

Expansion Plan with Strategic & Marketing Hurdles

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Abstract:

This case study is about the manufacturing based company in Pakistan that started to produce silicone sealants and sells in local market. This Company belongs to the single owner Mr. Aizad Amin Sheikh who was managing and running the business with under his ownership. He has 2 Son who completed their education and wants to join their father business. Therefore Mr. Aizad Amin Sheikh initiate plan and forecast to see a rapid growth in the glass industry and find a gap that no one was providing temperature control glass joint system in their home, building and big plaza that can reduce electricity bill by 25%. They invest in parallel business to purchase the manufacturing plant and start giving market awareness towards this solution through their Silicone sector Customers because silicone is the secondary product for installation of Glass. During this tenure they face hurdles and expansion problem in their business due to strategic level decisions and marketing activities. This case is focus on how this decision was made and what impact happened, also it will help to optimize brainstorming for expansion plans in business and target market strategies.

Introductions:

The leading Pakistani Local manufacturer of silicone sealants & car care products Harris Silicones was owned by Mr. Aizad Amin Sheikh. Harris Silicones was working as a single owner company and maintain their business by filling Silicone in the packing tubes to sell in the 1Badami Bagh Market, Lahore. Their Silicone Sealants was no doubt the premium quality because they import the material from Germany and pack only in Pakistan. They have established a small factory in Ferozpur road, Lahore to expand their silicone business. They produce Sealants for various automotive, engine manufacturing, and motor repairing companies. In addition, they have huge market share in the glass and hardware industry where building glass can fix in the window by using their Silicone.

In building construction, they offer a very premium quality silicone sealant that can intact glass strongly and grip firmly with the window. Due to their quality material they have huge awareness in the glass market and networking become too much where they started to think further in order to invest and expand more their business in addition to the silicone sealant and registered them as ISO certified organization.

During 2014, Mr. Sheikh decide to start state of the art Glass Processing work and import machine from Germany that can joint two glasses to make one Double Glaze Glass which is effective for heating or insulation purpose. Because of their past experience in silicone market they have connection and market data to grow glass unit work which CEO was forecasting and analyzing from couple of years and his two son completed education and came back to join father hand with their business. This is where the need comes and they import glass service plant from Germany. They did many affiliations with glass manufacturer such as Ghani Glass, Gunj Glass and Alfatah Glass who produces glass and tempered them. After their process they send their product for 2Double Glaze to this organization and process further. Thus the new era of their growth started and they explore new ventures and market.

Thus the company has restructured and forms into Private limited company that becomes Harris Silicones & Glass (Pvt) Ltd.

The Facility:

The manufacturing facility is located on a plot of land measuring twenty-four acres, covered area is about 50,000 square feet, comprising of Production area, Quality control lab, Raw material and finished goods warehouses, Employee's dining & Recreational area, Maintenance workshop, and Administration block. Production area includes the following sections.

- Silicone Sealants
- Construction, Automotive, Industrial, DIY
- Car Care
- A Complete Range
- Glass Processing
- Cutting, Tempering, Double Glazing
- Silicone Emulsion
- Textile, Mould Release, Lubrication

¹ **Badami Bagh Market:** This is one of the famous local wholesale markets in Lahore, Pakistan where many sellers are having their shops to sell hardware and other accessories to all over Pakistan and also to some Afghanistan region.

² **Double Glaze:** It's a processing of Building Glass to join them together in order to that one glass couldn't impact its relation to others with vacuum air inside. When this glass install in the building the outer temperature couldn't affect the inner glass, hence the temperature controls remain same in the room.

Vision:

Harris Silicone & glass (Pvt.) Ltd. vision is to become a leading name among the manufacturers of quality Silicone products in shortest possible time, through excellence & innovation in all our activities.

Mission:

Mission of Harris Silicone & glass (Pvt.) Ltd. is to provide innovative & superior Quality of products that improve the quality of living standard of our customers. We also want to provide an enabling work environment & advancement opportunities to our employees.

Customer:

Their Customers are the hardware shops with big capturing of badami bagh and beadon road wholesale markets. In addition they are targeting architects for their target market of glass to installation in big buildings, homes and other office construction projects.

