

## **THE CASE STUDY OF SYARIKAT PERMAS SDN BHD**

Julian Paul Sidin and Maryum Zaigham  
*Universiti Malaysia Sabah, Malaysia*

Email: [jpsidin@ums.edu.my](mailto:jpsidin@ums.edu.my)

### **1.0 INTRODUCTION**

Syarikat Permas was founded by Tuan Haji Saifuani and is an established local bumiputera company as a sole proprietor business since 1990 but registered and commenced business in 1991. The company registered with Pusat Khidmat Kontraktor (PKK), CIDB Malaysia, Pusat Pendaftaran Kontraktor-Kontraktor Kerja, Bekalan, dan Perkhidmatan Negeri Sabah (PUKONSA), and Perbendaharaan Malaysia Sabah (PMS) that qualified them as a local bumiputera company. It is located in Penampang Sabah and based on the trading license of this company, the firm provides three main services specializing in construction service, render and cleaning service. They focus on quality service, detailing the structure of construction and the finishing elements in order to reach the highest standard of quality for all their customers. The company is more focused on construction service and has fixtures, equipment and tools such as 3 ton lorries, pick-up vehicles, saloon cars, stationary and mobile welding sets, guillotine cutter, grinder, bench saw, scraper, breaker, boilers, distance calculator-maker, gas storage tanks, screed machine, rubber roller, rubber squeegee, safety barriers/indicators, 3 ton chain block and generator. The founder also established other construction-oriented companies in 2000 called Exotic Sdn. Bhd and CTK Sdn. Bhd. They also continuously strive to satisfy their customers by being innovative and ambitious in their undertaking, by their constant presence on-site. The dialogues with contractors, engineers, developers, architects and consultants enable them to widen and enhance the range of their services. Professionalism and effective management expertise has given Syarikat Permas a strong competitive edge in the road furniture sector recently. Their former references tend to prove that many companies trust their efficiency and reliability in contracting and innovation and believe that it can lead them to excellence.

### **1.1 Philosophy**

The company's philosophy considers the fundamental principles that underlie the formation and operation of business enterprise, the nature and purpose of a business, and the moral obligations that pertain to it. It is important for a business and management to be closely related to business ethics and political economy. It is influenced significantly by philosophy, ethics, and economic theory. A philosophy should relate with the mission statement which sufficiently summarizes the company's aims, like a slogan into core ideas or values that the company and its members hold dear and adhere to in their business dealings. There are dimensions of the identity that the philosophy being a set of principles that govern work, the mission statement about why we work and code of ethics about our values in doing work. But they all try to position a company's identity in the minds of those inside and outside the company. The philosophical principles of Syarikat Permas is "Serve To Excellence" specified from company's mission that means for them to achieve company's objective to reach the highest standard of quality. Moreover, it is also related to the objectives or company's goals in excellence to prove to companies, customers or clients to trust their efficiency and reliability in

contracting and their services provided. Since their focus is on quality service, they must satisfy their customer by being more innovative.

## **1.2 Values**

There some values of Syarikat Permas which protect their internal and external environment. The values are as follows:

**OUR VALUES**

***Customer Orientation***

- Listen and respond to our clients
- Excel in customer satisfaction
- Make it easy to work with us
  - Be honest and fair

***Discipline***

- Ensure safety, cleanliness and injury-free
  - Make and meet commitments
  - Pay attention to details
  - Show respect

***Great Place to Work***

- Be open and direct
- Work as a team and trust each other
- Manage performance fairly and firmly
  - Be professional

***Quality***

- Achieve higher standard of excellence
  - Do the right thing
- Continuous learning and make improvement
  - Take pride in our work

## **1.3 Vision And Mission**

All organizations summarize their goals and objectives by vision and mission statements. Both of these statements have different purpose for a company. The vision statement is more focused on the future that is the source of inspiration and motivation. Often, it not just describes the future of organization but the future of the society in which the organization hopes to implement change through innovation. On the other hand, a mission statement describes what a company wants to do now and it means concentrating on the present. It defines the customer(s), critical process and it informs about the desired level of performance. The vision of Syarikat Permas is to be an efficient and trustworthy local company working in an

ethical manner. Meanwhile the company's mission is to safely deliver projects for their customers, employees, and the communities that they serve ,also strive to meet and exceed their customers' expectation.

