CHAPTER EIGHT RECOMMENDATIONS

In order to realize the vision of to be one of the best postal services in the world Pos Malaysia Bhd. must develop a world-class standard of business organization that is highly effective and sensitive to environments. As such to improve the future effectiveness the study suggests the following recommendations:

LONG AND MEDIUM TERM ACTION

(a) Pos Malaysia Bhd. to be fully privatized.

So that it can add more resources capability especially in financial and human resources (to permit business professionalism to excel such as in marketing, service, retailing, IT, strategic planning, finance and investment), increase flexibility (not tight up too much to government procedure, rule and control), develop capabilities and core competencies, improve service quality and enhance versatility to deal with emerging threats and to grasp new opportunities. Figure 8.1 conceptual model of the impact of privatization on PMB effectiveness.

- (b) Revamp existing institutional and legal set up toward total deregulation to PMB advantage.
 - The (a) and (b) should be done in tandem or simultaneously to ensure for it support and give greater impact on the reform process.
- (c) Put priority on business objectives more than social objective. Cross-subsidy should be avoided and product, service and service center must have certain minimal profit margin that can be reinvest to improve service quality and to gain market share.

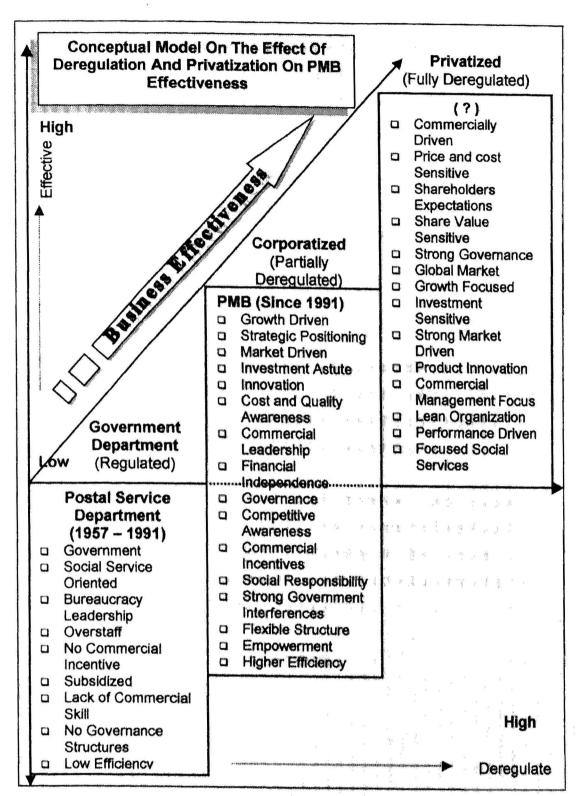


Figure 8.1: Conceptual Model Of The Effect Of Privatization On PMB Effectiveness.

- (d) Focus on few business activities where PMB has develop or can develop it core competency that can bring greater return. There are three strategies that could be adopted by PMB as shown in Figure 8.2, integration strategies, intensive strategies and diversification strategies.
- (e) Built up an effective information technology (IT) capability and establish IT R & D center. This is very crucial to exploit full opportunities and defense against threats that created by the technology.

IMMEDIATE ACTION

- (f) Review of tariff structure and terminal dues rate by putting up proposal with accurate and detail product costing. The tariff structure to be re realigned or adjusted to reflect full cost recovery. This is critical to prepare for PMB long-term business strategies.
- (g) Be more cost-effective and cost sensitive and establish mechanism to measure profitability and return on investment of individual product. To allow transparency in the financial and accounting system, to know profitability of each individual product and to make objective decision based on business merit.

Time is an essence to these recommendations.

Integration, Intensive and Diversification Strategies Intensive Strategies 1. Penetration Courier Service through aggressive promotion and image building and the operation should be separated and run by POS Laju Sdn. Bhd. independently. Information and Multimedia Technology Industry. POS2020-Change name/image and convert into franchise convenient store offer post and convenience goods. 2. Market Development In Courier and IT products. 3. Product Development Kiosk/ATM that can handle automate transaction and customer sefl-service to reduce costs and increase revenues (stem, postal and money order). **Diversification Strategies** 1. Concentric Diversification. (Adding New And Related Resources. Product) Above Hybrid mail Capability Average and Core 2. Horizontal Diversification Return Competences Internet Service Provider Finance and Banking (Postal Bank) Integration Strategies 1. Horizontal Integration Seeking Ownership over some viable local courier operators that can form synergy to capture niche market and new market where PMB is weak to compete with Multinational Operators. 2. Forward Integration Gaining ownership or control over some computer companies that supply computer under EPF Computer Ownership Scheme to provide total customer solution and to expand business beyond the scheme. Apply for ownership over land that being reserve for PMB building to gain higher property value.

Figure 8.2: Integration, Intensive and Diversification Strategies.