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## RECOMMENDATIONS

Based on the results of the analysis done so far, I would like to come up with the following recommendations for SWCB, giving details as to the strategies in the overseas as well as the local construction market. So that, not just to survive, but it will establish itself as a construction corporation to be reckoned with both locally as well as internationally, a corporation with which other corporations would like to form strategic alliance, a corporation of world-class standard in the likes of Taisei Corporation of Japan.

### 6.1 INTERNATIONAL COMPETITIVENESS

#### 6.1.1 OVERALL STRATEGY

SWCB is very much a local company and only recently making attempt to venture into overseas market. In fact, SWCB, as a public-listed corporation has to adopt a global view, perceiving the world as a single operating platform to expand its business and to sustain growth. It should first position itself as a global player possessing competitive advantages to outperform other foreign contractors. SWCB could project itself as a civil engineering specialist as it has been involved heavily in this aspect, having an excellent track record in civil engineering work such as Express Highway, Bridges, Interchange, Golf-course, drainage system, and so on. However, competitive advantages alone do not provide business opportunities. It has to be marketed globally in the most effective way to maximise impact.

### **6.1.1.1 PLACE**

Although SWCB should adopt a global outlook in marketing its services, it would be unpractical at this stage to compete with international players in developed countries in the west. SWCB should position itself in the Asia region of developing countries as every developing country has to invest and develop its infra structure Construction GDP share in these developing countries ranges from 11.5 to 1.6%, averaging about 7.0%. Specifically SWCB should position itself in countries like India, Indonesia, Philippines, Vietnam and Sri Lanka, Hong Kong is also a great market to be in as it is a gateway to China Market. SWCB should also take advantage of Malaysia being in ASEAN FREE TRADE AREA (AFTA) to market its services to countries not included above like Brunei, Laos, Myanmar, Cambodia, and Thailand. The commitments of the AFTA members have laid the foundation for construction industry growth in each country.

### **6.1.1.2 PRODUCT (SERVICE)**

Due to the market potential in the developing countries it is most timely and strategic for SWCB to focus on civil engineering services. As these countries are going through a stage of infrastructure development, positioning oneself in such market segment would certainly meet the need of the countries. In India, the investment needed in the infrastructure sector over the next decade to support an annual GDP growth rate of 7 to 8 percent is around US 429 billion. In Indonesia, once it has stabilise politically and having its decentralisation program towards regional autonomy in place, its infrastructure development would certainly take off in a big way. In Philippines under the government's Public Infrastructure Program, transportation and energy projects are being implemented. Private sector is encouraged to participate in the Build-Operate-and-Transfer (BOT) schemes.

Sri Lanka and Vietnam represent the backward of developing countries. However, both anticipate their construction sector to be a significant and integral part of their economic growth. While Vietnam is already a peaceful and political stable nation, Sri Lanka is still fighting with its terrorist activity. SWCB can take advantage of Vietnam's stability and urgency to develop its infrastructure to market its civil engineering expertise. While venturing into developed countries like Singapore, Japan and Korea, may seem remote, SWCB should attempt to form strategic alliance with their local companies to market its services globally.

### **6.1.1.3 PRICING**

SWCB should and have to follow a competitive pricing strategy, but not to sacrifice the demanding standard and quality set by clients and benchmarked by competitors. Pricing has always been one of the dominant factors in the competitive construction market when coming to tendering of project. As such, SWCB must find support to its competitive pricing strategy through innovative means as follows.

- **Reduce labour content and improving Buildability.**  
This is to reduce cost and increase productivity. By having a high degree of standardisation, preferably conforming to the modular dimensions, repetitive details and a high level of prefabrication, much of the cost could be saved.
- **Mechanisation and automation**  
Mechanisation and automation is still lagging far behind when compared with the manufacturing sector. However, it could be very cost effective in construction when it is harnessed to its fullest. SWCB could set up its own R & D on this aspect, including exploring

existing systems, which could be viable in the construction industry but yet to be tried out.

- **Adopt an integrated approach**

Segregation of design and construction activities in the current approach does not encourage consideration of factors such as build ability, saving in labour usage, ease of maintenance and construction safety at the design stage. SWCB should always to work in this integrated approach to attain productivity breakthroughs. The Design and Build (D&B) process is identified as one of the more progressive procurement methods that can integrate the processes and roles of various players. SWCB could adopt the D&B process.

- **Raising the skills level & build a knowledge workforce**

SWCB must strive to build up a core pool of skilled construction workers and work towards having a knowledge workforce. A skilful and knowledge workforce would bring about cost competitiveness where productivity improvements and efficiency gains will translate into cost effectiveness.

