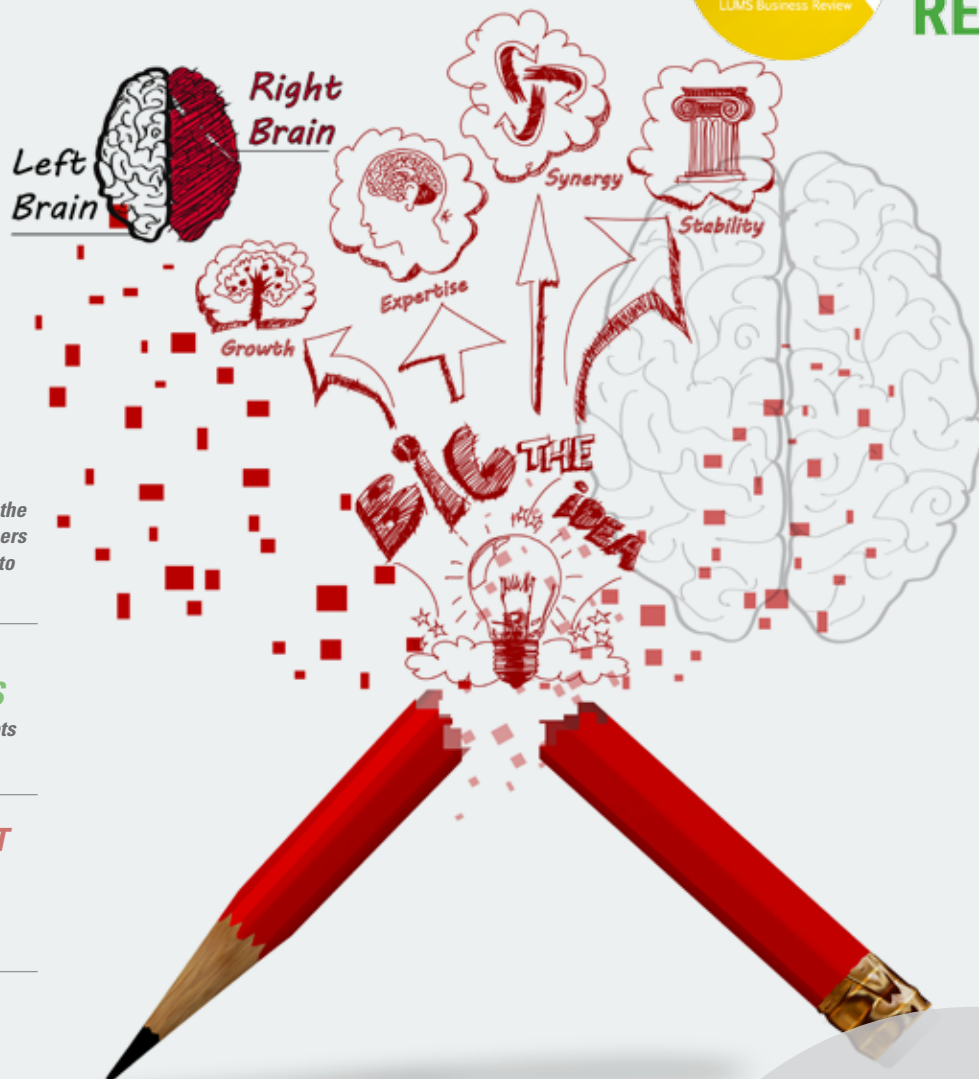


# LUMS BUSINESS REVIEW



LUMS  
BUSINESS  
REVIEW



## DREAMS ON WHEELS

"Some painters transform the sun into a yellow spot, others transform a yellow spot into a sun"-

## FACILITATING ENTREPRENEURS

reach International Markets  
- DHL

## THE URGE TO CUT COSTS

Sarfraz A. Rehman, CEO  
Engro Pakistan

## NATIONS, DON'T JUST HAPPEN

Sarfraz A. Rehman, CEO  
Engro Pakistan



Suleman Dawood  
School of Business

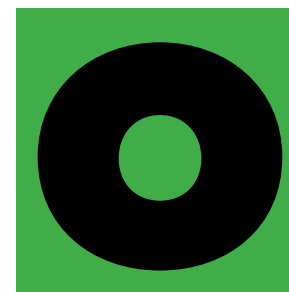
**100 YEARS COLD**  
FOREVER HAIN KHUSHIAN

*Coca-Cola*



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## Note from the PRESIDENT & EDITOR IN CHIEF



ften confused with hotshots taking companies public one after the other, entrepreneurial activity is actually much more than that, it is getting things done more efficiently and creatively in response to constraints that we find ourselves immersed in - some societal, others political.

So here is the concept... kiss the smelly old business models and thick, syrupy bureaucracy goodbye, question long established processes, which are like dead meat now, and voila – you are an entrepreneur.

Though the best type of entrepreneurship we would like to have is the one where government is an entrepreneur like that in China but till we get there, we have got to take strings in our hands. And we have been doing this for quite some time...

If we think back a little, the national appeal of entrepreneurship is older than we might think, it is in our cultural heritage – the thousands of small corner shops (khokhas) in our neighborhoods are an essence of entrepreneurial spirit. What is lacking though is the vision to go big. Our ideas stop taking wings as soon as they cross our doors, often making interiors beautiful, but not the view outside the window.

This effort of ours in shape of LUMS Business Review is not a reminder that we Pakistanis should opt for entrepreneurship – we don't need to, we are all big risk takers – rather it is a reminder that there is a view outside our window that needs a re-do too. It is part of us. It is us! We only need big thinking and grand vision that touches more things, nationally and globally. And with so many of us, it can alter the economic map of the world with the blink on an eye.

**SO, OUR IDEA... GO BIG AND CHANGE THE VIEW OUTSIDE YOUR WINDOW.**

With this, I would hope that you like this years' LBR issue. Would love to hear from you. Send us anything: feedback, a new idea, just few words of encouragement, or a nice thought.

ENJOY YOUR SUMMERS!



Dear Readers,  
Among many unusual things one learns at unexpected places here is one on top of my mind right now; entrepreneurship in the world's 6th most populous country could mean reshaped businesses, redefined politics and recreated societies – worldwide. *Yes, worldwide!*

**SIDRA FAIZ AHMED**  
President & Editor in Chief  
LUMS Business Review  
MBA 2015

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# Note from the VICE PRESIDENT



Dear Readers

It is with much joy and anticipation that we share with you another edition of LUMS Business Review. I would take the opportunity to thank all the contributors and volunteers who made this possible and look forward to further improvements as we go on.



This year's LUMS Business Review aims to be a one stop read for all aspiring and current entrepreneurs looking for insights from the market. We aim to bring a diverse set of writers to help empower you with more information and equip you with the latest happenings. The articles are

mostly personal experiences from those working on ground and give an accurate picture of the market.

I hope that you will thoroughly enjoy reading our edition and it would help you in getting what was needed. I also look forward to your input regarding the theme that you may want for the upcoming year. Please also provide us with the feedback so that we can improve and make it more relevant to your needs.

HAPPY READING!

**RIZWAN MANSOOR**

Vice President

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## DREAMS ON WHEELS

Some painters transform the sun into a yellow spot, others transform a yellow spot into a sun - *Pablo Picasso*



Using his life on these words, Haider Ali, or as famously known, "**Haider Ali The Truck Artist**", has come a long way from the small Victorian era market of Garden East, Karachi, to exploring the world. Born in Sahiwal and brought up in Karachi, this ambitious

34-year-old artist aims to revolutionize the fate of Pakistani Truck Art across the globe. Ali's entrepreneurial skills can be traced back to his father who moved from Sahiwal to Karachi in pursuit of establishing himself in order to earn bread for his children. He managed to set up a Truck Art workshop in Garden East, which catered to the needs of truck owners. Coming from a family with a 60-year background in Truck Art, Ali was always intrigued by the color combinations and the complex floral designs. Though Ali received education in a government school, he claims to have learned the most at his father's workshop in Garden East. Sensing his artistic skills, Ali's father decided to give him an opportunity to learn from the professionals in the industry. Ali's mother, on the other hand, dreamed of Ali being a doctor, but deep down Ali knew his only desire laid in truck art.

As Ali began working in the industry, he soon began to realize the hardships that awaited him. Firstly, no industry professional was willing to teach Ali, owing to the fear

that he might replace them in near future. Despite this, keeping his spirits high, Ali wandered from one professional to another in hopes of fine-tuning his skill for art. After searching for many moons and losing much confidence, Ali finally found refuge in a cinema house, where a man named Naveed Wazir opted to mentor him for 8 months.

At the age of 12, having regained his confidence, Ali started working as an employee at his father's workshop. Initially, Ali couldn't paint an entire truck himself, so he assisted his father; however, by the age of 16, he had obtained the stamina and experience required to paint his first truck. Those four years of practice and training were not easy for Ali, as he tried balancing education and his passion, but at the end decided to drop out of school, devoting his efforts fully towards developing his name within the truck art industry.

During the developing years, Ali learnt the essence of hard work, perseverance, and commitment to what mattered to him – Truck Art. Upon completion of his first piece, Ali was swamped with orders from new clients. His demonstrated

# DREAMS ON WHEELS

skill, alongside his father's reputation in the industry, awarded him a large client base. As Ali's name spread across the industry, artists who Ali once revered began viewing him as a threat, calling him names, and engaging in price wars to undercut his rates. Statements like

**"he is just another kid"**

were meant to deter Ali's business, as truck drivers often



viewed their trucks as companions, and were quite selective in terms of which artist they hired for the job. Ali recalls the reason for the artists' panic: "I didn't make what others made, mine were more personalized".

These foul tactics almost drove Ali out of business, but Ali refused to concede in the face of defeat, because

for long-term players to function, they need to consider short-term losses as investments for the future. In light of this claim, Ali retaliated by cutting his prices drastically, to the extent where he was essentially painting trucks free of cost. This new tactic of doing trucks free of charge resulted in Ali's name being renowned in different parts of the country. With time, Ali had begun to understand the consumer market – one of his original ideas that worked wonder was to paint the dreams of truck drivers on their trucks.

However, Ali's target market was not to be restricted to simply locals, as foreign tourists visiting Garden East in search of Victorian Era buildings would be perplexed by the art Pakistan had to offer. According to Ali, over the years, foreigners developed literature on truck art, and valued the skill immensely. This laid the foundation for the exponential success Ali was about to witness.

Seeing how much the foreigners loved truck art, Sheraton Hotel decided to develop a lobby corner dedicated to truck art. At that time, Ali was the best name in the business, and so the manager at Sheraton called Ali in to design a truck. Seeing this as an opportunity to market him, Ali strived to create his greatest work yet. The truck was positioned in Sheraton's main lobby, where foreigners would inquire about Ali, the artist behind the truck, and express their desire to visit his workshop. As this trend grew, Ali thought of an idea to diversify his services – painting specialized souvenirs for foreigners to take back to their home countries.

Numerous foreigners promised to take Ali to their home countries to display the art that was hidden in the small, narrow streets of Garden East, but none ever

returned to fulfill their promise, until one fine day. **Professor Dr. Jonathan Mark Kenoyer, of University of Wisconsin**, stumbled across Ali's work at the Sheraton Hotel, and was greatly intrigued. Professor Kenoyer, who had 25-years experience in teaching art, wished to take Ali back with him to Wisconsin to display Ali's truck art. Ali, who by now had gotten used to all the foreigners' promises to take him to their country, simply acknowledged Dr. Kenoyer's gratitude with a smile. But Dr. Kenoyer was serious, and diverted his efforts on getting Ali his Visa, which considering that Ali was a Muslim was not an easy job. Dr. Kenoyer, however, succeeded in bringing Ali to the US, and requested Ali to make a new piece to be displayed in an art exhibition in Wisconsin.

Ali remembers the appreciation and love that he received in US even after 9/11: **"I did not expect that something considered to be so demeaning in Pakistan, would be the reason for appreciation and admiration outside Pakistan"**. In fact, this motivated Ali to learn the English language, something with which he was previously not familiar, and thus required a translator. The trip to Wisconsin allowed Ali to gain valuable global exposure. The art exhibition introduced him to a number of artists who also wished to display his art in their countries. From here, Ali travelled across the world to countries like UK, Canada, Dubai, and Muscat. Ali, recently in 2011, painted a truck for exhibition in UK Olympics in London – the only one of its kind in the UK. Having seen the truck outside the museum, a lot of public servants called Ali to paint a wall or a wall frame for their consulate offices. And Ali did not stop there – he used his artistic flair to foster amicable relations with consulates in India, Turkey, and France, too. Currently, Ali is in contact with the Swiss Consulate and is

designing a wall for them.

Ali's fame grew vastly on the global forum, yet locally, he was not as popular. Then, an opportunity to strike at local stardom came about when **GEO** was looking for a cover story on heritage and culture of Pakistan, and during their quest came across Ali and his truck art. This opportunity bore no fruit, as the story only talked about truck art and an unnamed artist who works somewhere in Garden East. With the entry of newer channels, however, more and more stories were being covered and finally one story covered Ali's workshop, his work and an interview with him.

These channel coverings acted as a corner stone for what was to become the bases for the success that awaited Ali further in life. One of Ali's clients saw the work Ali had to offer, and was captivated, so he came by one day to ask Ali for a personalized souvenir. Ali had never before made a personalized souvenir, but was quick to see this as another way to develop his skillset. The client wanted a gift for his friend, who was none other than **Tapu Javeri, renowned photographer of Pakistan**. Tapu, impressed by Ali's finishing, became an instant fan of Ali's art, and decided to pay a visit to Ali's store to hire Ali to create a wall of Truck Art for his house. Ali recalls: "when Tapu Javeri came in for some orders... my friend asked me if I knew who that was. Jokingly, I said I don't know, just another client I guess. That's when my friend told me that he wasn't just another person. He was the famous Tapu Javeri."

