

Strategic management assessment of bestway holdings limited company

[Business](#), [Company](#)



\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Company Profile](#) \n \t
2. [Industry Analysis](#) \n \t
3. [Strategic Position and Value Proposition](#) \n \t
4. [Wholesale and Pharmacy](#) \n \t
5. [Banking and Real Estate](#) \n \t
6. [Cement](#) \n \t
7. [Recommendations](#) \n

\n[/toc]\n \n

Company Profile

Bestway Holding Limited is a London-based multinational conglomerate corporation that operates several businesses belonging to various industries mainly in the United Kingdom and Pakistan. Its businesses in the United Kingdom comprises of firms that are primarily related to the Wholesale, Pharmacy, and Real Estate industries, while its subsidiaries in Pakistan are associated with the country’s banking and cement manufacturing sector.

The corporation’s wholesale segment has been operating since the early 1960’s, as mentioned in their official website. It first started off as a range of retail stores selling convenience products and moved into wholesale in 1976. Ever since then, Bestway Wholesale has been achieving tremendous organizational growth and success. Today, Bestway’s wholesale business owns 18% market share in the United Kingdom’s overall grocery wholesale

industry. Bestway's wholesale subsidiaries include Bestway Wholesale, Best-One (retail convenience stores that started in 2001), Bestway Batleys Foodservice and Drinks Express, Bestway Export, White Pearl, and BestPets (pet products). Well Pharmacy, that was launched by the Bestway Group in 2014, is the United Kingdom's third largest pharmaceutical chain and the first largest one in Wales. Well Pharmacy provides healthcare advice, prescription management, treatments for minor ailments, and health and wellbeing products to its customers through its 780 pharmacies across the United Kingdom. It is also the United Kingdom's largest independent chain.

Bestway's Real Estate division also owns several land and properties that are designed for various purposes across the United Kingdom. Examples of uses for these properties include rental office space, storage and warehousing, retailing, and also for private residential purposes. Bestway's real estate business operations are handled by Palmbest which is its real estate and investment property division. Some of Palmbest's top tenants include McDonalds, Vodafone, and Sainsbury.

Bestway Holdings also own United Bank Limited which is one of the top five biggest banks in Pakistan. The company had successfully bid for a controlling stake on the bank in 2001 and since then has conducted several major investments in Pakistan's overall banking sector.

Finally, Bestway Holdings has also heavily integrated into Pakistan's cement manufacturing sector. Bestway Cement manufactures and exports cement

from Pakistan to different countries throughout different regions including countries in South Asia, the Middle East, and South Africa.

Industry Analysis

Bestway Holdings Limited is considered to be a conglomerate organization. This is because, according to definition, a conglomerate company is made up of several businesses from various industries, and these businesses conduct their business operations independently, without direct overseeing from the company with the controlling stake.

The main strategy that is used by conglomerate organizations is the diversification strategy. Diversification strategy occurs when an organization penetrates new markets and creates new products in order to achieve overall organizational growth. Bestway Holdings Ltd., in this case, has penetrated and acquired firms from a diverse range of industries across different countries, naming its main strategy the ‘ Conglomerate Diversification’ strategy.

Just as every strategy comes with their own pros and cons, this conglomerate diversification strategy that Bestway Holdings Limited uses is associated with several of its own risks and benefits. The first advantage of a conglomerate diversification strategy is that it allows the conglomerate to reduce risks related to the investments that they make. One of the ways conglomerates are able to do this because having a broad array of companies from different industries in their conglomerate arsenal allows the corporation to reduce costs through the usage of fewer organizational

resources and funds. Another factor is that due to having a diverse arsenal of different subsidiaries, when one of its subsidiaries from a certain industry is having a performance issue, the negative effects of the poor performance can be counterbalanced by the positive performances of other subsidiaries from different sectors. However, the main risk of a conglomerate diversification strategy is that when the amount of corporate diversification exceeds a certain high level, it will cause the conglomerate to become too diversified and lose focus of the corporation's mission, vision, purpose, and strategy. This would produce many catastrophic effects related to the management of a conglomerate's subsidiaries since different subsidiaries of different industries may have several conflicting ideas and opinions of where the corporation should be headed. Other negative factors of being a conglomerate include higher management costs due to the size of the overall organization, accounting related problems, and the reduction of taxation benefits.

Strategic Position and Value Proposition

This portion of the report will analyze the strategic positioning and value proposition of Bestway's subsidiaries of different sectors throughout the United Kingdom and Pakistan.

Wholesale and Pharmacy

The wholesale and pharmacy industries of the United Kingdom can still be considered lucrative sectors for Bestway Holdings. Using Porter's five forces model, the threat of new entrants and that have potential to rival Bestway in these industries are considerably low. This is because Bestway Wholesale is

one of the biggest wholesalers across the United Kingdom and also for the fact that Well Pharmacy is one of the leading chains in the United Kingdom's pharmaceutical sector and new entrants are unable to easily pose a threat to these chains. There are moderate levels of threats in the industry's competition and product substitutes. These are mainly caused by rival wholesalers of Bestway wholesale such as Costco and Bidfood. The bargaining power of suppliers and customers are also moderately high. This is because customers hold a certain level of power and the cost of switching suppliers for Bestway can also be considered as high.

Banking and Real Estate

Bestway Holdings Limited has a major controlling stake in United Bank Limited which is one of the top five largest banks in Pakistan and Palmbest as the group's investment property division. These two sectors are a necessary industry in modern living and, therefore, the customer market will always have a need for properties and banks. However, they will need to never stop innovating in order to keep up with the competition in the banking and real estate sectors of the two countries.

Cement

Cement is one of the most necessary raw components that are required to construct modern buildings alongside several other components. Bestway Cement seeks to provide high quality cement for low prices to its customers. In order to maintain its strategic position as a major manufacturer and exporter of cement in three different regions, Bestway will need to conduct

constant innovation in both manufacturing methodology and organizational management.

Recommendations

Bestway Holdings Limited is one of the top 20 privately owned companies across the United Kingdom and the 12th largest family-owned business. The conglomerate will continue to succeed as long as it does not lose focus of where the corporation wants to head and the strategic position the company views itself in during the future. The conglomerate should also effectively and efficiently coordinate and regulate the business activities of its subsidiaries in order to ensure that the goals and objectives of its subsidiaries do not contradict one another. This is how Bestway Holdings Limited can ensure of a sustainable and successful future as one of the biggest conglomerate corporations in the world.