#### **6.1.1.4 PROMOTION**

The corporate vision of SWCB is to be recognised as one of the best and most progressive Asian construction groups with a global presence. To achieve its vision SWCB must not restrict itself as a builder as most construction companies do. It should think and act as an entrepreneur.

It should start doing aggressive marketing like other business. It could take the following steps.

- **Strategic alliance or partnership**

SWCB first has to identify some of the overseas local companies and link up with one of them to form strategic alliance or partnership through subsidiary company. This is a best approach as the local company is familiar with the local culture, legality of the country and having established network for all necessary business activities. In talking this approach, SWCB is also embarking on the fastest lane accessible to the overseas market.

- Undertake localisation process

Once having its foot on the overseas country's ground, SWCB must start its localization process. SWCB, under its own name, must show itself to be an exemplary corporate citizen through contributing to the society. It must establish itself within the local communities and the governing authorities.

As a bidder for infrastructure projects, the governments are the potential clients. Therefore, SWCB must play supporter to the government of the country concerned.

- Be Project initiator

Gone are the days where builders are just to build according to what is given. As an entrepreneur, SWCB must be creative. In the developing countries there are vast potential for construction project. SWCB has ample exposure and experience in Malaysia, whereby privatisation and corporatization has been going on for a long while. With this knowledge, SWCB can be project initiator for the overseas government.

- Web of global linkages

The new computer-based, telephony-based and web-based technologies have changed forever the landscape of international trade, creating a new level playing field for construction service industry. SWCB should take full advantage and explore all its

possibilities. With the use of websites as primary marketing tools, SWCB can reach potential clients as well as potential partners. In these aspects, SWCB could form global web linkages with construction companies all over exploring joint venture, strategic alliances, sharing of project knowledge or form of association. In this competitive age of business world, a new paradigm of win-win situation should be adopted, Viewing each other as competitors should be discarded or become less important when mutual gains could be made from such linkages. As part of its overseas marketing and promotion plan, SWCB has already its Homepage (<http://www.suncon.com.my>). The marketing plan is to aggressively promote it.

- **Research And development**

Market research and development should be taken seriously in its overseas exploration. The accumulation of international exposure should be researched and be the foundation to further its international venture. The marketing strategies of world-class contractor should be looked into to help improving in its future market development.

## **6.2 LOCAL COMPETITIVENESS**

### **6.2.1 OVERALL STRATEGY**

With the ever increasing number of competitors and coupled with the shrinkage of volume of construction projects, it is indeed a challenge for SWCB to maintain growth in its business, Therefore, the following strategies are recommended.

- Association with some international players.  
SWCB should form linkage with some renowned international players to market the alliance for mega projects in the local scene. Mega projects if handled profitably would stabilise the company book order for a few years. Such strategic alliance should be viewed on a permanent basis, so that the partnership is ever ready to capture any mega project. Meanwhile basic marketing job must be done to promote such linkage.
- Cultivation of relationship with public sector  
SWCB must re-focus on relationship and networking with the public sector. Due to the recent political changes, SWCB must be cautious in its networking strategy. It must be foresighted and future looking, as there would be lots of reshuffling on important posts in the government. It must bear in mind that in Malaysia Politics and business are inseparable.
- Re-focus on private sector  
With the declining in public projects, SWCB must explore the private sector. Although there is glut in the offices and commercial buildings, residential properties are still in strong demand. SWCB must refocus on this aspect. Perhaps it could explore the possibilities of joint venture project with some reliable landowner or property developers.
- On smaller size jobs  
SWCB should immediately set up a subsidiary or acquiring one to capture the market share of smaller size jobs (less than RM 10 million). This particular subsidiary should target a contribution of 20% turnover. This would help the group to fill its job bank. The profit margin for smaller job is also higher, thus help to boost up the return on investment of the group.

- Sabah and Sarawak market

While most economic activities are concentrated in West Malaysia, SWCB should be ready in East Malaysia of Sabah and Sarawak. There's almost certain that the Bakun Hydroelectric project will be revived. East Malaysia has lots of potential for infrastructure as well as other construction developments and resources are plentiful. In fact, Country Height Development Berhad, a West Malaysia property developer has already made inroad into Sarawak, developing its Borneo Height Development Project. It is timely for SWCB to open up offices and lay the necessary marketing and networking groundwork ready itself for business.

- Synergistic Partnership

SWCB has been privileged to tap the synergy within the Sunway group; it was the main contractor of Sunway Lagoon Theme Park, Sunway Resort Hotel, Menara Sunway, etc. As a result, such synergistic tie-up has given SWCB the advantage in sourcing for job. This synergistic strategy could be applied to other developers or landowner. By investing certain amount of interest in the project, SWCB could become the turnkey contractor for the development. However, SWCB must be aware of the risk and therefore a thorough study must be conducted before venturing in such tie-up.