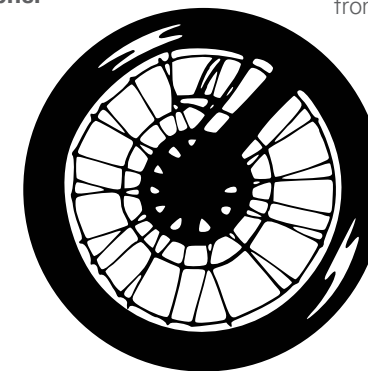


Soon, Ali began to grasp the importance of making himself accessible to the masses via social media. With limited understanding of technology, Ali learned to use Facebook and Gmail to make his work public. As Ali became more comfortable with using technology, he faced a mishap – an old colleague and teacher of Ali's deleted his Facebook page in an attempt to eliminate Ali from social media. But from the early years of his life, Ali has never lost hope. It was not long before another opportunity presented itself to Ali. **'T2F'**, a youth targeted organization, was hosting an exhibition that gave Ali an opening to interact with young entrepreneurs. This exhibition turned out just the way Ali hoped.

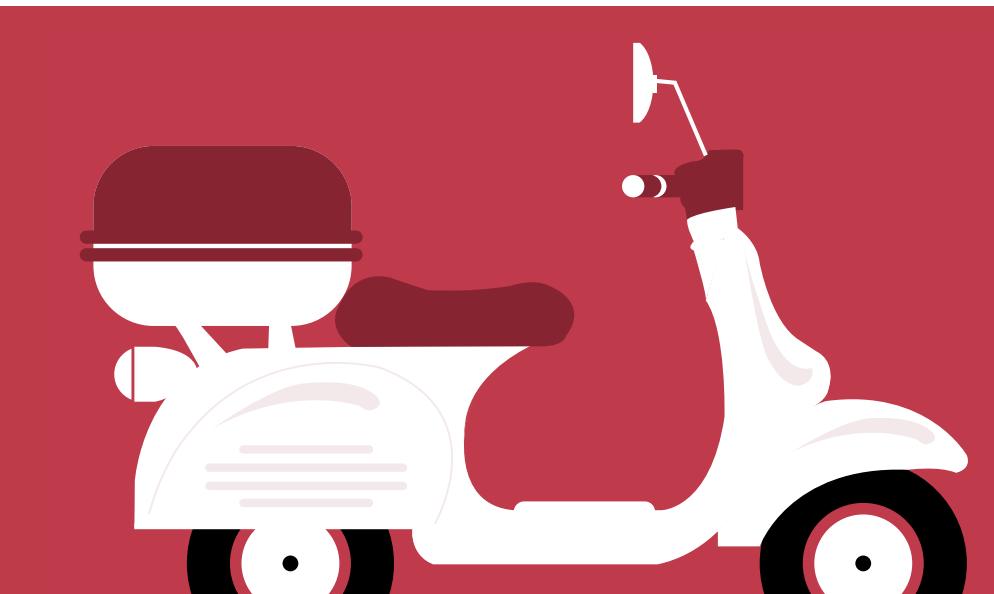
A local brand by the name of **'UthOye'** contacted Ali for designs that they could print on T-shirts for the youth. The trend continued, and truck art got recognition when designers and lawn manufacturers like Gul Ahmed started dedicating their

entire wardrobe lines to truck art. This gave Ali's souvenir shop a boost. Ali now not only did truck art designs on trucks, but also on a number of items such as the mugs, teapots, and wall frames.

Life seemed to be going great, but then at the peak of his career, Ali lost his biggest supporter and stronghold: his father. The death of his father shook Ali, as Ali would resort to him when the going got tough; as a result, Ali went into denial. At that point, his brothers had also decided to sell off the assets that were in their father's name, which included the workshop. Ali's brothers did not share his passion for Truck Art, and therefore felt that the money should be invested in their own respective businesses. Ali fought to prevent the sale – for professional as well as sentimental reasons – and won. But since the workshop was not sold, Ali was excluded from the additional sale of assets and thus never received any money from his brothers. But even when his brothers left Ali stranded, he didn't lose hope and continued his journey. Ali now owns an accommodation near Hawksbay, and is



# DREAMS ON WHEELS



happily married with a 4-year-old son and 6-month-old twins.

Yet, given all his success, Ali wanted to do more for society. He knew that people in Pakistan did not give much importance to an art that is worth millions abroad, so he tried to talk to the best art colleges in Pakistan, namely **Indus Valley (IVS)** and **National College of Arts (NCA)**. IVS administration did not respond to Ali's request, while NCA on the other hand did not welcome the idea.

Not being able to achieve what he wanted, Ali patiently waited until one day, when a man named Ali Salman interviewed him. Ali professed his frustration: "They teach the art that does not belong to us, and the only art that belongs to us no one even asks about it". Ali Salman, a resourceful man, came up with an idea – a school named '**Phool Patti**' – where Ali could teach the youth about truck art. Phool Patti is wholly devoted to preserving and advancing the **Pakistani Truck Art** in Pakistan and around the globe to make people aware of its uniqueness and beauty.

Ali is currently deeply involved in this venture. He plans to hold regular exhibitions and classes to make his dream of spreading Pakistani culture a reality, and plans to introduce a formal 4-year degree, specifically catering to specialization in Truck Art. Despite being in its beginning phase, this venture has managed to slowly and gradually spread around both Pakistan and international boundaries, attracting top artists from around the world. Dolmen Mall in Karachi gave Phool Patti and Ali an opportunity to display Truck Art inside the mall for about three days as a part of the Azaadi Festival, via which Ali was able to get his message across to the Pakistani population.

Upon reading the Ali's aforementioned story, one can see that Ali's journey has been rocky, but Ali believes that is exactly how an entrepreneur's journey ought to be. Ali strongly believes that if a man holds love and passion for something, he will turn every threat into an opportunity to turn that passion into action. Ali concluded the interview by expressing his desire for his son to continue this passion of his and take it to

new heights, as he believes that Truck Art has a lot of potential to grow further. However, Ali strongly emphasized the completion of his son's education, as Ali realizes that it is essential to keep up with this fast paced world, and believes that if an educated man was to enter this industry, he could ensure the preservation of this sacred Pakistani art that Ali holds so close to his heart. Despite so many challenges and set backs, Ali kept an optimistic view towards life, and was thus able to prove his worth to his mentors, friends and family. Hence, not surprisingly, the one principal that Ali lives his life by and wants every other person to live by is "Work until your Idols become your Rivals".

**Profile: Haider Ali**  
CEO/Head Truck artist

A renowned truck artist, famous for his Truck art talent. Haider Ali is Pakistan's leading truck/ bus artist. Haider painted this truck primarily for a special Truck Art exhibition in Luton's Stockwood Discovery Center USA in March and April 2011 and LA USA 2014. The truck is now a part of the centers transport collection and the only one of its kind in the UK and possibly Europe. Haider Ali represents the new Pakistani men demonstrating great entrepreneurial skills. He is ambitious and creative. Haider Ali has visited a lot of countries and represented Pakistan. He is known for his hard work and dedication which adds uniqueness to his creations. He has also trained several students and has decorated 100,000 trucks with his beautiful talent.

Writer/s:  
**Ramsha Abdur Razzaq**  
**Minha Akber Allibhoyis**  
Editor: *Misha Raza BSc Economics 2015*

# FACILITATING ENTREPRENEURS

## Reach International Markets - DHL

**I**n today's world, end to end logistics is emerging as an integral part of the total supply chain. Goods are manufactured in different parts of the world, but are available on the shelf for ultimate consumer living worldwide. Small and large businesses are looking for efficient and reliable service providers to manage their logistics chain. DHL Express in Pakistan is ranked as one of the '**Most International Companies**' in the world. DHL plays a pivotal role in facilitating trade internally as well as externally and assists entrepreneurs and businesses reach international markets efficiently.

The story of a single shipment is a complex set of intertwined processes, involving many departments of the express chain, in many geographical locations across the globe. A customer service agent or a service point in-charge books a shipment, the shipment information is then forwarded to the dispatch unit who allocates it to a courier, the courier then picks up the shipment and scans the air way bill which helps in tracking it throughout the process, the shipment is then brought to the service center where it undergoes various processes like sorting, reweighing, security checks, after which it goes to the gateway where it is exported on to the DHL international network, which is spread across **220 countries and territories**. While the shipment is in transit, it arrives at one of our regional or global hubs where it is once again

sorted along with thousands of other shipments and routed to its final destination. At arrival, the shipment requires customs checks, after which it is brought to the warehouse for sorting and then dispatched to the courier for delivery. There are approximately 17 mandatory check points in one shipment movement cycle. With so many checks, geographical locations, transport means and the number of people involved, it requires immense attention to detail and perfection at every step to ensure a high quality of service. It is absolutely vital that all the cogs in this process turn efficiently and this requires a highly motivated workforce who adopts ownership and delivers efficient performance to the

customer base that is dispersed across the country.

DHL certified international specialists deliver service quality which is unmatched and unprecedented. 99% of the shipments are picked up within one hour of customer calls, 95% of dutiable shipments are cleared from customs immediately upon arrival, almost 98% of the shipments are delivered on time, 90% of the calls are answered within 10 seconds and 75% of the complaints are resolved within 5 days. Such outstanding performance indicators truly showcase the exceptional quality of services offered in Pakistan to reach the global markets faster.



**In today's rapidly expanding corporate world, which is becoming a highly complex, customer requirements are increasing in sophistication while the standards of their expectations are constantly rising.**

# FACILITATING ENTREPRENEURS

DHL has extensively invested in logistics infrastructure, branding, facilities and qualified people in Pakistan. We have a sales and operations presence across **22 cities of Pakistan**, ranging from the Southern port city of Karachi to the Northern most points of Abbotabad and Mirpur. The logistics infrastructure comprises of 3 fully secured gateways, 5 service centers manned with latest sophisticated cargo scanning machines and a very strong retail footprint of 56 service points that is more widespread in both larger and smaller cities and towns. DHL has an in-house customs at our Karachi bonded facility which is also TAPA (Transported Asset Protection Association) certified. In addition, our Karachi and Lahore facilities are RA-3 validated and approved by EU authorities.

To reach out to the entrepreneurs, Pakistan Express market has been

segmented into multiple channels comprising of sales people meeting customer needs according to their business potential and requirements which are constantly evolving. Our world class sales processes embed discipline in relationships with customers as well as in the retention strategies. Each sales personnel is guided through input KPI's that assist in managing and improving selling initiatives.

A formal on-boarding process, a well-structured email contact strategy and regular customer engagement activities are the key to the strong loyalty with customers.

DHL Express also has a suite of world class E-Commerce solutions for customers that help them not only to book shipments from their locations and monitor progress but more importantly manage information that is

so critical for business decision making in this modern era.

In today's rapidly expanding corporate world, which is becoming a highly complex, customer requirements are increasing in sophistication while the standards of their expectations are constantly rising. They have never been more well-informed and aware of the choices available to them. Service models which would have worked well yesterday are no longer adequate. New approaches need to be developed and performance must be consistently enhanced. DHL has proactively endeavored to be one step ahead with these changing dynamics, through its unwavering commitment to quality, speed and reliability. We consistently monitor our performance and market dynamics to identify areas of improvement and how we may better serve our customers, which will enable us to move up the service ladder.

DHL also has a structured approach in place to get customer feedback. DHL uses the **'Net Promoter Approach'** which helps in order to listen to the customers and improve service for them. The approach revolves around customers experience with DHL Express after they have encountered one of our touch points, whether they make a booking, salesperson visit or had a courier picked up their shipment. This feedback helps DHL in understanding changing customer expectations and devise ways to meet them.

Besides this, we have also worked on consistently improving our internal standards to engineer a service which is truly outstanding in making us the **'Provider of Choice'** for our customers. Three years ago, our on-time delivery was 92% but today it stands at almost 98%. This really is a reflection

of our ethos and our unwavering commitment to not stay stagnant but to keep improving our standards and performance to match increasing customer demands. This same determination has resulted in a lot of successful stories to tell the world. With a deeply engrained vision and consistent investment in the infrastructure and people, DHL in Pakistan is prepared to face all challenges head on, provide support to the economy and remain the 'Provider of Choice'.

The organization, comprising of over **500 Certified International Specialists**, has come a long way to become a true market leader that has a unified, motivated team that is passionate about succeeding. DHL Express Pakistan won multiple Operations, Customer Service, Finance, IT, HR, Sales and Marketing functional awards to become the 'Provider of Choice' in Pakistan. Our internal 'Employee Opinion Survey' scores have consistently been around an average

of 98% positive in the last 4 years as a result of which we recently won the prestigious DPDHL CEO award and DHL Express has also been awarded the **'Best Place to Work'** by Engage Consultancy. This reflects the high level of commitment and motivation of the teams who are directly responsible for delivering exceptional standards of services to our valued customers in Pakistan and across the globe.

*Editor: YUSRA RASHID*



**Usman holds a masters degree from IBA in marketing and finance. He has completed Maersk International Shipping Education Program from A.P. Moeller Shipping School -Copenhagen, Denmark in 1999 and has conducted various international trainings during his tenure at DHL including Certified International Manager program. During his tenure at DHL, he has achieved substantial improvement in revenue, market share growth, customer retention, sales discipline and development.**

# THE URGE TO CUT COSTS



**R**

Recently, during a dinner with some senior MNC friends, a discussion led to the question

of comparing a cost effective model with a growth model. Normally, I do not write about these management questions. Most people do not have any interest in them, whatsoever, and I myself find them very boring. However, in this case, I thought it incumbent to record my learnings, as it may help someone in the future.

Right at the outset, let me declare that I find it amazing that some big management gurus tilt towards cost effectiveness, while in my opinion, cost cutting is only an occasional tool to boost efficiencies (for minimal periods) and can never create sustainability, as compared to a business growth model, which leads to longer term sustenance.

**The answer in sums is so simple. Fixed cost will be, say 10% of the total revenues of the company. A substantial saving in these will lead to an overall increase in bottom line by approximately 1% of revenue. A similar growth rate in the overall business revenue, will lead to a 10% growth in the topline. This will lead to a very significant pass through to the bottom**

**line. That is the essential difference. In one case you are expanding the whole pie, while in the other its just one small slice being improved, while the pie does not expand, infact sometimes contracts.**

Nowadays it seems to be a habit though. Most MNCs seem to be restructuring all the time. This is really a code word to control costs and become more efficient. A continuous cost drive takes the edge off creativity and makes people risk averse. Employees are incessantly worried about their jobs, so very little space is left to actually worry about performance. There are other side issues. Uncertainty, while cost is saved, leads to tension and insecurity. This inevitably leads to politics and a lot of in-fighting. The employees forget the purpose of working for the betterment of the company. The employees forget the purpose of working for the betterment of the company. Very soon, even when the cost has been saved, the company has lost enough sales, so that we are back to square one.