#### **1.4 Company's Objectives**

A company's objectives are measurable. It is a goal or outcome for an organization to achieve. They usually describe every action required to accomplish a task effectively and it will define the techniques that they will use to achieve such as the sales success, customer service goals, financial goals and any other measurable aspirations of the company. Thus, the objectives of Syarikat Permas are focused on providing quality customer service to measure customer satisfaction with cost and overall quality of products and services, reduce the number and frequency of customer returns and complaints but improve the response time of client inquiries. Syarikat Permas needs to effectively manage the data, documents, and transactions and provide the knowledge to both internal and external customer in a manner that meets their needs. They also want to facilitate enhanced and efficient operation and service through facilitating management using the technology, evaluation and modification of processes. Lastly, Syarikat Permas focuses on ways with which they can surpass the competition in market with product or service quality and brand recognition. They need to lower costs in respect to competitor pricings to attract a new class of customers or clients, and introduce new services to appeal to new a demographic.

#### **1.5 Syarikat Permas' Code of Conduct**

Syarikat Permas carries with it a unique obligation to the public interest requiring that public servants exhibit standards of professional behaviour that will maintain public confidence and trust. Syarikat Permas' customers have a right to expect the business to be conducted with efficiency, fairness, impartiality and integrity. This Code of Conduct has been settled in base with the policies and procedures and through a review process relating all members of staff. In all your dealings as a member of the company whether internal or externa,l it is expected that you will follow and promote all supporting values. This includes making sure at all times, procedures for staffing and the like are monitored. The code of conduct for Syarikat Permas includes:

- Operatives must behave in a correct and professional way at all times. Operatives must be attired tidily and wear a personality badge at all times. Always maintain a clean and tidy look
- When first reaching at the property, operatives must introduce themselves to the client and show proof of identity without having to question. Identity cards must be worn Visible at all times.
- Where important, operatives must explain the nature, purpose and the extent of the job to the client. Where the client asks for additional works to be undertaken, and these works are not covered employee work, details must be reported back to the Supervisor
- Operatives must keep safe all materials, plant, tools and equipment used on site to face danger to occupants and visitors. Where young children are present, it is especially important not to leave dangerous materials dangerous materials, and electrical equipment within their access.

- Work within the safe work practices provided to you which mean do not endanger other workers or the public
- Conduct business with uncompromising integrity and professionalism, demonstrating honesty and high ethical standard in all business dealings and treat customer with honesty and respect.
- Attend the workplace at the designated times of employment and treat each other fairly which work as a team respect and trust for each other.

The code is important to the company and also to those who do business with the company. The company needs to be able to trust that their degrees in all business practices meet the necessary legal and regulatory compliances, client and community expectations. The Code supports this company's business reputation and corporate image within the community because it indicates that the Company cares how it operates.

**Table 1:** Company's Performance

	<b>2012</b>	<b>2013</b>
<i>Current Ratio</i>	2.23	1.17
<i>Acid Test Ratio</i>	1.91	1.12
<i>Average Collection Period</i>	21.16	132.58
<i>Account Receivable Turnover</i>	17.25	2.75
<i>Inventory Turnover</i>	67.65	53.26
<i>Debt Ratio</i>	0.45	0.85
<i>Total Asset Turnover</i>	10.29	2.54

Based on current ratio above, in year 2012 is more liquid than year 2013 since its current ratio is higher. Year 2012 had 2.23 times of current ratio compared with 2013 had 1.17 times of the current ratio. For acid-test ratio, year 2012 also higher than 2013. year 2012 has 1.91 times while 2013 has 1.12 times. At 2012, Syarikat Permas collects its accounts receivable in 21.16 days better than year 2013. For the account receivable turnover year 2012 still better than year 2013. Year 2012 has 17.25 times, year 2013 has 2.75 times so year 2012 most higher and better than two previous years. Lastly, for inventory turnover year 2012 also better than year 2013 which is 67.65 times is higher than 53.26 times for year 2013. In year 2012 financed of Syarikat Permas is 45% that more better of its assets with debt than year 2013 which is 85%. It appears that Syarikat Permas is using its asset more efficiently in 2012 than 2013 because it generates , about 10.29 of assets. In contrast 2013 produces only 2.54 of assets.

