

**ENHANCING THE VALUE CHAIN IN
TEDUH WELDING TOWARDS
SUSTAINING COMPETITIVE
ADVANTAGES**

ACKNOWLEDGMENT

This project paper is presented with the assistance of many essential personnel from various organizations such as Exco of Entrepreneurships Development, Small Medium Enterprises (SME) and State Small Enterprises, Dewan Perniagaan Melayu Malaysia Terengganu (DPMMT), Terengganu State Economic Planning Unit, Yayasan Pembangunan Usahawan, Managing Director of Teduh Welding Sdn Bhd and many others.

To all of them, especially those that have both directly contributed to the case studies and indirectly helped us to develop our understanding of making this applied business project paper come true. We would like to express our appreciation for their time, input, constructive comments and suggestions. And to most important persons that have been assisting us towards preparing this report, whole members of this group, thank for all your participations and commitments.

Our special thanks and grateful to our project supervisor, Dr Yeop Hussin Bidin for his concern, professional advice, guidance and assistance. Without him, this paper would not have taken off ground.

Not forgetting to all our adorable family members, without the love, support and understanding this project paper would not be a successful one.

Finally, our appreciation goes to our lecturers and EMBA Program's Coordinator Asso. Professor Tuan Haji Hussin Dollah for their wonderful kindness and helpfulness throughout our period of study in this Executive Master of Business Administration program.

May Allah The Almighty bless your kindness and prosperity be with you always.

Amin....

Table of Content

Title		i
Letter of Transmittal		ii
Acknowledgement		iii
Table of Content		iv
List of Tables & Figures		v
Abstract		vi
Chapter		
Chapter 1	Introduction	n
	1.1 Background of Study	1
	1.1.1 Welding Industry in Terengganu	3
	1.1.2 Prospect and Competition of Welding Industry in Terengganu	10
	1.2 Problem Statements	12
	1.3 Objective of Study	16
	1.4 Scope of Study	17
	1.5 Limitation of Study	18
	1.6 Organization of The Study	19
Chapter 2	Literature Review	
	2.1 An overview of Strategic Management	
	2.1.1 Definition of Strategic Management	20
	2.1.2 Dimension of Strategic Management	21
	2.2 The concept of Value Chain	23
	2.2.1 Primary Activities	23
	2.2.2 Secondary Activities	25
	2.3 Strategic Implementation	
	2.3.1 Marketing Activities	27
	2.3.2 Operation	29
	2.3.3 Human Resources and Leadership	30
	2.3.4 Service Quality and Efficiency	31
Chapter 3	Methodology	
	3.1 Case Study	
	3.1.1 Primary Source	32
	3.1.2 SWOT Analysis	33
	3.2 Consumer Survey	
	3.2.1 Secondary Source	33
	3.2.2 Compilation of Consumer Survey & Findings	34
	3.2.3 Consumer Survey Questionnaire	34

ABSTRACT

The construction industry has been the thrust of the country's development during the past twenty years. In fact, the pace of construction activities had been one of the main indicators for the state of economic conditions of this nation.

After enjoying some robust and booming time during the past 1990s until 1997, the construction industry has experienced such a gloomy years starting from 1998 since the government had to cancel or defer the construction of some mega projects such as Bakun Hydro Dam in Sarawak, Ipoh-Rawang Dual Railway Track, etc. During this recession years, some construction-related companies had some difficult times which forced them to either diversify their activities or to ultimately divest some of their business activities to survive.

Nonetheless, the recently announced Ninth Malaysian Plan seemed to give a new hope to this sector when the Prime Minister promised some concrete plans which involved total allocation of between RM150 billion and RM200 billion. This is hoped to revive the sector which had contracted for six consecutive quarters by 1.6 percent in 2005 and later, is estimated to grow 3 percent in 2006, the highest in nine years. The Public Work Minister, Dato Seri S. Samy Vellu said that the 3 percent growth forecast is based on an estimated RM56 billion worth of projects to be awarded in 2006, which is 13 percent more than last year's RM49.38 billion and 2004's RM50.64 billion.

One of the construction players in the State of Terengganu is Teduh Welding Sdn Bhd and is looking forward to achieving a better performance and result with this recent announcement. Even though the company is considered small and only started involving in the welding and steel related activities in 1999, it had, in the past couple of years, ventured into the construction industry which is somewhat closely related to its existing core business. Now, the construction business has become the major contributor to the company's total revenues.

*Thus, the purpose of this applied business project is to look into the possibility of finding ways and to identify the company's internal weaknesses and strengths. We try to help the company to rectify and overcome the weaknesses and to turn the strengths into the competitive advantages to make the company as one of the most envious players in the industry in term of its profit maximization and sustainable profit growth. Besides that, we are also going to help the company to look for potential opportunities that the company may tap into and identify the threats that it may need to avoid or overcome. In order to execute this, we will look into the **Concept of Value Chain** where each function has a role in lowering the cost structure and increasing the perceived utility (Value) of the products through differentiation. These transformation processes involve primary and support activities that add values to the products.*