The employees forget the purpose of working for the betterment of the company. Very soon, even when the cost has been saved, the company has lost enough sales, so that we are back to square one. The same bottomline! So then this process is applied again and more costs are drawn out of the system, with the same circular reference effect on the sales. The company is actually chasing its tail and we have seen some large companies dwindle into nothing over time.

Gunning for growth is always a

positive message. It means more sales, more people working, less per capita costs, greater buoyancy, more people progressing in their careers and general all round happiness. Of course it comes with more risks, as growth is not a given and many times one has to create this growth, sometimes with innovation and change, other times with out of the box thinking.

Fortunately, in almost all my career, I have been in growth situations and only a couple of times has one encountered a cost saving situation. I make no bones about it...once the job was done, my dislike for the organisation led me to leave it at the first available opportunity, as part of a general exodus of many good people. Infact, generally the best performing people find optimistic spaces and are much happier moving from these sort of adverse cost saving situations.

The need to cut costs will surface at times, especially when a business is in trouble, and to save the company and a larger part of the work force, some sacrifices have to be made. In this case cutting cost makes sense for survival sake. But not the way its practised today, for the sake of enhancing bottomline and rewarding shareholders at the cost of employees lives and families. That is a most inhuman form of management. At the same time one is not advocating rampant cost increases here. Its good to be cost conscious and not throw away efficiency. However, that is a mind-set and not the main purpose of the business, which is to sell profitably, make bottom-line, have an engaged work force and happy shareholders. A balanced path!

**Sarfaraz A. Rehman**  
CEO Engro Pakistan

**together,  
we will  
change  
the world**

As the preferred employer for fresh graduates across the nation, Engro prides itself on making a difference in every sphere of business. And, as a leading company and a prime example of homegrown success, we encourage able, young leaders to come forward to take charge because at Engro we believe that together, we will change the world.

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# NATIONS, DON'T JUST HAPPEN

We shall get there In-sha-Allah. Just require patience and faith. The good will come through. Nations, don't just happen.



The breaking news was as usual all about dire consequences of one event or the other.

One gets used to it. This is the way of all channels and media, world over. Somehow, bad news travels fast, gets more attention and attracts people. Nothing like a good old disaster to get people animated. Anyway, here in Pakistan we have become de-sensitized, as we have plenty of bad news and on top of it, dozens of channels vying for breaking news. Grief!

All the bad news notwithstanding, I would like to add my two bits to the discussion of how things have deteriorated and we are in a mess. My personal take on it is that, it is nature taking its toll. Yes surprise, Nature!

In the past I have written on our nationhood and blamed our lack of belief in our vision. This lack of vision, a desire to be an aspirational Muslim homeland, got diluted and a desire to be a strong economic state took over. We got our wires crossed and really ended up doing neither.

## Reference

<https://sarfarazar.wordpress.com/?s=of+wings+and+visions>

However, over time and after due consideration, while I still think we need a vision to take us further – otherwise there is nothing to hold us together – the reality is that nature is taking its toll.

Let me explain my statement, which I assure you is not an effort to be facetious. In the world's written history, there have been nine great nations. There have been other good ones, but what we would classically call great, are those who have dominated their period in the world, added to knowledge and their traces are left in the working of the world even today. Historically they have lasted an average of two hundred and fifty years or more. Want me to count them out? **Egypt, Persia, Greece, Rome, China, Arabia, Turkistan, Britain, America;** more or less chronologically and another interesting point; there have been no repeats. China might well turn out to be the first repeat.

Anyway, think of these nations. They were formed layer by layer. The Egyptians took thousands of years to come to a stage of absolute dominance. Same with the Romans. From the discovery of Romulus and Remus on the banks of the Tiber to Julius Caesar was several hundreds of years. These years comprise a coming together, a homogeneity of purpose, a gathering of strength, conquest and then respect follows from other nations, that you are the leaders. Having reached this peak, the decline starts and at first society declines, then economics and finally the military strength dissipates. That is the round trip of a nation.

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Now think back to August 1947. When India obtained independence they had a memory. They remembered the Aryans, Alexander as he came through

the Khyber Pass, later the Huns, Mongols and Babur. India owned the Red Fort and Taj Mahal. All these they took as their own. This was as much their history, as Chandragupta Maurya or Ashoka or Ranjit Singh. Their culture was a melting pot of homogeneity and in economics they were working together against adversity. So naturally it is easier to bond as a nation and have one identity.

Then there was Pakistan. We had a seven year history (from 1947 resolution), two varying lands and cultures – apart by fifteen hundred miles – a western part which comprised borderland tribes, who had only shared history of invasions in common and were diverse otherwise. We had nothing binding us, other than a great principle and we competed for the same resources. This was running uphill against the flow of history and nature. No wonder, we shall take time! 67 years is a minuscule time period in history, a dot in time. We are children as a nation and still learning. When we get to our teens our time will be different and hopefully we will mature. It might involve another hundred years for these layers to form. In comparison to other stages of development of nations, I would say maybe we are like the Wild West of USA just now.

# TREENING



photograph courtesy: **Artistic Images**

**Zohair Allibhoy, the founder of Treening, can be credited for training over 40,000 individuals in under 5 years, through his current organisation as well as his projects with the School of Leadership. He is an expert in the realms of public speaking, creativity, team building, branding, personal grooming and uses his skills to enhance the development of individuals and institutions**

**What is your business?** The name of my organization, Treening, was obtained by combining “teenage” and “training”. At Treening, we aim to empower the youngsters of Pakistan by conducting workshops on six core topics: personal management, career exposure, teacher-student partnerships, decision-making, and university personal statement writing.

**What motivated you to start this organization?** As a child, I yearned to take over my father's shoe making company, but my father was not so keen on handing it over, as he believed my skillset did not complement the core values of his company. So I took up something I was otherwise good at – speaking – and looking for a job that could pay me for it.

I had always harbored an entrepreneurial mindset. In school, I personally delivered cafeteria items to my peers for their surplus change, which I donated to poor folk on the streets of Karachi – the city where I grew up. But I soon realized that this was not enough. Why give a man a fish and feed him for a day, when I could teach him how to fish and feed him for life? So I began setting up debate competitions and public speaking seminars in my school, charging participants a registration fee between PKR 20 and 50. By the end of the term, I had earned PKR 100,000. This money allowed two students to go to private schools, and six to go to garage schools in Karachi – all expenses paid.

This inculcated a spirit of activism

in me, which led to my dream organization – Treening.

**What have been your struggles and milestones?** My first job was at The School of Leadership, where I was certified to train students in public speaking. At the same time, my bachelor's in-media program allowed me to host a TV channel and a radio channel simultaneously, whereby I listened to students much like myself and offered to solve their problems. I was being paid to talk, and I loved it.

However, the later half of 2010 became a terrible time for me. I left my job at The School of Leadership, my radio channel contract expired and it was too late to renew it, and my TV channel boss moved on to a better job. For

about a year, I was lost and living off my savings, At that point, I began thinking of things to do. Someone recommended a school catering specifically to student development, but there already existed thirteen such institutions – each with a different core competence. I brought them all together under one canopy, but this proved to be a terrible idea that resulted in me being ridiculed by all of them. So I decided to start from scratch.

Teen Circle was the first in a series of workshops we conducted based off our six core topics (mentioned above), for which we set out to find trainers. However, this endeavor proved to be harder than I imagined, as I had little capital and was not in a position to pay salaries; thus, every trainer in the market rejected my offer. I then went to some old friends of mine, Talhah and Alishba, both whom I knew through a social service society I had joined back in high school. Once I had rallied together Talhah and Alishba, another friend, Danish Ejaz, began coaching us on how to market ourselves.

In late 2013, Alishba insisted I enrolled with the Charter for Commission Pakistan, where I could pitch Treening. The idea was once again rejected; yet, those nine months I spent with CfC proved to be of utmost importance, as I learned valuable skills – like how to run an organization – from sages like Amin Hashwani himself.

When I left CfC, I had learned how to rebrand Treening to make it a full-fledged organization instead of the youth group it was at the time. In no time, we had a vast team going; Talhah moved to Abu Dhabi, and Alishba moved to Dallas, USA, both to set up their own Treening branches in their respected locations.

#### What core values helped Treening become a success?

- 1. Transparency:** Clarity among all stakeholders
- 2. Integrity:** Match Behavior with Values
- 3. Accountability:** Take responsibility for actions
- 4. Diligence:** Focused & careful efforts in tasks
- 5. Perseverance:** Learn from mistakes & continue efforts
- 6. Discipline:** Obedience to values

These values are embedded in the minds of all of our trainers, and govern the way we treat our clients.

#### What advice would you offer budding entrepreneurs?

- 1. Be an extrovert,** and take part in extracurricular activities – that’s how you make the most friends: Talhah and Alishba offered me their labor when no one else was willing to stand by me, and are now directors in Treening. Without them, Treening may not have been able to get off the ground. This is also how you find mentors.
- 2. Be persistent:** I was rejected by sixteen potential sponsor companies, and literally thrown out of four before New Jubilee Insurance sponsored me, and the market began to act in my favor.
- 3. Save, save, and save:** in any business, it is more important to retain

rather than to find money There will be periods of time where your progress stagnates, and you begin to bleed money. In times like these, savings could be the difference between continuing and halting your operations altogether.

#### May we have a few words to sum up your personality?

“Have you met a mad man crazy enough to change the world? If yes, then you know he won’t settle for less, if no, hello, my name is Zohair Allibhoy... My vision for Treening is to directly – or indirectly – impact the lives of 4.5 billion people”.

I personally believe I have a powerful sense of right and wrong, and that I get along well with teenagers – people who comprise Treening’s client base. However, due to my lack of adherence for authority, I continuously found myself in some sort of trouble or dilemma. But this was not necessarily a bad thing, as my openness and inability to deal with boredom resulted in students being more open and expressive towards me – i.e. my stubbornness allowed me to form bonds and friendships.



# PLURAL BUSINESS PARTNERSHIP FOR PEACE

Perspective From Pakistan A Speech by MR KHALID MIRZA 3rd December 2012

Sikandar Hall-Best Western Hotel, Islamabad Organized by: SUSTAINABLE DEVELOPMENT POLICY INSTITUTE, ISLAMABAD

- It is a great honour and a privilege to be invited to this workshop participate as a discussant in this session and also to be the moderator.
- I am not quite aware as to why I have been invited to be a discussant since I know very little about the subject on hand, which, in essence, covers the role of businesses in promoting peace. You have heard a rather learned and erudite presentation by Ambreen Waheed, followed by insightful remarks by Haji Mohammad Javed, Mian Altaf Saleem and Asad Umar, all of whom I hold in the highest esteem. I am afraid what I have to say is somewhat pedestrian by comparison.
- The whole area of corporate social responsibility, as it is understood at present, namely: the expending of corporate resources on community welfare; helping the disadvantaged, vulnerable elements of society; and investing in social infrastructure – and also, extensions of CSR, like getting engaged in the promotion of a peaceful environment, peace-building activities, reducing or eliminating conflict – all this, the entire area, i.e. how and why and to what extent a corporate, i.e. a public company, should get involved in CSR and its various permutations is, to a large degree, somewhat of a mystery to me. It is really not very clear!
- I can fully understand that poverty, deprivation, alienation, injustice, entrenched vested interests, exploitation, inequitable incomes, the vesting of uncalled for and unconscionable privileges in the favoured few, and other such

unholy aspects of a society can cause real tensions, frustration, human equanimity to be riled, anger, temperatures to rise – and this could well lead to conflicts in society and disturbance of peaceful conditions. It seems to me that the struggle between the “haves” and the “have nots”, particularly when the “have nots” are numerous, is a potent cause for conflict, perhaps not so much the ethnic, sectarian or religious divide which becomes the icing on the cake or, in simple terms, the struggle between the favoured and the disfavoured provides the necessary unhappy conditions for ethnic and sectarian strife to take root and prevail.

- While there are a few businesses that, because of their special nature, prosper and do well in conflict conditions, most businesses thrive best in peaceful conditions. Notwithstanding this, regretfully, from what I have seen, only a few businesses act in a responsible manner conducive to promoting peace, and most businesses seem, by their actions, to be laying the ground for conflict, being apparently oblivious of the eventual macro impact of their actions. So, I do see the need for advocacy here. Perhaps ,by Chambers of Commerce!
- **Now, what is it that we need to advocate precisely?** At a basic level, all that is needed is for companies:
  - firstly**, to fully comply with the laws of the land, including the specific laws and regulations under which they operate, in letter and spirit;
  - Secondly**, to adhere to accepted corporate governance norms ensuring that the rights of all stakeholders in the company –

shareholders, creditors, employees, suppliers, customers – are fully respected and they are dealt with equitably;

**Thirdly**, to take all steps necessary to be environmentally friendly and ecologically in harmony; and

**Fourthly**, to be fair and just in dealings with the public.

If a company does this – and, as I said earlier; only a few do – the company would really have done all that can be expected of it. One must remember that businesses are only a small part of the equation in the matter of promoting peace and harmony in society.



Author: **Mr. Khalid Aziz Mirza**

Author: **Mr. Khalid Aziz Mirza** has had the distinction of heading the **Securities and Exchange Commission of Pakistan (SECP)** and the **Competition Commission of Pakistan (CCP)** in the past. During his tenure at the **SECP**, he spearheaded implementation of a major program for the capital markets and corporate sector reforms and took steps to enhance the institutional capacity of the **SECP**. He also played a key role in the transformation of the Monopoly Control Authority into a modern competition agency. Mr. Mirza has also served as the **International Finance Corporation's (IFC's) Chief of Mission in Turkey** and **IFC's Chief of Regional Mission** in Thailand. Later, he served as the **Sector Manager for Financial and Private Sector Development**, East Asia and Pacific Region at the World Bank. He is presently the **Professor of Practice** at the **Lahore University of Management Sciences**.