## **2.0 COMPANY'S SERVICES**

Syarikat Permas provides three main services which are construction service, render and cleaning service. In construction service, they have an experienced team in the road furniture field, general construction, and road construction. They are also specialized in thermoplastic road line marking, fabrication, and installation of traffic signs, street signs, distance signs and directional signs. For render service, they supply furniture, office equipment, stationery, road safety, medical tools, materials for construction and beverage. The last but not least is cleaning service that provided service in cleaning, landscaping, rental in cleaning, and mowing lawn. Syarikat Permas did their services door to door and provide it to UTC (Urban Transformation Centre), two Clinics, and certain schools in Kota Kinabalu.

### **3.0 MARKET TRENDS**

Market trend is a tendency of financial market to move in a particular direction over the time. Syarikat Permas identify their market trends using the technical analysis which is a framework of characterizes market trends as predictable price tendencies within the market when price reaches support and resistance levels, varying over time. Syarikat Permas identifies it by forecasting the direction of prices through the previous market and explores each market to find threats and opportunities. The company also being an aspect of active management based on management strategy or strategic planning that refer to their vision and mission, values , target potential business and customer segments to achieve their goals. They understand the current and future priorities of target customer segments and by analysing the company's strengths and weaknesses relative to competitors and determine which elements of the value chain the company should make versus buy. To differentiate the company from competitors, the company must develop an advantageous business model that will profitably, define stakeholder expectation and establish clear and compelling objectives for the business. Company makes supportive organizational structures, decision processes, allocate resources to develop critical capabilities and monitor the performance.

Besides that, Syarikat Permas identifies and evaluate alternative strategies by preparing programs, policies, and plans to implement the strategy. Their strategy are also based on advertisement of sales and marketing that are a form of marketing communication with customers or client in commercial offering, political and ideological support. Syarikat Permas also carry out their services door to door and provide services to UTC, two Clinics, and certain schools in Kota Kinabalu.

#### **3.1 Pricing**

This company makes comparison pricing between competitors to increase demand from customer. That means, Syarikat Permas has to try to make pricing services as close as their competitor company. They use the same cleaning product but try to make lowest price as they can. Syarikat Permas uses pricing strategic by using economic pricing. For service pricing it is using no frill price, the margins are thin and overhead marketing and advertisements are very low. This is because majority of the services by Syarikat Permas service cleaning client is based on government's tender. Syarikat Permas will adjust the price around with tender price. Normally price charged into tender is normally lower than the market price. While for selling product of cleaning service, this company tries to get as low as they can from their supplier, that means Syarikat Permas can reduce cost of expenses but with high quality of products. Consequences of that matter involves that this company is able to give lower package services with product of cleaning with lower price but with high quality of product cleaning at the same time minimize the cost of product.

#### **3.2 Promotion**

Syarikat Permas use advertisement as their main source promotion for their company. Advertising is a form of communication designed to persuade potential customers to choose your product or service over that of a competitor. Successful advertising involves making your products or services positively known by that section of the public most likely to purchase them. This company mostly uses business card as a form advertisement. The business card includes

not only the owner's name but also advertises the company's business nature such as their cleaning services.

Besides that this company also use fliers to distribute to customers. By doing this, the company can make the business and product familiar to the public, which can help create goodwill and build a favourable image, can inform the public about specific products or services being offered and attract customers to find out more about your product or services. In addition, this company also does online advertisements which includes advertising on their websites, advertising on other websites, creating links to your website from other websites, publishing blogs, offering, social networks and forums. Syarikat Permas also uses Public Relation as part of their promotion. In other words, public relations is about building good relations with the stakeholders (public) of your business by obtaining favourable publicity, building a good corporate image and handling or heading off unfavourable rumours, stories and events. For example Syarikat Permas gave donation. While doing donation, it can help Syarikat Permas to create a lot of public relation to customer, stakeholder and others.

### **3.3 Distribution and Inventory**

Syarikat Permas use distribution inventory directly from wholesaler to user. This can cause low cost to all inventory that they buy from wholesaler because the channel can be reduces by eliminating distribution and agent channel. In additional, when Syarikat Permas orders stock from supplier, they always order three (3) month stock from supplier. This is because, when Syarikat Permas orders stock for three month, the company is still able to supply cleaning products to client without worrying about insufficient stock. By doing this also, Syarikat Permas can supply more stock in case of high stock from client.

