

CASE:

ACP INDUSTRIES BERHAD

MEGA PROJECT

PRESENTED TO:

EN. KAMEL TAUFIQ ABDUL GHANI

IN PARTIAL FULFILMENT OF
STRATEGIC MANAGEMENT
(MGT 585)

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Executive Summary Letter

Industrial products industry is not a newly industry in this century. Perhaps it is significant areas whereby public demand is very accountable due to economic condition, environment threats and explored new technology. Quality services is always needed and upheaval rapidly in order to provide the customer with quality product and services.

Therefore ACP Industries as a strong reputation or implementing market-oriented strategists and efficient management of the business, must continuously research consumer needs, preference and practices to keep pace with trends in the future.

In order to increase the profit and revenues bear in mind that mission, objective and strategies of company are very important.

The company's principally is carrying on business as an investment holding company and project management. The ACP Industries mission statement and values are consider to be sound as:

“From concept to completion, ACPI’s solutions and innovations bridge the gaps. Converting dreams and aspirations in concrete really on the ground. To be leader in forging ahead, facing new challenges and will continue to enhance the existing operation and search for the right opportunities to grow the business”

ACP Industries has streamlined its core business into three main sectors in its efforts to consolidate its business. The main sectors are infrastructure, building and services market sectors. Infrastructure divisions are divided into two that is Infrastructure and Foundation Products and also Heavy Element Precast Products. As for building is Engineered and Building products. Whereas for

services, it is divided into five divisions that are: Steel and Engineering, Specialty, Highway and Safety products and Services, Information Technology, Research and Development and last but not least is the Training and Development.

Being the Group's main division, infrastructure division contributed the largest revenues, making up 65% of the total Group's turnover. The year under review saw the successful completion of the supply of precast segmental box girders to the Kuala Lumpur Light Rail Transit System 2 and the widening and upgrading of Jalan Sungai Besi Project in Kuala Lumpur. Other than the supply of products, especially those involving flood mitigation, in the states of Penang, Selangor and Negeri Sembilan.

The company is relatively new in the building sector. However, it has made substantial progress in the completed projects utilizing the various precast products in the industrial and commercial buildings, residential apartments, car park complexes buildings, residential apartments, car park complexes and hand landscaping. This division contributed only 20% of the Group's turnover.

Service division also registered a lower turnover, which is only making up 15% of the Group's.

In order to show the Company's commitment on progression with the fast changing environment that the company operates, the company has their very own MSC status company, Quantum Spectrum Sdn. Bhd. that concentrates on Internet-based e-commerce and information management application. In future, a vast on-line database containing ACPI's products and services will be made available to customer in any part of the world, seven days a week, with easy speedier access.

The company aims is to develop a wide range of products for the construction industry that ultimately will ensure that within five years, ACPI

manufactured products and services form 20% content of those used in construction projects. With this mission it led the company to continuously develop and introduce new products and services, innovated through our in-house engineering development programmes and enhanced through their production systems.

“Your Complete Partner in Construction” has become a major strategy and focus in ACPI. The aim is to enlarge our role from that of being a more supplier of construction materials to that of providing a whole range of services to complement the company portfolio of products. This will add value to the products and hence increases the market demand.

ACP Industries strategy is to maximize the benefits of synergy in the core competencies, focusing on operations and market niche.

Focusing the company's resources on product expansion and penetration has proven to be one of key factors in the company's performance as well as sustainability in the recent economic downturn. The company is able to expand into new market sectors as well as increasing the reach for the products. Besides aiming for an enlarged market share for existing products, ACPI has also adopted the strategy of developing new and innovative products and solutions.

However they must realized that in order to increase the revenue, the operating expenses should be managed properly and efficiently whereas it is not enough to cover the debt. The company should not only spend a lot of money to increase its market share but profits are enough to justify operating expenses. Therefore, expansion needs to be spent only for the relevant and significant activities and plans.

From the analysis, it was found that the competitive strategies are most appropriate for ACPI by using Strategic position and Action Evaluation (SPACE)

matrix. It shows that ACPI is located in the lower right or competitive quadrant, indicating that the firm with major competitive advantages in a high-growth industry.

In terms for formulating strategies, our analysis using Grand Strategy Matrix shows that the company is in Quadrant I, which means that the business are in an excellent strategic position. For these firms, continued concentration on current markets (market penetration and market development) and products (products development) are appropriate strategies. It is unwise for a Quadrant I firm to shift notably from its established competitive advantages.

By using Internal-External (IE) matrix, ACPI's falls into cell V that is best managed with hold and maintain strategies; market penetration and product development are two commonly employed strategies for these types of divisions.

ACPI need an intensive strategy because they require intensive efforts to improve a firm's competitive position with existing products.

ACPI need to focus on the market penetration which the strategy that seeks to increase market share for present products or services in present markets through greater marketing efforts. Market penetration includes increasing the advertising expenditures or increasing publicity efforts.

Product development is a strategy that seeks increased sales by improving or modifying present products or services. ACPI need to improve its current product with the product in order to make customers more satisfied so that people will attracted to use the product and consequently increase the revenues of ACPI. After completed the analysis through appropriate research and using some of the matrixes, we concluded that the best strategy that is suits to the company is market penetration and product development.