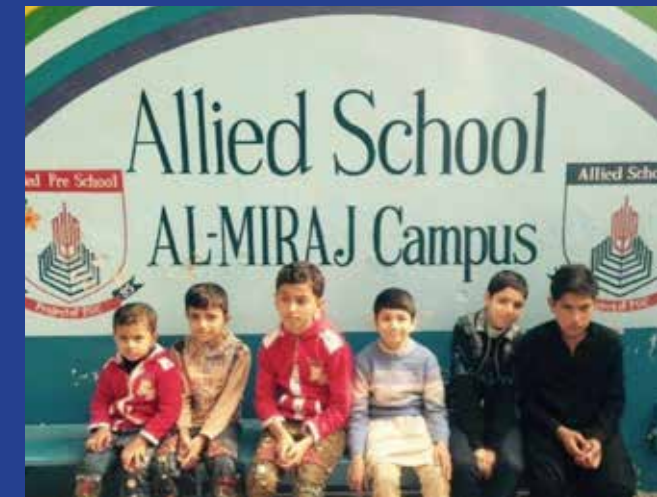
- One must also bear in mind that a company cannot act outside the limits prescribed in the laws under which it is expected to operate, and most importantly, it cannot act beyond its mandate i.e. contrary to the objectives stipulated in its Memorandum of Association. And this is crux of my problem with CSR and any extension of CSR for the specific promotion of peace.
- The company is a juristic person, and any action by it that exceeds its mandate is unlawful and ultra vires of the Company Law. Actions of the company

must conform to the objectives of the company as enshrined in its foundation documents on the basis of which the shareholders put up capital. And the company's board and management are duty bound to engage in best efforts to achieve the company's objectives. Ordinarily, unless it is a significant objective of the company, charity and altruism have no place in the Board room, and any philanthropic expense or investment in social infrastructure is illegal and grossly violative of shareholder rights. I believe the principle is that a CSR-related expense is only permissible if it is diminimis and is incurred by the company in its role as a "good citizen" alongwith other good citizens or if the CSR expense in question, directly and unequivocally, contributes to meeting the prescribed business objectives of the company.

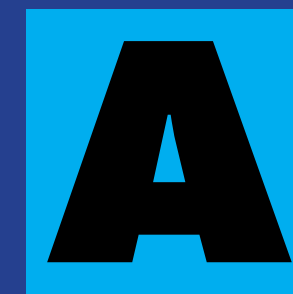
- The same principle applies equally to the executive time and resources incurred in extended CSR activities like steps taken to reduce conflict in the body-politic.
- Despite the fact that CSR has become such a fad across the globe, I note that the governing principle for CSR that I have just suggested is, by and large, duly observed in developed country jurisdictions. It is in developing countries, where perhaps the social welfare cover is weak or non-existent, that this principle is often blatantly violated. And, if I may say so, I have also known CSR to be badly abused!
- Be that as it may, insofar as conflict resolution is concerned, whether it is within the Company or externally — in particular, externally — I do not believe any Company can engage in this successfully, and perhaps may even cause harm, if it does not have the necessary specialist expertise, the capacity for which has to be either built up within the Company or contracted from sources outside the Company at considerable expense. In any case, getting involved in resolving conflicts between external parties would, in most instances, violate the Company's mandate, and would, therefore, be plainly unlawful.

- I do not see why but somehow I reminded of the East India Company, which, it seems invested heavily in social infrastructure and also engaged in conflict resolution amongst various Indian princelings and chieftains that were often at war with each other thereby adversely affecting the Company's trading activities in the sub-continent. As it happened, the East India Company itself got embroiled in these wars and started occupying territory.
- I believe the big conflict resolution success of the East India Company was, in fact, the permanent settlement of Bengal, one beneficial consequence of which was that peasant infighting over land disputes diminished considerably. While initially these CSR and extended CSR activities of the East India Company were legally questionable, I believe this was rectified when the Company became an agent of the British Crown and exercised authority on behalf of the Crown.
- My main message is that while a company can engage in CSR and extended CSR activities, including steps to resolve conflicts and promote peace in society, it must do so only to the extent that these activities clearly further the stipulated objectives of the company or if this is not the case, then only provided the utilization of the company's resources is indeed quite negligible and the steps taken can be deemed to fall within the scope of what is ordinarily expected of any good citizen.

# ROSHNI FOUNDATION



**Roshnai Foundation is a fairly recent venture, founded 15th December, 2014, and comprises a small team of individuals that includes LUMS alumni. Roshnai is an organization that believes empowering the underprivileged youth of Pakistan by making education accessible to those who cannot afford an education.**



At Roshnai, we give particular attention to public speaking as we believe that communication

skills allow one to appropriate opportunities that present themselves; in this sense, we believe we have set ourselves apart from similar organizations, as we are not simply an organization, but rather a movement with a vision to create and spread awareness.

However, despite being an exclusive establishment in this field, Roshnai also faced several startup challenges which had to be overcome, the most prominent of which was securing the seed capital for the venture. The initial startup cost was allayed via our own pockets, and donations from family and friends. But now – a few months down the road – we have begun going from one private school to another, offering membership to their students. The students from these schools are willing and able to pay, and therefore constitute our cash inflow. Furthermore, we are attempting to

collaborate with small scale NGOs to address social dilemmas such as child labor and the availability of vocational training to poor people. This, amongst contributing to the society, will help us establish ground presence and make a name for ourselves.

A further challenge Roshnai encountered was that of credibility. In any organization, it is gravely important for the organization to be able to satisfy stakeholders – to have something to show for their investment in your company. To tackle this problem, we created Facebook and Twitter accounts and conveyed proof of our operations over social media.

Currently, Roshnai, albeit a small organization, is wholly compensating

for the school expenses of fifteen children – enrolled at Allied School and Dar-e-Arqam. We at Roshnai believe that sustenance is a more valuable business ethic than expansion, and are therefore focusing on maintaining the funds for the fifteen children we are currently supporting; nevertheless, we believe that setting targets is essential for progress, and are thus aiming to send more children to school in order to empower them to take control of their own lives. Growing our organization will take time and patience, however, it is small achievements that pave the way to something greater, and in that sense, we are very proud of ourselves, of our achievements, and of Roshnai thus far.



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# A STARTUP'S GAME PLAN



If you are an entrepreneur, you probably have implemented them for your own com-

pany, or at least have a vague idea about what they entail. But, have you ever thought about why are Vision and Strategy the most crucial ingredients for the success, survival and stability of a startup?

## Life in and of a Startup

Your idea is panning out and you're managing your own business. As you've probably gathered, startups have a unique life of their own. Managing one rarely allows you to think beyond a month in advance. Usually, you are caught up with keeping pace, implementing your business model or establishing yourself in the market. Particularly for the technology sector, the pace of business is break-neck and growth is swift.

This is where vision and strategy ensure that you stay focused on your long-term plans, do everything and anything needed to achieve them and not get stuck playing catch-up. Striving for excellence means you need to be clear on the 'what', 'why' and 'where are we going' behind your business idea. This will help you in creating a cohesive, productive and evolving business model as well as culture.

If one really thinks about it, the concepts of strategy and vision are already part of the inspiration behind starting your business in the first place, even if you haven't clearly articulated them. The answer to "what is my company's vision and strategy?" is

**Vision and strategy. Two inconspicuous words, two simple concepts that Management textbooks throw around, that CEOs and consultants use to punctuate and accentuate every sentence, two constructs that are now considered humdrum and clichéd but in reality, they hold a lot of weight, whether in the business world or in an individual's life. Without them any venture is rudderless, any business directionless – in short, it's destined to fail.**

already hidden somewhere in the foundation of your business idea.

If your business is on track, then unleash these two. A clear strategy and vision will help keep you focused on your bigger goal in the entrepreneurial world, rather than getting lost in daily demands. Your startup's very survival depends on it, let alone its success and growth.

## Startup Vision

Nothing is perfect. Your business idea, plan and/or implementation are likely to have many gaps, especially when you're new. You might have bitten off more than you can chew. Your team might be unsure of where you're heading. In fact, they might be question why the company exists in the first place.

A well-defined vision not only communicates this raison d'être to

everyone but also links it to the end goal. Hence, leaders need to – and will – meticulously & passionately think about their startup's vision, in the context of identifying what that specific vision will achieve. Research indicates that how a vision is defined and followed often decides whether a venture is successful or whether it becomes part of the litany of undercooked and overstretched business ideas that failed.

For example, for an e-commerce company like Shopistan, the core vision is to provide the best possible online shopping experience to customers, in terms of design, access and convenience. This is what determines any and every action the company takes; it defines and confines them; it limits, finitizes and circumscribes them.

At the same time, a startup's vision needs to be flexible enough to change

or transform when required and not be obstinate and stubborn in the face of a clear need to change and adapt. Therefore, vision needs to balance three sub-visions for product, business and team. Product vision is the problem you are solving; i.e. what you offer, whether a tangible product, an intangible service or a mix of the two. Business visions are the most diverse as this vision dictates how the product/service reaches the customer. A workplace's culture, internally and externally, defines its identity, and this part is called a team vision.

While business vision is very crucial for an e-commerce service like Shopistan, exceptional startups define and act on all three kinds of vision. Your vision must be present every day in every decision made, every feature built, every marketing message published etc. Most importantly, a vision must begin in the founding team and management, and be enforced throughout.

This brings us to the role of a strategy that compliments the strength of all three types of visions.

## Startup Strategy

The next step is drawing a map of how to achieve your vision – that is, outlining your strategy. A strategy helps you navigate a variety of routes in order to find your specific destination. Thus, the more detailed it is, the clearer the map will be. Strategies are work, and established companies usually tend to have strict, bureaucratic and rigid ones. Fortunately, the startup culture allows you to set an innovative and creative strategy from day one, which allows you to use all given opportunities without limiting your horizons.

Recently, there's a revolution happening in the corporate world.

Companies are being forced to incorporate flexibility and innovation in their visions and strategies, mainly to keep up with the rapidly evolving marketplace. Since startups are inherently learning and flexible organizations, they have the ability to accelerate the speed of innovation and be their own bosses with regards to how they do it.

For example, in e-commerce – one of Pakistan's most booming industries – success is tied to innovatively finding the value for customers and capitalizing on their experiences. Hence, designing a strategy that incorporates customers' needs, problems and desired objectives is the only way forward. What a startup can do is to bring about big innovations by implementing innovative strategies in chunks.

This might also mean having a strategy that incorporates the use of existing technologies and tools. The most innovative companies don't always wait to build a new technology themselves. They look outside, use what exists, and then go from there.

## Strategy as Value Proposition

Your value proposition is not about the products or services you sell, but all about focusing on the desires of your customers. Think of your value proposition as a 'castle in the air' in the mind of your customers. They have abundant choice and are usually the

deciding factor in making or breaking a company. The startups that eventually grow up to dominate their market usually have a customer-oriented strategy at the back-end. Startups, being poles apart from established businesses, have different long-term goals and therefore must make different choices when creating their strategy. Research shows that covering the following key six points will help startups shape their strategy to the best of their abilities and resources:

1. Pick clear goals
2. Choose the right market
3. Raise capital
4. Select a team
5. Plan for change
6. Implement incremental innovation

## Tying it All Up

A vision lets you set goals that define your path and progress. For each goal, there is a strategy that helps you achieve it. A strategy lets you choose tactics – that is, different ways you can go about actualizing said strategy. Each tactic lets you pick your activities, the actual work done to make it happen. In a startup, all this becomes crucial for your existence, the existence tied hard & fast to both vision and strategy.

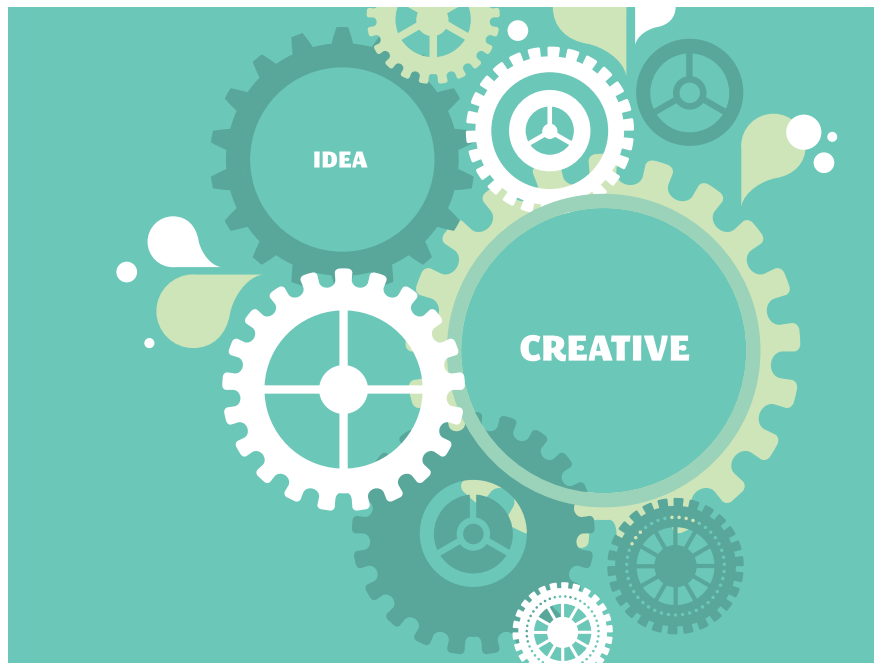
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Author/Profile: HEADED BY ALI AZIZ, shopistan.pk is the newest, hippest and most forward thinking e-commerce startup on the block. We combine software, design and customer service to provide fully managed e-commerce solutions to top-tier brands in Pakistan since 2012.

# STARTING A PROFESSIONAL SERVICE FIRM IN PAKISTAN A FEW CONSIDERATIONS...



## A Professional Service Firm (PSF) differs from other forms of business as it relies solely on the expertise of people in creating value.

This expertise is formed due to information asymmetry between the firm and the client, where the firm has valuable insights to solve a problem faced by the client. Examples of a PSF are: accounting firms, law firms, management consultancies and advertising agencies.

