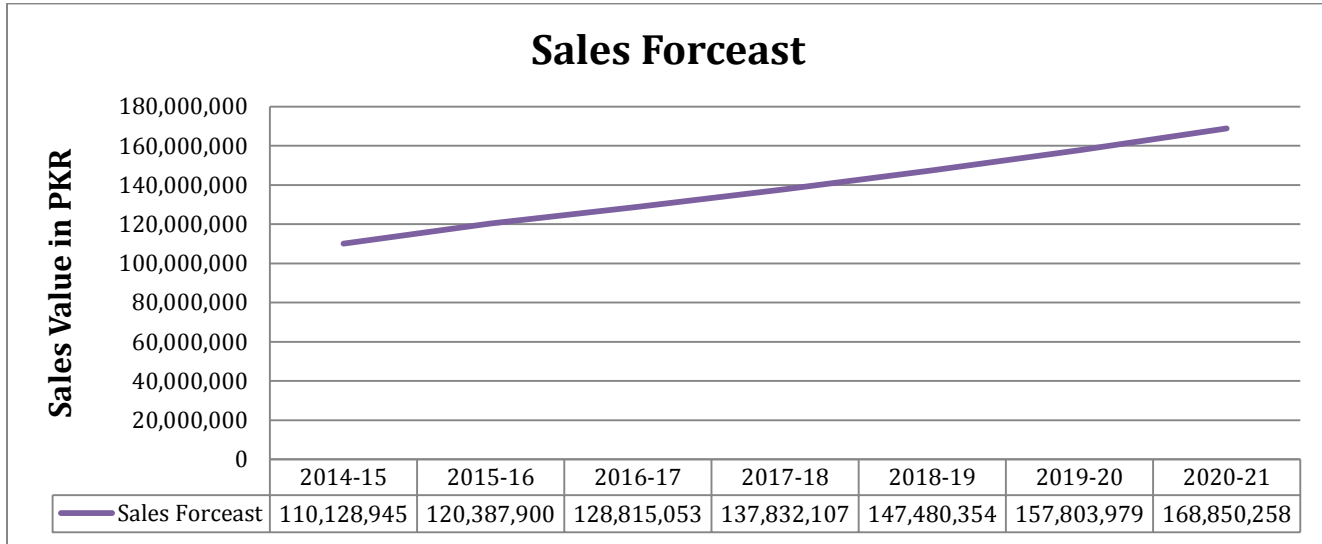
To meet the needs of finances for all the above activities UBS will not only rely on its sales but should also look out for investment from other parties such as independent investors and banks. UBS has a very good reputation with banks therefore we will recommend to arrange financial from bank directly as it is safe and reliable. UBS can apply for Running Finance account in any of the banks which we are quite sure will be accepted.

Once the finance is arranged UBS can go ahead with implementation of its marketing plan acquiring of premises for local offices and business development managers. Advertisements and billboards will also be booked then.

Although UBS will be able to get running finance facility from bank however it should be kept in mind that it will have a cost which UBS will have to bear while using this facility. Therefore UBS should strongly focus on generating more sales to cover up the extra cost and generate its own finances for the extra expense and not rely much on Running Finance Facility of the bank.