### **3.4 Market Segment**

Syarikat Permas is an identifiable group of individuals, families, businesses, or organizations, sharing one or more characteristics and needs. Market segments generally respond in a predictable manner to a marketing or promotion offer. The Market segment Syarikat Permas uses is Reaction, which is similar to market. Even though this company is a small business and has a lot of similar market but this company chooses a small niche market which is the cleaning service in government sector. This company also gives package in service to make it interesting in order to survive in the market. By focusing on small niche, the company is able to focus on their potential customers and the actual customer needs.

## **4.0 STRATEGIES**

Syarikat Permas has set up some strategies business in cleaning services to survive in industry market cleaning services. One of those strategies is that this company uses a lot of research regarding cost and quality of product they provide. For example this company prepares feedback questions from client to make they can improve any activity in terms of performance of employees and company. The company uses systematic approaches for better performance and a competitive benefit of their organization. Nowadays, there are a lot clients demanding quality goods of product, from there Syarikat Permas takes a lot opportunity by using a high quality of stock to supply to their client. That means, this company tries using high demanded

brands including soap, detergent, fragrance and etc. From here, a lot of clients will choose Syarikat Permas as their main tender because it is fulfilling needs of the clients. Besides that, this company also tries to do their best to achieve the objectives of company and make the company more efficient and effective. It is applicable to both small as well as large organizations as even the smallest organization face competition and, by formulating and implementing appropriate strategies, they can attain sustainable competitive advantage. It is a way in which strategists set the objectives and proceed about attaining them. It deals with making and implementing decisions about future direction of an organization. It helps us to identify the direction in which an organization is moving.

#### **4.1 Operations and Management**

In the line-up of key business capabilities in Syarikat Permas, the term operations describes the processes and resources that this company use to produce the highest quality products or services as efficiently as possible. Business operations of Syarikat Permas typically include four key areas location, equipment, labour and process. The importance of each of these areas depends on the nature of your company. From operational, Syarikat Permas is trying to achieve the new goals and objectives detailed in your business plan and how you plan to implement and fund an expansion of your operation. In terms of location, Syarikat Permas located the operation in Penampang and Kapayan. Labour of company is the human side business operation. For the Syarikat Permas, Labour include employee for services cleaning and staff in office to manage employee, financial, human resources and etc. This company is fully equipped for the cleaning services which include lorry, pick-up truck, boiler machine, rubber roller, rubber squeegee, safety barriers and indicator, etc.

Besides, Syarikat Permas has taken some management strategies to achieve company's objectives. One of it is hiring staff. This company likes to take in new employee because from here, this company able to reduce cost of salary since pays of senior staff is higher as compared to junior staff. Comparing with experience candidates, this company prefers to take in fresh graduates as opposed to the experienced because the company has to pay less salary to cut costs.

#### **4.2 Competitors**

Syarikat Permas has been established for 25 years. Surely, there a lot competitor advantages from the services cleaning but Syarikat Permas already established for the long time in industry. In fact of that, Syarikat Permas need not to worry about losing opportunity from outside. Nowadays, there a lot of opportunities in cleaning services. Even though Syarikat Permas does not get tender from government, Syarikat Permas can still survive by getting receiving projects from small industry in Sabah. In that case, Syarikat Permas will use a bit of advertisement to make this company knowing in industry. As mentioned earlier, because there a lot of opportunity in Services Company and a lot of demand in this industry, Syarikat Permas will be able to sustain in industry and compete with other companies within the same industry.

## **5.0 FUTURE PROJECTIONS**

For the future projection, by an effective planning tool, they hope that investors or lenders can provide more funding in the business and another most important part is in the future plan for financial section with the projection of revenues, profits and other values. For financial projection, the management team of Syarikat Permas identified the factors that contribute most to their revenue growth. They manage the innovation within the business and access to financial data from another similar company to use relative analysis by comparing their revenue growth. Besides that looking at future of the company, Syarikat Permas has to become as realistic as possible with financial projection by breaking figures into their components. They should apply this technique to all financial statement categories that can be reducing to separate components. After all, the planner in the company can average them to come up with a total that can be used in final projections and gain the information to help it justify the results in case of challenges for the future. For the forecasting sales, Syarikat Permas breaking those sales down into unit sales and price and look closely at the costs. To understand how much cost can make the sales forecast, they will break out the cost of sales and separate the fixed costs from variable costs. For the future, Syarikat Permas will use the information from the sales forecast, expenses projections and cash flow projections.