In some sense, PSFs are also unique as they have idiosyncratic clients with subjective assessment criteria. These dynamics have major implications on how a PSF is structured and positioned. Foremost among them is the shape it takes in its formative period as it determines the ethos of the

firm and how the service is delivered to its clients.

The intent of this article is to share, from personal experience, some of the challenges a Pakistani PSF faces in its early days.

### Commitment of the founder/s

A PSF is generally founded by a retired professional or someone who used to work with another firm and decided to start their own. Such firms have a head-start as they have known and operated in the market longer and have thus, over the years, accumulated knowledge capital, which ensures a

steady stream of income for them.

For beginners, (read: romantics) it's a bit tough. Oozing with energy and armed with skills or a degree, they feel invincible. With ideas and ideals of reforming industry and attaining a more meaningful goal, the beginners are prone to being adventurous. The problem is that almost all the PSFs operate in a conservative environment where non-conformance is not welcomed. Also the bigger and more established firms leave behind little for smaller players or newcomers. With revenues hard to come by, the beginners' resolve is tested. It is here that most PSFs wind up and leave. Surviving firms experience growth as the market starts to notice them.

### Structure of the firm

It is important to decide if the business is going to be a sole proprietorship, partnership or a private limited company as each of these forms have their own peculiarities and tax implications. A sole proprietorship is only good for some time as it's easier to register with the Securities and Exchange Commission of Pakistan and carries fewer due diligence requirements. However it could become a barrier to growth, as it does not account for broadening of ownership.

PSFs usually start out as private limited companies with at least 2 founding directors who have invested their equity into the business. This form takes longer to register and seeking legal counsel before starting is highly recommended here. For the directors, it's paramount that they understand

and agree on each and every clause in the Articles of Association. It is like writing pre-nuptials for one's wedding in the hope that one would never have to exercise them. In case of a conflict, it's advisable to settle out of court otherwise it gets messy for everyone and even the clients turn their backs on the fighting parties.

Changing status from proprietorship to private limited is frustrating. It involves re-opening of bank accounts, drafting of Articles, notifying other government agencies and most importantly informing clients who have cumbersome vendor/supplier registration process. Getting them to register a new vendor for the same service requires a lot of convincing. At times clients also ask for explanation as to why the form changed, which opens unnecessary chapters.

### Managing credibility

The most valuable asset for a PSF is its credibility. As with any other business, integrity of the directors and the associates is more important than their competence. Smaller PSFs in Pakistan usually refrain from upsetting the client even when the client is being unreasonable. While it's important to understand the client's needs, but as experts PSFs have to be firm with their clients. It's only when a firm is willing to walk away from a contract/project due to a difference in approach, does the client start respecting the firm for its ethos. Another aspect in managing credibility is the willingness to admit an oversight or a mistake and go as far as reimbursing the fees for the service rendered.

### Managing talent

PSFs engage some of the best talent on the market. Quite often, clients trust individuals who serve their needs more than the firm they belong to. This means that both the firm and the associate have to keep evolving and updating their service offering as the clients become discerning.

Though non-adversarial, but the director-associate relationship is central to the culture and sustainability of the firm. Identifying the right talent that fits the culture of the firm is crucial. A few experts even suggest a compromise on competence for cultural fit. Keeping the talent engaged is a balancing act and it is not uncommon to make high performing associates partners in the business.

### Sustainability

One of the key challenges for a PSF is its capacity utilization. Every billable hour/day has to be optimized but on average a successful PSF hits 70-75% capacity utilization in a year. Another dimension is that the services PSFs offer are mostly required when the client is ready and as such increasing the supply will not result in additional revenues. This has a major implication on how a PSF communicates to the market. The most it can do is to create a top of mind recall for itself, as when

the need arises with the client, the firm is just an arm's length away.

Pricing is another important aspect as it creates perception of quality in the market. Depending on the deliverable, it is advisable to use both hourly and daily basis for pricing. Managing the middle line items is crucial since the average gross margin is 40-60%, further complicated by the fact that the single biggest expense item is the payroll.

It may sound counter-intuitive but longer-term contracts are not healthy for a PSF as they breed complacency in the firm and also the assessment criteria by the client keeps shifting which makes delivery tough.

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Author/Profile: HEADED BY ALI AZIZ, shopistan.pk is the newest, hippest and most forward thinking e-commerce startup on the block. We combine software, design and customer service to provide fully managed e-commerce solutions to top-tier brands in Pakistan since 2012.

# SEVEN SURE FIRE STRATEGIES FOR THE BUDDING ENTREPRENEUR

A few years ago, I was visiting a CEO of a very large American textile corporation. After our meeting, we started discussing the business environments we operate in, and how the challenges fare between our two very different worlds. From the ensuing conversation it occurred to me that like basic human values, our decisions and behavior in the business world is guided by the same basic principles. Unlike my CEO friend, I did not have the luxury of a monthly meeting with a highly paid Harvard business shrink, at \$20,000 a session, who frequented to reinforce these basic principles and refined them to relate them to my friends business problems.

As a young entrepreneur starting off 33 years ago, I wish I had a Harvard guru who could have unraveled for me the mysteries of good entrepreneurial practices. What would it take to succeed in the business jungle? How challenges will emerge and how do successful business leaders overcome these? How do you keep the fire burning for motivating yourself to achieve your goals? How do you build teams and followers? How do you juggle money & investments? At what cost do you innovate, and does it pay off? The list goes on and on.

Now after all these years, I am afraid no such one guru came forth, who had all the answers, but my journey is now a rich collection from my own learning; some good and some mistakes, ready to be packaged and passed on. Here is a collection of my own insights into the life of an entrepreneur:



## Pay your dues, and pay them ahead of time.

In 1982, I graduated as an Industrial Engineer and returned to try my luck in adopting a career. Another good and able friend of mine from college, went on to do an MBA at an Ivy League school, and returned to join his family business. One of the first things he was taught was to extend his credit as much as possible, in other words, delay paying others their dues. While on the surface it seems logical to do so, enabling a business to stretch their money to do more work for them, but the big picture implications are very different.

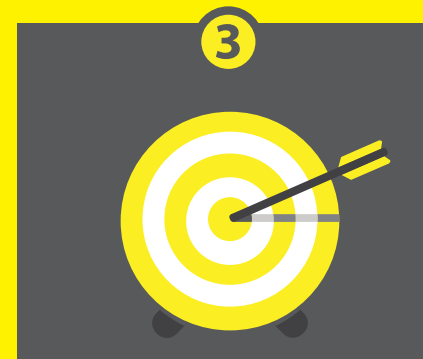
Good businesses thrive on a reputation of being good, cordial, and fair pay-

masters. They attract a better class of organizations and people, and these relationships have more commitment behind them. It also takes the negative and unnecessary time spent on monitoring and recovering money owed and helps focus on more fundamentally important success elements of the business being transacted. Unfortunately the culture of making prompt payments and for treating others money with more respect and caution than your own does not exist in Pakistan. Needless to say, my friend suffered in his business relationships and his own business went under subsequently. Every Entrepreneur is a warrior. He or she will assume risks; enter battles, sometimes retreating, and other times charging forward. Alliances and business relationships always help in these battles, and these are just a tad bit stronger when there is respect for your organization.



## Avoid Outsourcing, build Partnerships

Too often we want to do everything ourselves. This comes inherently from a mistrust of others, and their inability to perform to our own standards. Recent studies however show that outsourcing appears to save money, but in the long run creates quality problems. Toyota and Boeing are two companies that have faltered in recent years owing to excessive outsourcing. However, in a dynamic and fast growing business environment, it is important for the budding entrepreneur to recognize that they can't be best at doing everything. Each business model is an assembly of what the organization can do for itself by focusing on the core business and satellite activities that others are best at performing. The products or services offered by external partners have many components and these components are best assembled to meet organizations goals and aspirations. However unlike outsourcing, these relationships are more intensely interlinked to each other's success. They are partnerships, and unfortunately there are very few examples of businesses in Pakistan growing laterally by cultivating such partnerships and bonds.



## Focus, Focus, and more Focus

"What are you best at?" or "what is your core competence". This is a question I ask very frequently when I first meet a business owner. I get disappointing responses. If in the immediate instant it is evident that this person is not sure, the answer is obvious – there is no clear focus. Without focus there can be no clear goals, and without goals our strides to develop a successful business can only be random. Successful businesses are most often best at what they do, and they are clear about the reasons for which they exist. We keep hearing about how important a clear vision is to a business, and how it needs to be communicated across all ranks. A clear vision and focus in business are more or less essentials fundamentals for any business if it is to succeed.

**To quote STEVE JOBS, who put it beautifully**

**"We don't get a chance to do that many things, and every one should be really excellent. Because this is our life. Life is brief, and then you die, you know? And we've all chosen to do this with our lives. So it better be damn good. It better be worth it."**



## The Ethics Debate

Often I tell people that if you want to take grey noise off the table, become

predictable. Nature built a switch inside each one of us that knows right from wrong. You do wrong and you feel guilt and remorse, you stack up good deeds and you cannot help but feel uplifted. Businesses work the same way. They have a soul that knows right from wrong. We get tempted to waiver, take short-cuts, break laws, but this creates two problems. Firstly, a lot of internal energy is spent covering up the wrongdoing, and secondly external relationships are convinced you are an unpredictable partner, and it's not worth their while to engage in a business relationship with your organization. An honest and ethical organization is predictable in what path it chooses when it reaches crossroad decisions. It takes the guesswork away. Finally ethical organizations are able to deal with issues while on higher moral ground with a great deal of confidence and energy, because they know they have nothing to be ashamed of.



## Breed Succession

Companies need to evolve, people need to evolve. We must create space for our own people to grow. One growth feeds the other and vice versa. I'm a big believer in the principle of learning, which states that the biggest asset an organization has is the net sum knowledge of its people. If we improve the learning, this asset value grows and growth in knowledge creates space for organizational growth. Succession planning helps chart a roadmap for such a growth and helps us consciously track our progress. We analyze strengths and weaknesses, and bridge the weaknesses so that our learning budgets are spent more wisely. Additionally when employees

see an organization making efforts to further their internal careers by investing in them, they remain more loyal. Succession also helps keep businesses young and fresh. Questions related to relevance and diversity get addressed. As a rule of thumb, I suggest that if you can hire a replacement for yourself for 1/3rd your value, do it, and move on to add value in other areas. You will never lose.



**RICHARD BRANSON** shares his wisdom by stating

**'Above all, you want to create something you're proud of. This has always been my philosophy of business. I can honestly say that I have never gone into any business purely to make money. If that is the sole motive, then I believe you are better off not doing it.'**

Entrepreneurship is as much an art as it is a science. Balancing and juggling are primary traits. Good entrepreneurs develop a sixth sense that eventually helps them reach decisions instinctively without the help of elaborate dissections and calculations. I don't believe entrepreneurs are born with those traits; rather they spend endless hours honing and refining their skills. They dedicate their lives to create businesses and build ideas from concept to functioning realities. They give up their comfort zone to chase their dreams. Take a deep breath, and take the plunge. The world awaits change.

Though the best type of entrepreneurship we would like to have is the one where government is an entrepreneur like that in China but till we get there, we have got to take strings in our hands.



### Take Risks to Innovate

No business can survive unless it evolves with time. An entrepreneur must have the foresight to be inquisitive about future challenges and opportunities, and must align their organizations accordingly. Taking risks involves failures, and these failed attempts must not be termed a setback, but rather be seen as part of the evolution journey. Frequently I've seen a lack of a strategy in Pakistani organizations to systematically innovate. Employees are punished if they falter during these attempts. The other mistake businesses make is to not isolate their experiments in innovation and creativity from their core business operations. Core operations must be clinically repetitive, to deliver dependable performance. Creative elements should be separated from the core to allow for a different and diverse subculture to co-exist within the same organization.

### Always aim for a higher cause

Companies that are the best in what they do usually embrace this goal. They need their employees and associates to believe that they are spending their valuable time and energies not to make money, but for the better good. The "better good" has appeal that money can't buy. This phenomenon motivates us because we feel proud of what we do, and what we stand for. Injecting a higher cause in your business doesn't require you to be an NGO or a charity organization, but makes you link your business activity to the betterment of the community and society in a general or specific manner. Eventually the character matures and comes from the heart naturally rather than in a forced or conscious manner. Organizations with this value engrained in them are more trust-worthy internally and externally allowing them to create stronger lasting relationships.

Companies that strive for a higher cause have employees who are proud to show up for work, because they are contributing and helping make other's lives better by changing the world. Their lives have a purpose.



**SAFIR HASAN**

The author of the article is Azfar Hasan – CEO and founder of Matrix Sourcing. Matrix is one of the largest buying office in Pakistan with offices in the sub-continent, Europe, and the Far East. Prior to establishing Matrix, Mr. Hasan helped established Levi Strauss operations in Pakistan as their first Country Manager. 54 years old now, he started his journey as an entrepreneur when he was 21.

# INTERVIEW WITH MR. JUNAID SALEEM

Editor: MUHAMMAD UMAR FAROOQ / SDSB



**In your opinion, how conducive is the environment in Pakistan to startups?** Well, to most effectively answer that, I would have to go back a few decades. Pakistan's job market was slow to embrace technology as a lucrative field of work. When LUMS' first computer science batch graduated in 1997, more than 70% of its students went abroad to seek employment, as the job market in Pakistan was dominated by occupations such as FMCG, Unilever, P&G, Textiles, and the Finance Industry (privatized in the late 80's and early 90's). But then conditions began to change as we witnessed the Dotcom crash of 2001 coupled with Musharraf's low interest rate policy, which brought growth in the financial sector and led to many Pakistanis returning to the country. Economic activity surged, and the MBAs became a hot commodity (some of whom then flocked to the tech sector). Yet, the startup sector refused to grow due to lack of capital.

Then came the year 2007, when Apple

products began hitting the shelves. At this point, aspiring entrepreneurs with degrees in computer science were provided with a market – the AppStore. Further, these entrepreneurs leveraged the Services side of IT business to bootstrap their companies (Product Development is capital expensive, but tech services can generate revenue without any investment). This trend attracted a lot of youngsters to learn programming languages and enter the job market. Tech was beginning to earn a place in the job market.