3.4.2 Sales Forecast

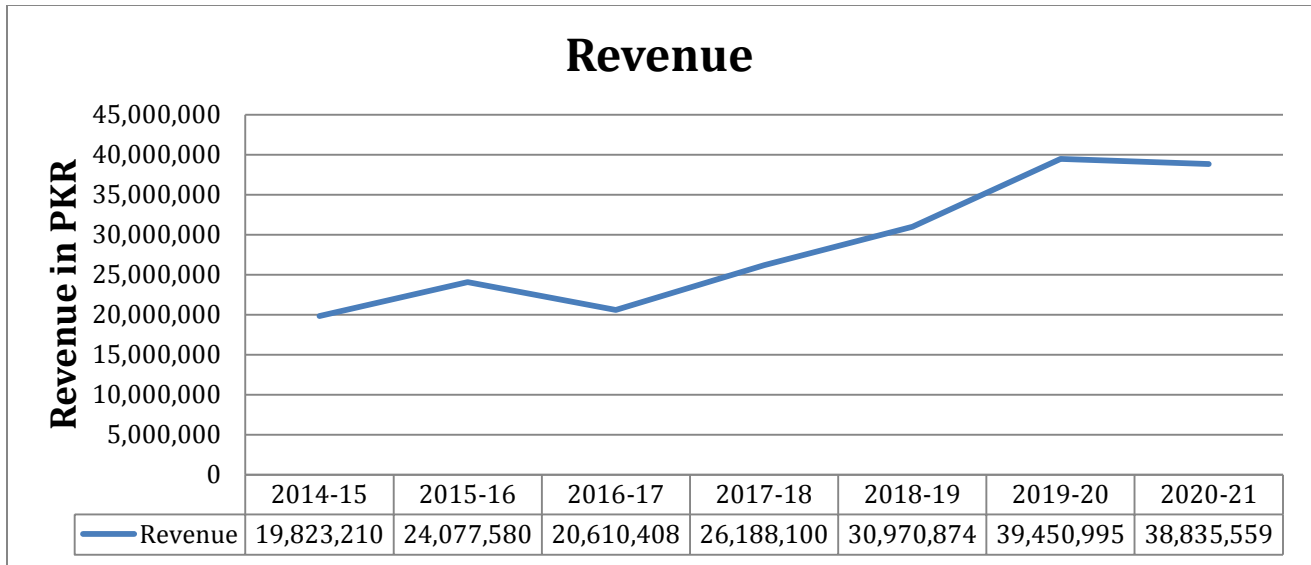
From the financial data available at the company we are able to generate a sales forecast for the next 5 years. As evident from the data available the sales are increasing at an average rate of 10%. To be on the safer side we are assuming the rate to be 7% flat for the next 5 years. Table and chart shows our forecast for the next 5 years based on data available of previous 2 years.



3.4.3 Revenue Growth

From the same financial data available at the company we are able to generate revenue forecast for the company as well which shows a steady growth over the next five years.

For the first year of new strategy and marketing plan we have kept the revenue percentage 16% which is relatively low as compared to the previous years however it is because we have assumed some extra percentage as the expenses for the company because of new plans to be implemented. After that we are quite sure that the growth rate in revenue will be much better than previous years.



3.5 Operational Plan

As UBS is already in this business for quite some time now therefore major changes in regard to production and delivery is not require. However in terms of marketing and order processing is required to run the business smoothly and make its operations more co ordinate and efficient. At the same time this approach will reduce chances of error and mistakes.

For these main reasons the three most important resources required by UBS will be information technology, human resource and of course financial resource. As soon as the marketing plan and financials are finalized these resources will come into play and will have a major contribution towards business growth and run business on daily basis.

3.5.1 Human Resource

The nature of UBS is such that it has to rely on people who know the market well and have deep contacts in the market to not only capture an order but to also ignite a demand about the product in the market. So technically speaking human resource is the back bone of business for UBS. Therefore it is very important and critical for UBS to acquire and develop capable and intelligent business development managers who not only have required capabilities but are also loyal to the company.

3.5.2 IT Resource

IT resources are going to be used to streamline daily business activities and improve coordination among different departments. Dependability on one person about information of any order will be reduced hence chances of errors and mistakes will also be reduced. Since main aim of marketing will be to increase customer base and profit maximization therefore a durable and efficient IT resource development is of critical importance. Once it is developed the daily routine of work flow will become easy for everyone in the company.

3.5.3 Financial Resource

Above two resources are of no use or even cannot be acquired by the company unless it has sufficient financial resources on board. Therefore it would be correct to say that the root of both human resource and IT resource is financial resource. Financial resources are not only required for human and IT resource but also to run daily business activities smoothly. Also since UBS is in a business where stock is of key importance therefore financial resource plays the role of back bone for the company..

3.6 Streamlining of Order Processing by using IT and Automation

Keeping in mind nature and pace of business and developments of the country it is strongly recommended that UBS should streamline and automate it's operations for better coordination among the departments. Let's have a look at what is the present practice and what improvements are required.