Competitors:

- Silicone Division
 - 3GMSA
 - 4General
- Glass Division
 - 5Ghani Glass
 - 6Gunj Glass
 - 7Alfatah Glass

Establishing the Glass Division: (Strategic Level)

Harris Silicones is one of the earliest and quality producers of Silicone sealant in Pakistan. Their major raw material imported from Germany and China. But the formulation and mixing part with other local chemicals has been done here in Pakistan. This organization was owned by single person before but Mr. Aizad Amin Sheikh Son has grown up and came back after their study to join business with father. Due to foreseen the expansion and future requirements CEO plan to initiate and expand more business for future growth and after detailed analysis they found that a big market Gap is available in Pakistan as many producer of Glass has produced the glass but didn't join them together, this is basically the process in which both glass joint without air inside resulting temperature control and decrease of electricity consumption in buildings. Hence they purchase an Automatic plant to introduce in the market double glaze glass unit that can automatically intact both glass and vacuum all the air from inside. In addition that can also add Argon gas which is very effective for keeping separate both glass temperature. Hence outer glass temperature couldn't effect internal glass, resulting inner room temperature keep efficient and electricity bills can cut down to 25%. Was this decision worth to expand in their case where they are expanding in silicone business but jump into glass service industry?

Technical & Marketing Issues: (Operational Level)

After Installation the company got couple of problems due to the new entry work in the market as below:

- Unit Installation and Technical non availability labor
As they are the first company who purchase this plant in Pakistan, therefore they are facing a lot of trouble in order to making a team for running this plant. Every concern person fails even their highly trained silicone technical engineers failed to run this plant, and also facing installation issues.
- Glass plant damage parts issue to import from other country
Because the engineers working on the plant are not so technical and trained, therefore damage rottenly happens and they bear extra money to purchase spare parts from outside the country.
- Very High Market Awareness and Acquisition Cost
Market doesn't aware of this temperature control solution in Pakistan with such mind, hence for every consumer Mr. Sheikh

³ **GMSA:** It's the second bigger silicone manufacturer based in Lahore.

⁴ **General:** It's the third silicone manufacturer in Pakistan

⁵ **Ghani Glass:** It's the earliest manufacturer of building glass who produce Glass in the plant exist in Sheikhpura

⁶ **Gunj Glass:** It's the second manufacturer of building glass who produce Glass in the plant exist in Hassan Abdal

⁷ **Alfatah Glass:** It's the third manufacturer of building glass who product Glass in the plant of Lahore Sunder Estate.

have to teach with their marketing staff as to why this glass is important for their homes, offices, building and plazas. That consumes high cost for their marketing awareness.

- **Marketing Issues**

Because of their typical Silicone sealant local business, they used same strategy to market this glass work to the hardware & glass store and let them handle customer to process their glass work for their home with the factory. Marketing Staff was not well aware with the technical terms and sales technicalities in the glass department.

Their comes, Hassan Aizad the CEO Son who identify this and find out the real target for their market expansion and there he came to know that by making networking and ventures with architects who owns construction project for buildings, plaza and homes are the sound audience for utilizing their glass in their projects and they started marketing with them.

During this market tactic's they also realize that the big giant of glass manufacturer such as Ghani Glass and Gunj Glass who produce glass but didn't have an automatic plant for double glaze can be a good target customer who already have a vast market in all over Pakistan and by making connection with them can lead their market awareness too fast. But, when they approach to them for awareness and bonding they realize that they did a mistake for long run, No doubt they got the benefit for short term by getting good business and push start their work to get better market awareness but these giants and others are also import this automate plant by seeking the scope of the business and started their marketing activities for their own unit. Because they also produce glass by them so they got bigger advantage to sell their single glass as well as joint double glazed glass with less price and competition for Harris Team starts getting tougher. What should be their strategy in order to survive in this situation?

Short term Expansion and long term vision: (Reflexive)

Due to increase market awareness with other glass pioneer like Ghani and Gunj with architect awareness their revenue start generating with this business and sales increasing rapidly during 2015-16 where they did turnover of total 120 million a year. But when the glass manufacturer imported their plants gradually they are getting less sales as they were not producing glass with tempering but only glass joint solution hence next year their sales comes down to 80 Million.

They further analyze the situation and strengthen their target market through architects and through silicone business wholesaler who has connection with glass service providers to maintain their sales during 2018 and increase up to 160 million a year. Their they made plan to introduce tempering solution in addition towards glass joint and import tempered glass unit from China. Their sales for 2020-21 were 200 Million and increasing. They are looking to back production their goods such as glass production and foreseeing that by installing glass manufacturing units they can compete the market because market knows them at first and their connection with the architects are much stronger than other player. They only have the problem for glass manufacturing so far as per their current analysis with marketing department.

Conclusion:

This case study is about the Expansion and growth of Harris Silicones towards making of Harris Silicones & Glass (Pvt) Ltd. The business owned by a local person who started business by mixing chemicals to produce and selling silicone in the local market. He started to invest his earnings and enter in the Glass market for their further growth and expansion. The organization faces many ups and down during that tenure but due to stable turnover from silicone side business they somehow arranged to manage their glass business so far and looking further to expand and build for complete solution in providing glass with all services and installation kit that includes silicone sealants as well.