**In your opinion, how is Pakistan's startup environment compared to that of its neighbors?** Pakistan has a high Internet penetration rate of 40%, but being perceived as a terrorist occupied region, it has always scared off investors. However, this trend is now slowly beginning to decline, so if I were to compare us with other countries, I'd say that we have come a long way – we are still not close to India, but we are comparable

to Sri Lanka. We now have Incubator and Accelerator programs in place for helping startups get off the ground. As always LUMS is playing a vital part in boosting startup environment by initiating such programs at its campus.

Now family run businesses within Pakistan have also begun looking into tech sector for investments in an attempt to diversify their stake holdings. Moreover, the country has also started receiving funding from venture capital firms located abroad. VC Firms that previously focused on Indian startups have begun venturing into the Pakistani market, as our market is unsaturated by investors and it has the potential of giving high returns to them.

**Tell me about your Journey – how did you get where you are today?** Well, none of it was planned. When I completed my BSc (Hons) in computer science and mathematics in 2004 from LUMS, I decided to join a management trainee program at a bank – as I mentioned, the financial sector had begun to bloom. However, at the end of two and half years, I felt stagnant. Though I had dabbled in several departments and learned a variety of functions including operations, remittances, international trade finance, credit marketing, and corporate leasing, I couldn't see myself growing beyond the level of the bank's Branch Manager. I felt as though there was nothing new to learn in the banking sector.

Pensive about what ought to be my next move, I returned to LUMS to obtain my MBA. Then when I was about to graduate, **K-Electric (previously KESC)**, the only privatized electric utility of Pakistan, came to LUMS to hire. I was also offered a

# INTERVIEW WITH MR. JUNAID SALEEM

job. However, unsure that this offer would be right for me, I consulted many friends including senior alumni of LUMS. They all considered joining K-Electric would be a smart move for three reasons. Firstly, the company was undergoing a turnaround, and one would gain excellent experience amidst all the changes and transformations. Secondly, when other electric utilities companies of Pakistan would undergo privatization, anyone who has worked at K-Electric would instantly become the hot cake, as that person would have seen and helped implement change before. Thirdly, a foreign firm, Abraaj Capital, which was known for its superb management, was running K-Electric. So I decided to accept the offer at the firm. This acceptance meant a move from Lahore to Karachi, where the initial few months were quite challenging. At any point in time, I was ready to quit my job because of the unstructured environment in the company and the city (without any offence to Karachites, it may be difficult for residents of other cities to settle in Karachi). It was not long, however, before I got hold of a good business strategy team. This was a top management team, one that reported directly to COO of Distribution at K-Electric. Being part of this team allowed me to view the company performance from top management point of view, as I got the opportunity to work in different management disciplines.

**How did you manage to work along such a competent team in your first few months at KESC?** It was all luck, actually. During my initial period at the firm, I wasn't assigned a proper role and was longing for that "kick" of learning something new. One day, I was crossing one of the corridors at the head office when I came across a familiar face. This particular individual

knew me, and vice versa. He was from LUMS and had found his way onto the Abraaj Capital team that had come to Karachi to help turnaround K-Electric. He asked me what I was working on, and I responded with "frankly speaking, nothing exciting". He then told me he was looking to make a Strategy Team for his boss, the COO.

With the help of that very same friend, I found a place on the team. My next three years were a roller coaster ride, as I worked with cross-functional teams, implemented projects across various disciplines of management and gradually rose above the ranks via my performance. My last assignment was particularly interesting: I was able to initiate change in that department of K-Electric where people were afraid to introduce a change, that department was government sector billing department. I revamped the organizational chart of that department, defined KPIs, and made the team responsible for them with the help of my boss. Being at K-Electric was a wonderful experience but unfortunately, I had sung my last song with K-Electric.

My parents were calling me back, so I approached the COO with my letter of resignation. He was kind enough to give me some days off to think about what I wanted to do with my life. However, I sent my resignation to K-Electric shortly after.

**Did you have some form of work in mind?** Actually, I sent that letter without knowing what I wanted to do, and found myself unemployed and scrambling to find a job. I was mailing my CV to a big range of companies, but no one was responding. Then a very close friend of mine from school and LUMS, Raza, who happened to be the CEO of Confiz Ltd – a tech company that provides applications and industry

solutions to a variety of businesses, invited me to work with him to make HR policies and design new appraisal systems for the company. This area was something in which I had dabbled at K-Electric.

With the job offer at Confiz Ltd in hand, and a steady income, I felt like I could start something new, and so I did. My hope was to use my skill set to introduce something of value that did not previously exist and that did not have strong competition in Pakistan. So I looked to other countries for inspiration. I came across "Babajob" (an Indian website that linked employers to employees in blue collar job market), and tried to obtain franchising rights in Pakistan, but that did not happen. Saddened but committed, I came up with a Pakistani version of Babajob – Kamata Pakistan – intended to aid blue-collar employees in finding jobs within Pakistan.

**How did you secure money for your venture?** Well, I secured seed money of \$60,000 from Confiz Ltd. and friends and family. But I soon realized that this would not suffice, as Kamata Pakistan, being the first entrant in the market, needed big budget on marketing to inform and educate the people about its purpose and services. For this, I advertised on every form of media – you name it – except TV. Next, we were operating with a call center, which again constituted a major expense. We would have only been successful had we expanded our reach to other geo-

graphical areas of Pakistan, for which I required capital. I was in talks with a few impact funds who were interested in investing in Kamata Pakistan, but unfortunately, because of the macro conditions of our country and some of their internal issues, they pushed the timeline by a year. At that point in time, I was on the verge of burning out the seed money, as we were not profitable though revenues were coming.

I went to the Kamata Pakistan board and presented the scenario to them alongside the achievements of Kamata Pakistan so far. We were left with two options: either to put more money or halt our operations. The board voted to halt the operation. That, I believe, was one of the most difficult times of my life. Kamata Pakistan, a project that I had started from scratch was shutting down and there was nothing I could do about it. At the same time I felt entirely responsible for this. You see, in startups, you are responsible for each and every thing and if things do not work out then you have to own the failure.

I continued to work at Confiz, getting myself together and at the same time researching to gather data for another new venture. Over the course of those days, a senior of mine from LUMS came up with a business proposition. In the pursuit of bringing his travel company in to an e-commerce based platform, he invited me to join his venture. This, being a new space for me, excited me, and I spent well over a month simply doing research and understanding the travel market. In the

process, I learned how hotel, airline, and car-rentals businesses functioned.

When it came time to make my first pitch to a hotel chain, Hospitality Inn, I erred horribly, and made a fool of myself. I can't remember what happened, but I remembered that Deputy Director Sales asked me if I was new to the business. Dazed and a little scared, I responded with a "yes". But rather than berating me, he advised me on how to improve my pitch, and connected me to his network of people in the industry.

It seems funny now that I think about how quickly roles reversed – I walked in hoping to present to this individual, and yet somehow found myself on the receiving end. However, I listened to his words and used his knowledge to improve my pitch. In fact, just this past week, I closed a deal with a leading hotel chain of Pakistan – something that comprised a challenge for me.

**Looking forward, what are your obstacles and aims?** I'm striving to launch this travel company and making it a success. The biggest obstacles would be to increase hotel inventory on the platform, as you have to strike a deal with each and every hotel individually in Pakistan, to initiate flight bookings on the platform and finally launch the solution on the mobile platform.

**What advice would you have to offer to aspiring entrepreneurs?** 1. Always solicit advice from seniors and more experienced people from you. Having a mentor always helps.

2. Take calculated – not arbitrary – risks. Being an entrepreneur entails different challenges for different people. A fresh graduate would have a great propensity for risk taking as opposed to someone who has worked in an industry, has

to leave his fixed income, and has a family to support. Find where you stand, and then work towards your goal accordingly. I launched my idea after joining Confiz Ltd., and knowing that I was financially secure. The idea itself had already proven its worth outside Pakistan, and would have borne no substitutes within Pakistan. Move on. Failures come and go, one cannot allow these to shake one's belief in him/herself. Through Kamata Pakistan, I made a lot of new connections, I learned a lot, and gained a lot confidence.

3. Make utmost effort to increase your network. Meet new people, travel, and make new friends. Had I not known the right people, I would never have gotten to where I am today.

4. Jump to places where learning happens. I moved from one area of work to another only because I wished to improve my knowledge base and myself. It is what kept my mind fresh and my spirit energized.

5. Keep an open mind – as I did with Hospitality Inn. Of course, one must firmly bolster the agenda they went into the presentation room with, but being perceptive can really help to refine one's business model and perfect one's pitch.

**To end, do you have a mantra or philosophy that you live by?** "Take risks in your life. If you win, you can lead; if you lose, you can guide."





# EXCELLENCE SPEAKS

SAJJAD AHMED CEO

Mr. Sajjad Ahmad is the co-founder and CEO of "Excellence Delivered." Under his guidance and leadership, this startup company has expanded, and its operations now span across Pakistan, Middle East and the US. Previously he has worked as the managing director of SAP Pakistan. He has also worked for other renowned organizations such as Oracle, PWC and Mobilink. Following are some of the excerpts from his speech which highlight his insights into how the foundation of any successful business is customer satisfaction



## Set your own benchmarks rather than stepping on the feet of giants

Whenever you are planning to do something big, do not compare yourself with something that proves to be discouraging for you. Stand on your own feet and work hard to achieve your goals. There are some small companies which develop software and claim that their software can stand in line with that of Oracle and Microsoft. Pick your battles very carefully.

## It's not enough to build a great product unless you have a sales strategy that ensures its success

The developers have a dream and that dream is that if you build a great product then people will line up to buy. But the reality is that they don't. Sales strategy matters the most in business

ventures. It's a very difficult and cruel word out there. The time and energy you spend in building and thinking about the product, the same time and energy is needed to sell that product.

## Setting Sales Targets

Sales targets should be derived from the financial management and should be strategic in nature. They can be different for different segments. Sales targets should have a budgetary allocation and should be reviewed once in a week.

## Importance of Sales personnel

The biggest asset of a salesman is TIME. In one day, you have ten hours to sell. Hence, the qualification of an opportunity is the most important thing.

The position of a sales representative is a very important part of the success of a company since even the best software developed can fail if it does not reach the market because of an enviable sales strategy.

## On Personal Selling

Personal sales are the deliverance of a specially designed message to a prospect consumer by a seller; usually it comes in different forms such as face-to-face communication, personal letters, or a personal telephone conversation. Unlike advertising, a personal sales message can be more specifically targeted to individual prospects and easily altered if the desired behavior does not occur. However Personal selling is far more expensive than advertising and is generally used only when its high costs is necessary.

It all boils down to customer satisfaction Customer satisfaction is the main weapon of development and survival. It is not just important to develop and sell quality software but quality service is also important for companies to remain competitive and grow. Satisfied customers form the foundation of any successful business

# ROUTE TO MARKET - SAVIOR IN TESTING TIMES



These favorable nuances have set the most welcoming platform for fast moving

consumer goods (FMCG) products. Testament of this phenomena is the recent sales performance of such companies reflecting a five years compound average growth rate (CAGR) of 18%, while profits posting a CAGR of 20%. FMCG companies are operating in Pakistan via a two-pronged focus i.e. providing value to the emerging middle-class (of an increasing population of 185 million) and also serving a small segment of affluent and well-travelled consumers seeking international comforts.

However, 2013 has set a plummeting trend to the FMCG frenzy, wherein revenues of most firms have shown nominal growth, although profits continue to occur as a result of support from high margin products. Going forward FMCG growth will be marred by market factors like; higher inflation, tax increases, lower growth in remittances and an emerging slowdown in agricultural income. Survival of the fittest in these testing times will be determined by; developing a better understanding of the consumers, focusing on growing the market and last but not the least, renewing focus on route to market by way of getting distribution right. Distribution, better known as a support function for FMCG sales, now appears to be the real game changer,

Overtime Pakistan has earned the status of "Goldmine" owing to two major attributes; firstly sound demographics on the basis of being sixth largest country in the world in terms of population with 60% of its citizens between the ages of 15 and 45, secondly by being the claimant of the 4th largest middle class in developing Asia, after China, India and Indonesia, with consumer spending within the economy growing with double digits from 2009 till date.

undoubtedly becoming a lucrative investment spot. Let's take a deep dive into distribution and its manifestations!

A standard supply chain comprises of the following key stake holders, namely; the manufacturers who produce and market company products, the logistics firms who are responsible for transportation, storage and delivery of products to retail outlets and lastly distributors who take orders and manage sales on behalf of the manufacturer. Simply stated distributors have selling capability which makes them responsible for performing two cardinal supply chain functions; ensuring utilization of space in the retail universe (distribution) and making sure that the retailer does not run out of inventory at any instance (availability). In today's testing times many FMCG players have witnessed efficient distribution network becoming the ultimate savior with regards to business performance of FMCG players. I will use the following

examples for perspective building:

**1. Proctor and Gamble Pakistan (P&G)** - a PKR 22bn + company, recording a 50% YoY increase in its turnover has predominantly engaged a single distributor in Pakistan namely Abudawood Group. This distributor serves unprecedented ability to reach the right standards of accessibility in the retail stores (coverage of approx. 165,000 retail outlets).

**2. Engro Foods Limited (EFL)** - witnessed a negative growth in the first six months of 2013 owing to a fledgling distribution network. Ever since the local food giant has made relentless efforts and has fared well in terms of fixing its distribution arm by way of recruiting new distributors. Two more examples of EFL's distribution strategy worth revisiting; EFL tried to integrate distribution function into their existing operations and hired a third party to provide storage only, as a result of this when EFL launched its ice cream brand

Sara Ghazi  
LBR President, 2011-2013  
LUMS MBA 2013

# ROUTE TO MARKET - SAVIOR IN TESTING TIMES

Moreover, the refrigerators were made available at the outlets albeit ice cream didn't reach there. This situation became an utter mismatch and sales loss. Moreover, EFL initially had a single distributor named Agility, core expertise of the same revolved around logistics, nevertheless Agility also acted as a distribution company for EFL. Later logistics and distribution functions were separated and zone-wise distributors were hired. Corrective measures at the distribution front bounced back business performance.