3.6.1 Current Practice

Currently, UBS does not have any proper system or business process to create and manage all the orders. It take orders on the phone and keep track of all the orders in an Excel sheet on a system and pass this information to other teams via phone or emails but the current process is causing lot of issues internally as well as externally.

Internally there are times when most of the people in company do not know what is going on with the project and they have to rely on the concerned person to give them directions of what is going on around. This poses a great threat for the company because a wrong order can be processed or delivered to the wrong customer. This also puts extra burden on the person responsible and a small not deliberate mistake can lead to severe loss for the company.

Externally since the concerned persons are so occupied in day to day matters of the company for existing orders that they do not get enough time to develop their own team and market their products. Their energies are not being fully utilized and they cannot focus entirely on providing the best services to their clients.

Following is an overview of current overall process, starting from the customer inquiring about the product and quotations to delivery. As you can see its pretty straight forward and all manual which is both time consuming and not transparent either.



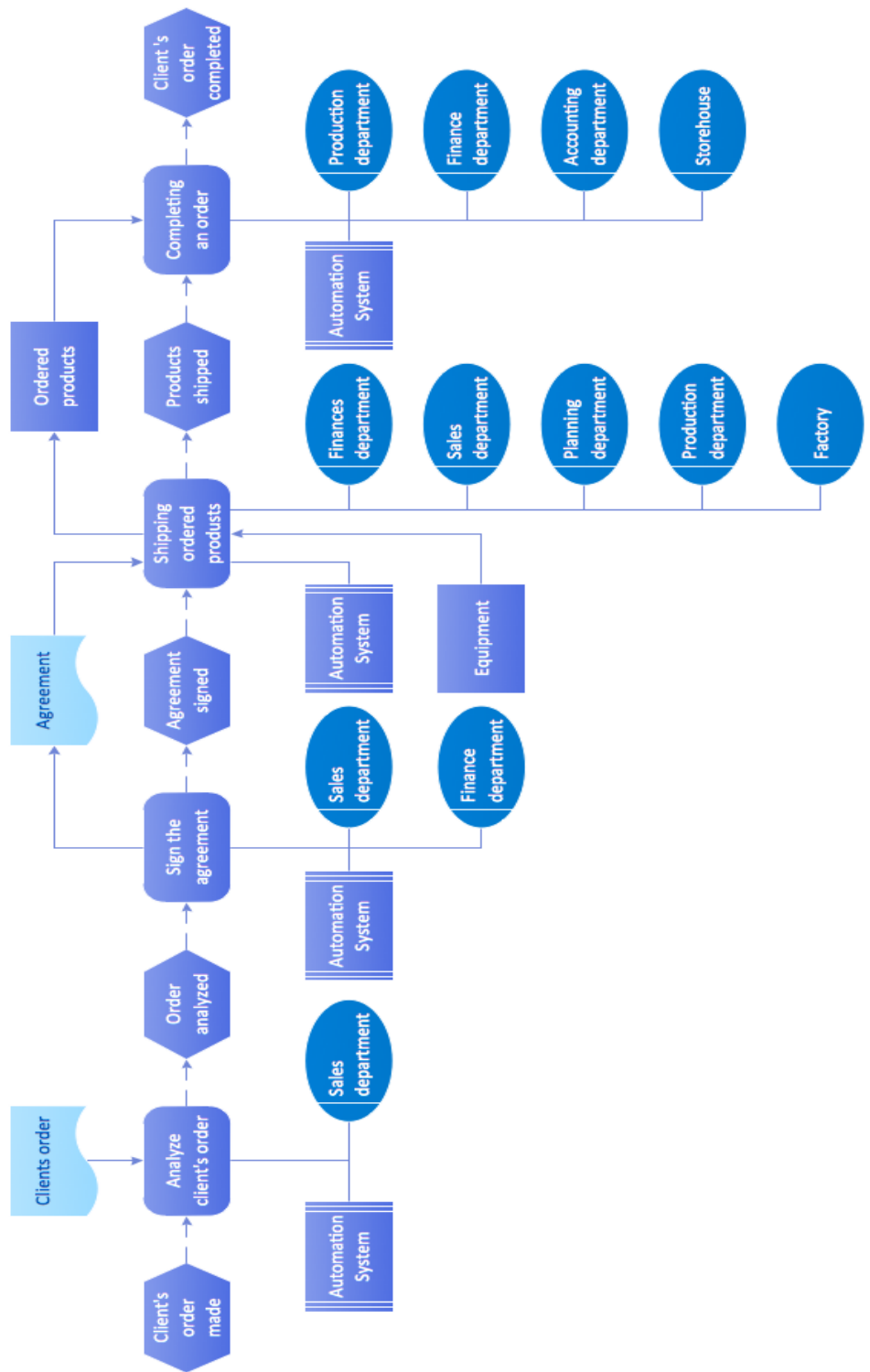
3.6.2 Proposed Changes

Keeping in mind the company requirements and needs of the business I have suggested to implement a new IT system across the company. This system will be accessible to all the departments across the company and people will have much more details about the overall business. This will help them access any information about current as well as

future projects as well. Following are the departments which will be using this system to improve their daily workflow and order managements

- Sales Department
- Finance Department
- Production Department
- Accounting department
- Senior Management Team

Following is an overview of the complete system how this will be implemented and all the teams will be integrated on one platform.



3.6.3 Benefits of the New System

It is strongly believed that the new system although seems a bit difficult and will be tough to implement at the beginning however it will have a lot of benefits for the company in the longer run. Below are some of the main benefits of the automation system.

- **Reduced phone call bills:** It is going to reduce cost of making phone calls for every query related to any order.
- **Access:** The system will be accessible to all the concerned departments.
- **Co-Ordination:** It will be source of co ordination among various departments.
- **Easy to Track Order Status:** The system will enable the concerned departments to trace and respond to customer queries quickly and efficiently. This will lead to effective customer service.
- **Less Burden:** The system will ease the burden on any one individual and reduce the risk of making mistakes.
- **Focus on Marketing Activities:** The system will allow the marketing team to focus more on developing new customers.

3.7 Managing Change

