

Strategic objectives of grameenphone telecom ltd marketing essay



**ASSIGN
BUSTER**

This report is meant to focus primarily on strategic objectives of GRAMEENPHONE TELECOM LTD, BANGLADESH and also endeavours to evaluate the quality and standards of this chosen company. GRAMEENPHONE TELECOM LTD is one of the leading telecommunication companies in Bangladesh which occupies the top position among its competitors through providing impenetrable network coverage all over the country. The main goal of this report is to conduct a quality audit and identify the quality gaps and to take effective measures to fill those quality gaps of GRAMEENPHONE TELECOM LTD.

background of company

GrameenPhone is now one of the leading telecommunication service providers in Bangladesh with more than 23 million subscribers as of December 2009. In November 28, 1996 GrameenPhone was offered a cellular license in Bangladesh by the Ministry of Posts and Telecommunications with a view to covering the whole country with a good quality network. And with a great surprise after almost 10 years of its operation, GrameenPhone has over 10 million subscribers. Presently, there are about 50 million telephone users in the country, of which, a little over one million are fixed-phone users and the rest mobile phone subscribers.

Starting its operations on March 26, 1997, the Independence Day of Bangladesh, GrameenPhone has come a long way. It is a joint venture enterprise between Telenor (55. 8%), the largest telecommunications service provider in Norway with mobile phone operations in 12 other countries, and Grameen Telecom Corporation (34. 2%), a non-profit sister concern of the internationally acclaimed micro-credit pioneer Grameen Bank. The other

10% shares belong to 10% to general retail and institutional investors. Over the years, GrameenPhone has always been a pioneer in introducing new products and services in the local market. GP was the first company to introduce GSM technology in Bangladesh when it launched its services in March 1997. The technological know-how and managerial expertise of Telenor has been instrumental in setting up such an international standard mobile phone operation in Bangladesh. Being one of the pioneers in developing the GSM service in Europe, Telenor has also helped to transfer this knowledge to the local employees over the years.

Evaluating GrameenPhone's strategic objectives

GrameenPhone's basic strategy is coverage of both urban and rural areas. In contrast to the "island" strategy followed by companies, which involves connecting isolated islands of urban coverage through transmission links, GrameenPhone builds continuous coverage, cell after cell. While the intensity of coverage may vary from area to area depending on market conditions, the basic strategy of cell-to-cell coverage is applied throughout GrameenPhone's network.

New manufacturing technologies are developing rapidly, resulting in new products/services, innovations and improvements in the manufacturing process, thus, requiring a proactive approach by organizations. To be proactive, organizations require innovative methods of performance measurement, to assess their progress towards achieving organizational mission, vision and strategic objectives. (Godwill Tapisi Mukonje, Performance measurement, pp. 72. MAM/, 2009.)

2. 1 Maintaining quality network

Over the years, the network division of Grameenphone has been ensuring the best-in-class GSM cellular mobile network for the customers in Bangladesh. Ensuring customer satisfaction through enhanced coverage, expanded capacity and improved quality and performance of the network continued to be the primary focus of the networks division. The GP network now covers over 98 percent of the population and over 87 percent of the land area with the remaining areas mostly falling under the Sundarbans and the Chittagong Hill Tract areas where mobile phone coverage is not allowed. The company invested more than BDT 35. 8 billion in 2007 primarily to further expand the coverage and increase the capacity of its network.

Radio Access Rollout: Base Stations

2. 2 Corporate strategy:

Grameenphone believes “ Development is a journey, not a destination, work is not just about ensuring connectivity; it is about connecting with people and building relationships, based on trust, with our subscribers, business partners, employees, shareholders, as well as the wider community”. The company also believes that good development is a good business. While GP maintains business focus, taking the nation forward remains top priority. Thus relationship with Bangladesh is built on a partnership which strives to achieve common economic and social goals.

Corporate social responsibility, as the company sees, it is a ‘ complementary’ combination of ethical and responsible corporate behavior, as well as a

commitment towards generating greater good for the society by addressing the development needs of the country.

The core strategy of GP in this area is to be Bangladesh's partner in developing the country, particularly in its promise, as a United Nations Millennium Declaration signatory, to meet the eight targets known as the Millennium Development Goals by 2015. GP has consolidated its social investment initiatives in four core areas related to the Millennium Development Goals:

Poverty alleviation

GP takes pride in developing the country's infrastructure, in the urban areas. The company is of the view that eradication of poverty can be uprooted if illiteracy is removed from the country. GP regards Grameen Bank as a compatriot of its development work.

Healthcare

In healthcare sector GP has set a glowing example for others to follow providing immense healthcare facility even in the remote areas with the help of Tele Prescription and mobile clinic service to the people coastal areas.

Empowerment

GP has created more than 150, 000 jobs in its premises and another 100, 000 are related with GP as vendors, card retailers, marketing officers and so on.

Education

GP does come forward with initiatives to encourage the learners by holding various educational competitions such as drawing, essay writing, story composition and so on. It also gives scholarships to the meritorious students.

2.3 Vision and Mission Statement of GrameenPhone

Vision:

Vision is what an organization wants to do. The vision of Grameenphone Ltd is “ we are here to help”. The company exists to help the customers get the full benefit of communications services in their daily lives. We want to make it easy for customers to get what they want, when they want it. To be a leading provider of telecommunication services all over Bangladesh with satisfied customers, shareholder, and enthusiastic employees

Mission:

Mission is end results of an organization where it wants to reach. Grameenphone’s mission is to bring digital revolution in Bangladesh by covering the whole country with network and to build up strong communication network even in the far remotest corner of the country.