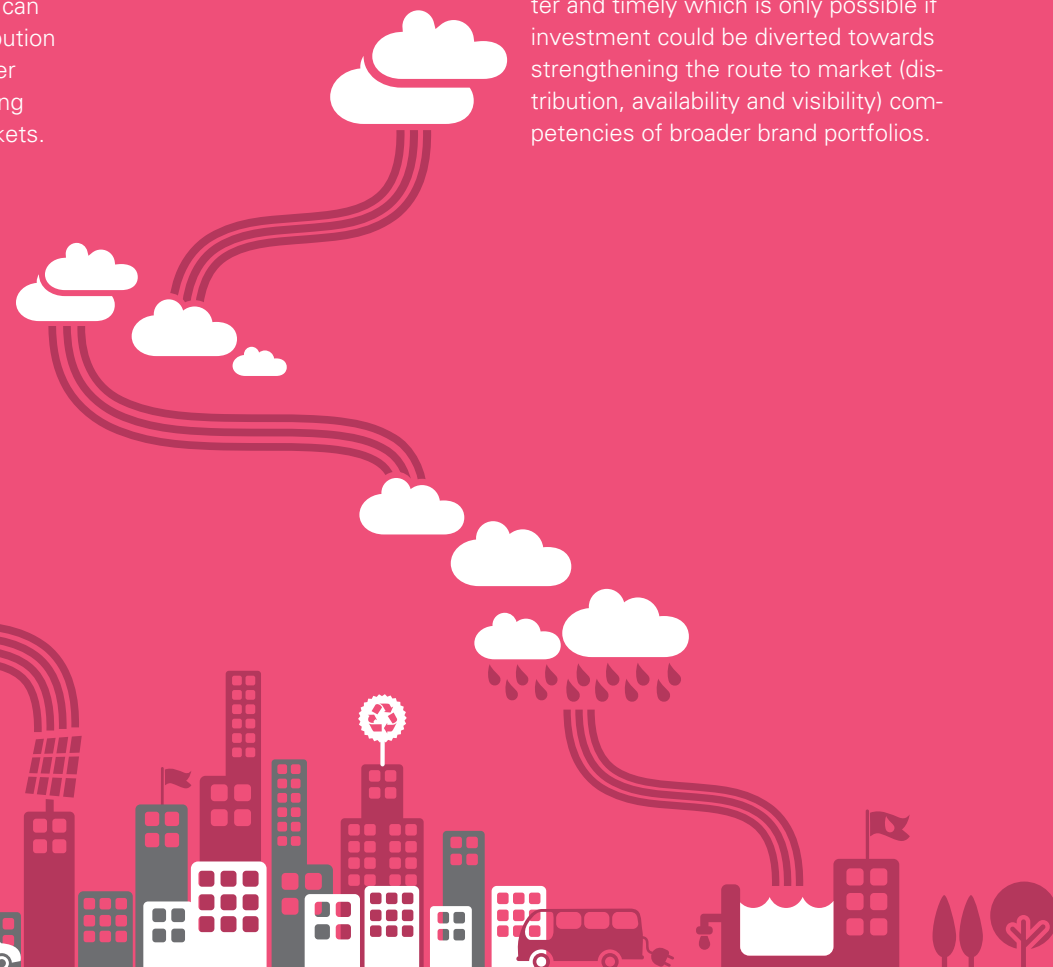
**3. Continental Biscuits (CBL)** – perhaps is the most glaring example of how a distributor can possibly add value to the business in the FMCG landscape. CBL is a PKR 10bn+ company whose revenues are also growing by 50% YoY, much of this growth can be credited to expansion of distribution network which has enabled greater market penetration by way of taking products to widespread rural markets.

Thus, it's evident from the above illustrations that distribution network has now become a pivotal commercial function and plays an important role in driving, or impeding, growth of such companies.

Good news is that given the kind of market dynamics currently operating around there's undoubtedly a bright future for logistics and distribution competencies. Take for an example, Abudawood Pakistan, a renowned sales management company is now planning on embarking on new service ambitions like special packaging of goods, repacking, promotion handling and merchandising related services. The company already has a robust IT system for efficient supply chain

management. It covers 95% of the categories in rural and 100% in urban markets. Abudawood has posted a phenomenal revenue growth over the past 5 years (i.e. 22%+ growth YoY), interestingly enough this company now parallels some of the local and MNC giants in terms of business size. Just imagine the kind of business size a distribution company could achieve on the basis of efficiency and route to market expertise.

Despite some daunting macroeconomic challenges in Pakistan, the growth trajectory is evolving rapidly at the behest of continuous urbanization and booming rural economy. In such a scenario one should leverage the unabated rise in consumer demand by serving the clusters of customers better and timely which is only possible if investment could be diverted towards strengthening the route to market (distribution, availability and visibility) competencies of broader brand portfolios.



# INTERNET MARKETING



The advent of Web 2.0 and social media platforms that allow the creation and exchange of User Generated Content (UGC) have dramatically changed the landscape of marketing in Pakistan and around the world. Today, small startups have the potential to reach just as many customers as large corporations. Marketers have the benefit of direct and immediate response from customers. However, despite growth in recent years internet marketing is still a grossly underused promotion tool in Pakistan.

There are two kinds of internet marketing; paid and unpaid. The websites with the most traffic; e.g. **Google** and **Facebook**, have paid ad space. Google provides you with ad space on various websites through the Google display network. However, larger websites like **CricInfo**, **ESPN** etc. have their own networks.

Ads a user sees are often based on their geographical location, demographic profile and even search history (for websites with cookies). This means that companies may bid on ad space in a particular user's profile if he/she falls it within their target market. Companies can even bid on timeslots and geographical locations. This kind of highly targeted marketing makes internet marketing very efficient in terms of number of target market consumers reached for a certain level of expenditure. Marketers should perform a cost benefit analysis when deciding between traditional and internet marketing. It must be noted that at present, average cost per visit in Pakistan is a

mere 4 cents as there are very few companies actively bidding.

Unpaid advertising often includes social media platforms like a company Facebook page, Instagram or Twitter account, Blog or Collaborative Platform e.g. **Wikipedia**. These platforms often attract organic traffic and can thus provide valuable brand equity. When advertising on social media, ensure that the information disseminated matches the nature of the information exchange on the corresponding platform. An example of this is Wikipedia. Your Wikipedia page is there to fill an information vacuum and thus must not be used as an active marketing tool. Instead, its primary function must be to provide facts regarding your business and thus should be closely monitored.

Content communities like Facebook, Twitter and Instagram as well as blogs like Word Press and Tumblr need you to build a community around your brand. Users need to be engaged and this pushes marketers to be creative in their promotion strategies. Companies should thus not be afraid to engage users in dialogue. Discussing major industry trends and interviewing industry experts are both ways to initiate dialogue. There should be prompt and strategic replies to customer queries. Contests related to the use of your product or the promotion of your social media page can increase user participation as well, e.g. "Like and

Win", Sweepstakes etc. Other ways to increase engagement include search engine optimization (SEO) and strategic placement of calls to action (CTA). These strategies can also help distinguish a company from its competitors.

Both paid and unpaid internet advertising is designed to lead a consumer to your company's primary page, often your company page. Companies often perform AB testing to ensure that website design is optimal. While pursuing paid internet advertising, you often pay the ad space provider at the rate of cost per visit.

The success of online marketing campaigns is often directly measurable through several key performance indicators like cost per visit, cost of consumer acquisition and cost per order to name a few. Online applications like Mention, Quintly and Buffer help individuals and companies monitor their online presence at relatively low costs.

With the proliferation of digital marketing firms in Pakistan, internet marketing can even be outsourced. All these advantages associated with internet marketing promise to make it a virtual battlefield for companies worldwide as they try to break through the clutter in traditional media and endeavor to reach their target consumers in the most efficient manner.



# HOW TO PROTECT YOUR INTELLECTUAL PROPERTY RIGHTS



very great business starts with an idea. Your idea is your intellectual property.

Unlike a physical asset, an idea can be much harder to protect from poachers on the prowl for the novel. The logical step to take would be to patent your idea. However, that is easier said than done. This article will attempt to clear any confusion regarding the steps to take when protecting your intellectual property rights.

An idea can mean many different things under intellectual property rights. An idea resulting in a product may be patented. An idea used to identify your product may be trademarked, e.g. a logo, a specific color. An aesthetic idea expressed in some way may be copyrighted e.g. music, art, literature. Finally, an idea regarding the shape and appearance of a product may be registered under industrial design rights.

A patent is exclusivity granted by the state to the proprietor of the idea for a limited period of time in return for its disclosure to the public for its use and benefit. A product may be patented for a maximum of twenty years in Pakistan. The law demands that for an idea to be patented it must be different from the state of the art, be marketable and have industrial applicability. From a policy point of view, registering a patent for something with no public benefit is redundant. This puts innovators in a dilemma. The rigorous

process of registering your idea with the government means that there are many things that must be considered before you file for intellectual property rights. First and foremost assess the strength of your idea. The proprietor may do so by asking himself the following questions:

- 1 Is the idea really original?**  
Is it something new or merely an improvement on an existing idea?
- 2 Does a similar idea exist?**  
Google it!
- 3 Who actually owns your idea?**  
This question is especially important when you work in a group! You must determine what part of the idea is to be shared amongst all team members.

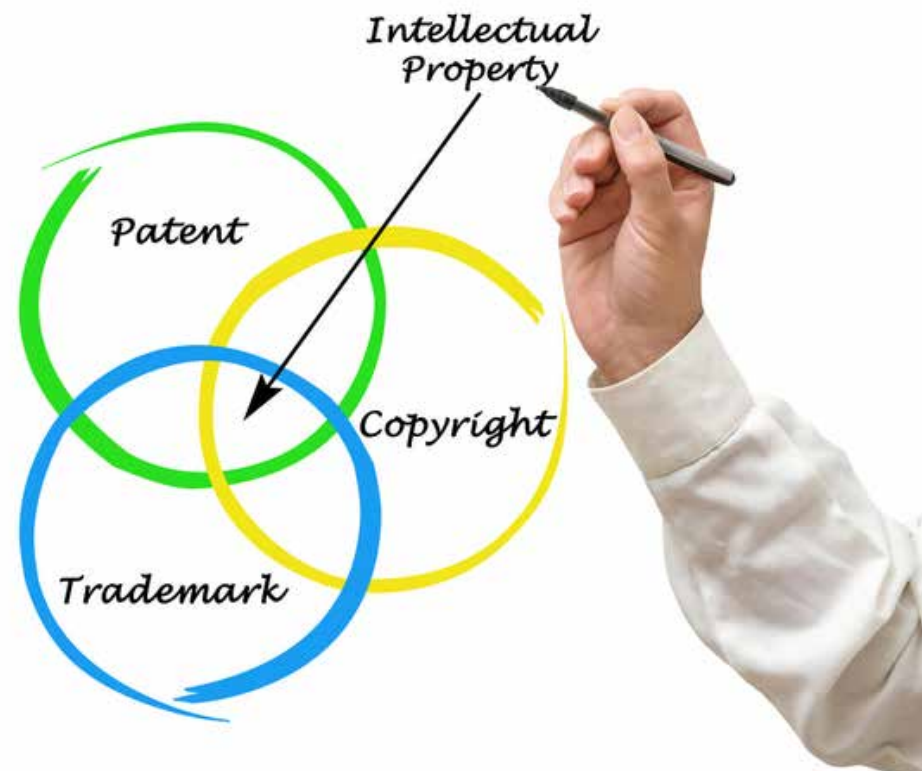
**4 Are you the person who has thought of the best way to use that idea?** You have to prove this in a patent application.

**5 Does the product have any safety issues? How strong is the product?** Is regular maintenance required?

**6 Can it be easily by passed by an improved product of a competitor?** The process of getting a patent is long and expensive. Is it worth it?

**7 Is your invention related to or dependent on another device or product?**

**8 Is further research and improvement required before you market or sell your invention?**



**9 Take a look at competitive products with similar functions. How strongly are they established?** Is there a vacuum in the market?

**10 Does your product have comparative ease of use?**

**11 Will its usefulness diminish over time?** If you expect it to stay relevant for a longer period of time, you are more likely to get intellectual property rights for a longer period.

It must be noted that the law also gives protection to undisclosed information and as such patents for ideas that are still a secret may be periodically renewed. A good example of this is the secret formula of Coca-Cola which is kept under lock and key.

A Trademark distinguishes a product of service of one person from a similar product or service. It may be controlled or restricted i.e. put on only a certain kind of product. It can add value to your product via branding. A proprietor may also franchise or license a trademark. For a trademark to be registered, it should be simple and attractive, not resemble another trademark and be as non-descriptive as possible as well as distinctive (not numbers and letters).

A copyright is the right to allow (or disallow) someone to use your work. It is different from other intellectual property rights as it arises automatically and there is no need to file for it. This is to encourage artists, poets, authors and musicians to innovate and share their ideas with the public. However, you do need to write a copyright down on the product for it to be effective. People are encouraged to file for a copyright anyway as it may help to enforce it in a court of law. A copyright lasts for the lifetime of the innovator plus an additional fifty years.



Industrial designs are a specific 3-D shape or a 2-D pattern applied to an industrially reproduced and commercially marketable article. It is judged solely by the eye. E.g. perfume bottles, soft drink bottles, cars and their parts, designs for lawns and carpets.

In Pakistan, each contract is made under the supervision of special attorneys appointed by the Government of Pakistan. It must be noted that all ideas must be novel and must be kept secret for at least six months before filing for them to be successfully registered. Pakistan adheres to the Paris Convention which means that you may file for an intellectual property right, e.g. a logo, a specific color; in Pakistan within a

year of filing it in any other country adhering to the aforesaid convention. Intellectual property rights should be filed in the country with the largest potential market for the product. The legal and regulatory environment of the country must be rigorously reviewed beforehand.

Finally, it must be noted that intellectual property rights often result from industrial activity. One good idea can generate many intellectual property rights. A good innovator must strategize and try to protect all resulting ideas. For example, for a given product you may trademark the logo, get industrial design rights for the design and get a copyright for the accompanying manual of the product.