As we are proposing a shift in current strategy therefore a consolidated plan for employees to embrace these changes is very important. Below are key points on how to manage these changes.

- **Communication:** The proposed changes should be clearly communicated to all the departments so that they know what is going to happen. However it should be done in a manner that nobody is against it. Best is to make them understand that this is good for all of them as well as the company
- **Education and Training:** Since we are proposing a new software for internal co ordination and communication therefore training of employees to understand and use this system is very important. Unless the software is trial and tested it should not be implemented.
- **Hierarchy:** The new strategy proposes opening of new offices and hiring of Business Development Managers therefore the positions and job descriptions of all the current as well as the future employees should be clearly defined. Who reports to whom should also be clear to everyone.

- **All on Board:** It should be ensured that the goals are properly communicated and in case of any doubt the employees should be encouraged to ask questions which should be briefly addressed by the top management.

4 Conclusion

Since the introduction of prefab steel structure, construction methodology and rules of competition of the game have changed. However, at such an earlier stage it is difficult for the companies to convince their customers to shift to this new modern technique of construction which does not save time but also due to portable nature and lower maintenance cost is highly effective in the longer run.

It's the early days for UBS but it is the correct time for UBS to evolve as a major firm and offer it's clients one stop shop for their needs. In order to grow, UBS requires to hire new business development managers and go into JV sort of arrangements with other main companies in different areas of the country to ensure it's geographic presence around the country. Society adapts to the changes gradually and a swift progress is possible only by showing the efforts of all the stake holders the benefits of the possibility of a portable cost effective construction. Not only this but automating the internal systems will enable the company to keep pace with the changing market conditions and increase it's customer base at the same time.

The growth of the company is virtual currencies is expected to continue as it is triggered by the following factors

1. China Pakistan Economic Corridor which is the biggest foreign investment by any country in Pakistan.
2. The rapid increase of construction requirement.
3. The lower maintenance cost, portability and installation time as compared to the traditional construction system.

It is not wrong to say that prefab steel structures should be considered as a great improvement in terms of construction industry because it has the potential to revolutionize the construction sector and address shortcomings in the conventional system. Keeping all that in front of us we strongly believe that if properly implemented

the suggestions given in this project UBS can become successful and stay ahead of its competitors and become a very profitable company.

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