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Teaching Notes

Case Synopsis:

Harris Silicones was established 1990s' era when a single person owner do some mixing of chemicals to produce a good solution for making silicone sealant, they owned a shop in badami bagh where they started pack and sell silicone sealants. With the passage of time their awareness and brand build which results their market expansion and advancement in silicone business. They build a manufacturing plant in the industrial area of 8ferozpur road, Lahore. During 2014-15 they realize to increase business and put step in the glass market where they face good and bad time which they perform to survive in this market so far.

⁸ Ferozpur road: It is the area in Lahore and Harris Silicones factory is established on this famous road.

Case Objective & Target Audience:

This case study was written for undergraduate classes of strategic management & marketing studies. The purpose of the case is to familiarize students with numerous hassles which companies can face while running and making strategic decisions for expansion and growth.

Many researchers have defined the concept of alignment based on the strategic fit between the competitive situation, strategy, company culture, leadership style, and other company resources (Chorn, 1991; Nath and Sudharshan, 1994; Winfrey et al., 1996). Venkataman and Camillus (1984) summarize the application of suitable concepts related to organizational theory and strategic management with Expansion in the vertical as well horizontal level of business as they stated:

“Strategic fit has occupied a central role subsequent to the use of ‘contingency’ concepts in relation to technology–structure linkage (Woodward, 1965), leadership style (Fiedler, 1967), organization– environment alignment (Katz and Kahn, 1966; Thompson, 1967), and in the formulation of business strategy (Hofer, 1975)”

The issues in this case are specific to a Market Strategic Expansion and fit Concept. This case study encourages students to come up with several resolutions if they encounter similar issues.

Assignment Question:

1. Have they analyzed pre-marketing strategy while making strategic decision to expand their growth?
2. Whether or not they build a good Market Expansion Strategy?
3. What marketing strategy of Harris Silicones is not fit and how they can make them effective?
4. Is this a sound decision to further expand while in beta phase to install second tempering glass unit and also foreseen the glass manufacturing unit to step out the competition issue?
5. Is affiliation with the glass manufacturer for market expansion is the real issue due to which they are facing problems?

Teaching Plan:

Task	Timeline
Break students into groups: three or four groups, five or six students in each group	5 Minutes
Question 1	15 Minutes
Discuss: Every group should give one reason at the beginning of the class. Title these down on the board. Ask students why they consider their reason to be a major issue. List all problems and discuss why some of them are more Significant than others. Any issue that does not need to be resolved urgently	
And is not causing the company a financial loss can be treated as a minor concern.	
Question 2	15 Minutes
Discuss: The response to this question is to be discussed in the context of the conflict management concept. If the discussion is left open, multiple answers from different disciplines will emerge, which can result in a debate without conclusion. The best method for discussing this question has been provided in the following analysis.	

Question 3	15 Minutes
Discuss: Students should be encouraged to think about the possible pros and cons of the solutions that they have proposed in the previous question. This will help them understand the practicality of each approach. A good technique is to get them to draw up a table for comparisons	
Question 4	15 Minutes
Discuss: All groups are required to develop short-term training and long-term strategy to solve the issues.	
Conclude and close the case	5 Minutes
Total	70 Minutes

Teaching Analysis

1. Have they analyzed pre-marketing strategy while making strategic decision to expand their growth?
 Yes, they analyzed pre-marketing strategy but target the wrong seller as silicone seller and think that they can target to customer for market awareness about this issue. And they did marketing activities to target silicone hardware seller who sell silicone sealant to those who install glass in the buildings.
2. Whether or not they build a good Market Expansion Strategy?
 The marketing they were thinking to target traditional seller of silicone was not the good marketing strategy as consumer start getting confuse what's the purpose and didn't get proper solution for their windows at home because of too middleman involves in the marketing activities. At first they inform to wholesaler who further guide to glass installer/ Architects who involves to get customer targeting that result their half effort finish when the right thing reach to the customer.
3. What marketing strategy of Harris Silicones is not fit and how they can make them effective?
 Obviously to target typical whole seller of silicone sealant, they only focus to sell silicone but not the glass part because of low awareness and also focus on hardware installation work.
4. Is this a sound decision to further expand while in beta phase to install second tempering glass unit and also foreseen the glass manufacturing unit to step out the competition issue?
 Yes, because their competitors are providing complete solution to end consumer in less price. But Harris Glass purchase glass from them and then does processing the tempering from outside and do double glazing inside which resulting glass damage, more transportation cost and also increase time for delivery with expensive solution.
5. Is bonding with the glass manufacturer is the real issue due to which they are facing problems?
 Because Harris Silicone was already installed the glass unit and they need to execute quick awareness in the market before the others do. Therefore, at that time that was the right decision to do bonding with manufacturer because near or later they get to know this solution and eventually come up with their own plant. But the mistake happened that they didn't install

other glass manufacturing unit on time as compare to glass manufacturer did to install this joint glass solution unit.

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