*The contents of this article are paraphrased from a lecture by MS. MARIA IRFAN KHAN Ms. Khan works at Irfan and Irfan Attorneys at Law. She received her BSc degree from Wellesley College and her Master's degree from the University of Cambridge. She teaches a 3 month long course on Intellectual Law in LUMS*

# FINANCIAL RISK MANAGEMENT

**B**efore I started my own business, like many other entrepreneurs, I had spent my career working for large investment banks. As a Portfolio Manager, I carefully examined the financial risk in the companies in which I invested. However, the day to day risk management of my employer was not my concern. This all changed when I began to plan and then eventually launch my own investment management firm.

There are many attributes and skills an entrepreneur must possess to be successful. An MBA or similar qualification can certainly help prepare you for this challenge. But, often something as basic as good business risk management is overlooked in the excitement of trying to get a new business venture off the ground.

One of the greatest risks for a new business is managing cash flow and being unable to secure credit when needed. An entrepreneur will be pulled in many directions at the launch of a new business; securing investors, finding potential customers, recruiting a business team and advisors, sourcing office space or a manufacturing facility. But, if during this process the business runs short of cash flow or available credit it will fail. At the very least it can lead to sub optimal decisions by an entrepreneur. Therefore, it is essential the entrepreneur and their senior management team are constantly focused on understanding costs and matching financing accordingly. The successful management of this risk is actually one of the easier but most

often overlooked areas of a start-up to control. The key principle is to reduce all non-essential spending until the business is generating positive cash flow. It may be very tempting to commit to beautiful office space to impress potential clients, the latest expensive IT equipment or to take on more support staff than you need. It will be even more tempting to take this route if you have secured your first decent investment cheque and feel that the business plan is on target and you can relax a little. However, there may be unforeseen delays at a later stage and a lag to generating the needed income to support these expensive commitments can force you to focus away from your core business, creating a vicious circle.

If you have originated from a large company background, then you may take for granted a high quality business infrastructure, but a business can run successfully without many of these things. Treat your launch budget with the upmost respect and ensure that every single dollar spent is working as hard as it can. For example, it may be that you require in-depth and technical

legal advice; this is extremely expensive but essential to launching your business, unlike a fancy coffee machine for the office. Remaining in this “bootstrapping mode” for an extended period may not be a pleasant experience, but could be the deciding factor between success and failure for your business.

Secondly, it is essential that you are honest and rigorous with yourself about your cash flow. The bank balance may be depressingly low and you may not want to look at the detail on a daily basis, but any ignorance of your spending rate can be catastrophic. Through my past work in investment research, I have come across numerous senior management teams unaware of the nasty details lurking within their company's balance sheet. They may hold the view that the business is moving forwards, growing, gaining more market share and these are the important things, but if that is at the detriment of their greater financial risk management, it is unsustainable and the market will eventually find out and correct it. An established business may be able to weather this, but a susceptible start-up won't and it will most likely fail.

*Author/Profile:* **MASROOR SIDDIQUI** is the Founder of Naya Management LLP, a London based global investment firm which he launched in early 2012. He graduated from Yale University with a Master's degree in Management; he also holds a Bachelor's degree from the University of Pennsylvania.  
*Editor:* **Safir Hasan**

# PAKISTANI INVESTORS: INVEST IN LOCAL TECHNOLOGY STARTUPS NOW!

By: **KHURRAM ZAFAR** / Executive Director, LUMS Center for Entrepreneurship



**I** believe that the technology entrepreneurship ecosystem in Pakistan is at a

tipping point! There are a number of factors at play that make Pakistan so ripe for both local and international investors looking to invest in the tech space:

- Quickly growing internet adoption currently estimated to be 25 million internet users and 15 million mobile internet users;
- Cheap smart phone devices costing under \$50;
- 3G and 4G rollouts;
- Massive amounts of marketing and media spend by companies like Rocket Internet, Schibsted, and Naspers that's targeted to make Pakistani consumers comfortable transacting online;
- Development of platforms like The Foundation at LUMS Center for Entrepreneurship and Plan9 that are supporting passionate entrepreneurs during their formative years;
- Slow but steady investments flowing into startups at seed (e.g. Kima Ventures investment into Eyedeus Labs) and early stage (Frontier Digital Venture's US\$3.5 Million investment into PakWheels.com) from local and foreign angels as well as early-stage funds;
- Some exits happening in the tech space are gradually building investor confidence. Although service companies, TRG, NETSOL and most recently Systems Limited have had local IPOs (Systems was over subscribed by almost 3 times). Product companies like Mixit and Gameview Studios have provided exit to their investors and founders through global acquisitions. GenTeam and Tapinator provided exit to investors through OTC trades;
- Tens of millions of dollars being poured into developing pervasive electronic and online payment infrastructure in Pakistan (you have to take my word for it, but telcos and major banks will soon start announcing these plays);
- Successful entrepreneurs returning from abroad and providing mentoring to startups and building bridges for them outside of Pakistan;
- Gradual realization by seasoned businessmen and young aspiring entrepreneurs alike that internet has a massive equalizing power and they can tap into a global market of billions through online channels;
- Low cost of starting a technology business due to easy access to cloud computing platforms; massive distribution channels like the PlayStore, AppStore and Facebook; ability to create very targeted online marketing campaigns; inexpensive outsourcing of development tasks to freelancers; and quick feedback from customers to iterate and improve the products and services;
- Ease of doing a tech business in

- Pakistan compared to the red tape and bureaucracy that has to be dealt with while setting up an industry (in fact, software exports still enjoy a complete tax holiday in Pakistan);
- Excellent leverage on HR that tech (product) businesses provide compared to any other business and we all know that good HR is a constraint anywhere in the world;
  - And lastly, because tech businesses are not as widely impacted by security, electric power shortfalls, gas load-shedding and others infrastructure issues plaguing the rest of the industries in Pakistan.

You inject a bit of capital to catalyze all this further in the 6th most populous (196 Million) country in the world, and we can have a perfect storm that can turn the Pakistani technology startups of today into the giant global businesses of tomorrow!

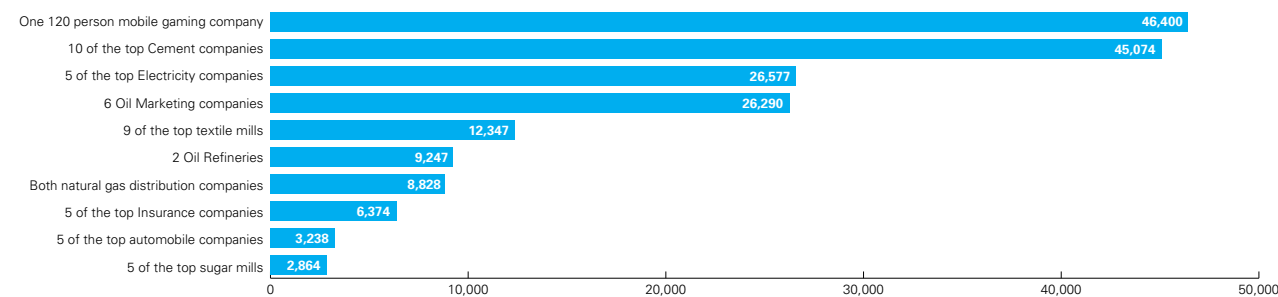
How long will you keep pumping money in sugar and textile mills? Let me share something that might shed some light on the opportunity that I am ranting about. The following chart compares the annual profit before taxes of a single games company based in Finland, a country with half the population of Lahore and about the same nominal GDP as Pakistan, employing only 120 people (which recently took over Nokia's old R&D facility) with multiple publicly listed companies in Pakistan belonging to various industrial segments. Here are some eye opening inferences in case they are not readily evident:

# PAKISTANI INVESTORS: INVEST IN LOCAL TECHNOLOGY STARTUPS NOW!

- One mobile gaming company in a country with half the population of Lahore makes more profit before taxes than ten of the largest cement companies in Pakistan
- One mobile gaming company in a country with half the population of Lahore makes more profit before taxes than two companies that distribute natural gas to the entire Pakistan
- One mobile gaming company in a country with half the population of Lahore makes more profit before taxes than five power generation companies and two oil refineries combined
- One mobile gaming company in a country with half the population of Lahore makes more profit before taxes than nine of the top textile mills, five automobile companies and 5 sugar mills combined

## Comparison of profit before taxes (FY2013) of a single mobile gaming company with various industries in Pakistan

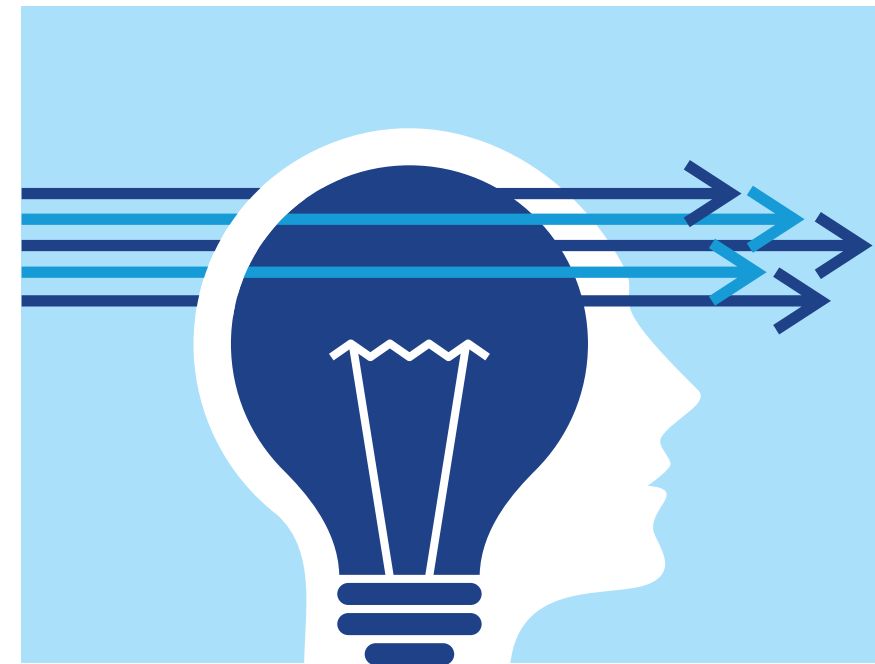
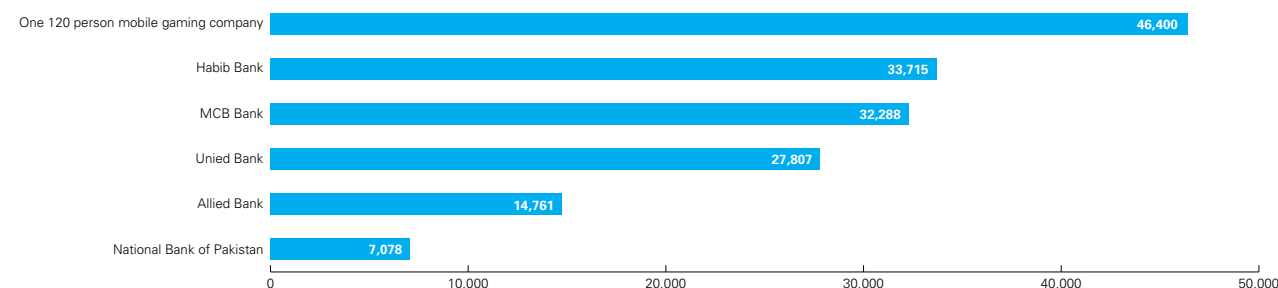
### Comparison of Profit Before Taxes with Multiple Industries in Pakistan Profit Before Taxes (PKR Millions)



### Here is another chart to drive home the point.

- One mobile gaming company in a country with half the population of Lahore makes more profit before taxes than any one of the largest banks in Pakistan
- One mobile gaming company in a country with half the population of Lahore makes 6 times more profit before taxes than National Bank of Pakistan

### Comparison of Profit Before Taxes with Top Banks in Pakistan Profit Before Taxes (PKR Millions)



One mobile gaming company in a country with half the population of Lahore makes more profit before taxes than nine of the top textile mills, five automobile companies and 5 sugar mills combined

Alright, so I have used one of the most successful games development companies for comparison, but that is besides the point. The point is, the next big games development company could as easily be Mindstorm Studios based right here, in Lahore. The fact that it's based in Pakistan does not minimize its chances of success. It's as good an investment opportunity as Supercell of Finland!

One of the incubated companies at the LUMS Center for Entrepreneurship, interaCta, has developed tech to make all TV and radio broadcast interactive without the need of additional hardware, just requiring smart phones. Imagine the implications! It can disrupt the TV, Radio, Advertisement, Ratings industries just to name a few. A potential acquirer wouldn't care whether the tech was developed at Xerox or LUMS. Eyedeus Labs, another team of LUMS students, recently raised money from Kima Ventures. They are looking to disrupt online video advertisement market by introducing non-intrusive advertisement methods in the videos that do not distract the viewer. Then there is Savaree, BizClout, JewelryDesignPro, P for Plan and the list goes on. All of these are great investment opportunities seeking capital. And these are just

a few of the seed stage investment opportunities.

I repeat. This is a great time to enter Pakistan. Equity in technology companies is relatively cheap, assets are portable (predominantly intellectual property) in case one gives too much weight to country risk, operations are already on cloud platforms outside of Pakistan for many, and exit opportunities exist globally. The fundamentals of the on-ground businesses are already very strong. The Karachi Stock Market index has been growing north of 40% for the past few years (30%+ in \$ terms) and broke the highest ever 32,000 KSE 100 index points barrier a few days ago. Most of that is driven by foreign investment into rock solid businesses by investors who can see past the FOX news propaganda and realize

that the nation, that is often deemed to be on the brink of extinction since its founding in 1947, is as resilient as it is resourceful!

It is time local investors join the party as well. Pakistan is a gold mine of opportunities for the truly visionary, local investors with large balls and an appetite for risk looking for big rewards – people who can consider and invest in the opportunities lurking underneath the veil of 'mostly perception based' geo-political and security issues. If you are it, sign up as an investor at <http://lce.lums.edu.pk/contact-form-for-starters>.

**Disclaimer:** I advise, mentor or have some sort of a non-compensatory advisory relationship with almost all the local startups listed in this article.

#### KHURRAM ZAFAR

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