The quality audit

The word Quality is comparative and it varies person to person. Quality is defined by a customer according to his demand. If someone is looking for some specifications in a certain items and the items conform to his expectation then the customer will be pleased to say the items maintain quality or good quality if he is very pleased.

Quality dimensions

Value

Grameenphone's manifesto is to add value to customers' practical use making things simple and easy to understand. The company never forgets to try its customers' lives easier. GP is focuses on creativity. So it brings energy and imagination to the work and wants to be partner in development and is passionate about its business, customers and country. The company understands what it should do and how to put things right. Over all GP acknowledges and respects local culture and comes forward with an open, helpful and friendly attitude.

Fitness for use

Grameenphone offers an increasing number of services for the customer varying from teenage group to aged people featuring according to their needs and very friendly staffs for the people of all classes. It takes pride because of the company's largest and smoothest network services to anywhere in the country and out of the country. So there should not be any mark of question for its fitness in comparison any other existing telecom companies in the region.

Conformance to specification

The company promises to provide the best services even in the remote corner of the country. Its slogan is to stay close how far the distance could be. GP works like a bridge to connect and facilitates to broaden the scope of communication. And the services GP provides conforms to the charges that customers pay for.

Meeting or exceeding customer's expectation

GP is determined to meet the expectation of the customers and at times its lucrative offers exceedingly please the users. GP feels that to make the country more advanced there is no alternative to using internet. For this purpose GP has initiated some specialised Internet SIMs in market which enable the users to be connected through wireless network.

Conformance to requirements

GP services always conform to the requirements of the customers. Besides network services it comes forward with many initiatives to better the condition of society and it voluntarily serves the coastal inhabitants with free cautionary warning for coming dangers. GP's promise is to keep the whole country connected with very strong network web so that decentralisation can be done easily.

Quality audit

Conducting Quality Audit

To conduct a quality audit certain methodologies have been adapted. In the first place data has been collected from different sources such as surveying 50 customers in terms of satisfaction on some factors and their answers have been analysed through minute observations. The results of the survey are given below:

Appendix 1 Vertical axis shows 60 customers

The survey was conducted among 60 users from city, suburban areas and urban areas. The above chart shows that out of 60 GP users 35 from city, 46

from suburban areas and 56 from urban areas having problem with call drops during calling. 2 from city, 5 from suburban areas and 6 from urban areas are complaining of overcharging instead of due call rate. And complicated tariff has created problems among 12 in city, 17 in suburban areas and 28 in urban areas. 22 users from city, 27 from suburban areas and 38 from urban areas are dissatisfied with GP's poor network. But there is slight accusation for no network survey which says only 0 in city, 1 in suburban areas and 2 from urban areas.

HAPPY, VERY HAPPY AND NOT HAPPY survey has also been conducted among 1000 users. The report is depicted below:

HAPPY

20%

VERY HAPPY

75%

NOT HAPPY

15%

Fishbone Diagram

People

Materials

Management

Marketing

Hiring Network Tower standards Franchise

Training Transports Vendor

Devices Sponsorship

Quality Improvement Maintenance

Installation

Introducing Design workloads freedom to work

Specifications Capability secured

Measurements

Environment

Equipment

This fishbone diagram conspicuously illustrates the areas where to focus on to improve quality of this company. All the sectors need to be treated with equal importance. And in some case drastic measures have to take to further its improvement.

An interview with the GP staffs has been very successful. The interview is carried through certain questions whether the staffs are happy or not happy giving answers YES/NO

After completing the interview process it was analyzed and reviewed in 5 points covering the whole idea to identify the quality gaps. These gaps need to be filled up to ensure the standard quality of service/ product of GP Ltd. The outcomes of the staff interview have shown in the table given below:

SI

Identified Issues

Yes

No

1

Good Wages and remunerations

85

15

2

Want more autocracy

87

13

3

Poor management

21

79

4

Poor internal communication facility

27

83

5

Environment in the work place needs improvement

65

35

The above table 1 to 5 is considered as to be the intensity of quality gaps in Grameenphone Ltd. The issues have to be taken seriously to improve the internal service quality of the company. The answer YES is showing things are ok and NO identifies immediate action plan to fill these gaps.

Environmental (internal) analysis: Swot analysis of GrameenPhone Ltd

Strength

Reporting

In comparison with other existing network companies in Bangladesh it can be agreed upon that GrameenPhone Bangladesh is in a good position to compete its business rivals if the company steadily maintains the strategy it

has. But in near future BanglaLink Telecommunication may be hard competitor as the company is growing fast and trying to bridge the gaps that the GP has. So GP is supposed to lose its position within 5 years time. GP's business growth has reached a place from where rate of growth can be achieved between 15% - 20% with 22 million customers. On the other hand BanglaLink telecom ltd goes on with 25%-30% having 15 million users.

The result of quality audit/quality gaps

Financial audit

Balance sheet of year 2007 and 2006 in ‘ 000 BDT

Assets:

2007

2006

Non-current assets:

Property, plant and equipment, net

Intangible assets

Other non-current assets

Current assets

Total assets

80, 318, 190

1, 275, 733

16, 064

81, 609, 987

6, 815, 054

88, 461, 041

55, 413, 498

888, 407

12, 560

56, 314, 465

10, 442, 193

66, 756, 658

Equity and liabilities:

Shareholder's equity

Share capital

Reserves

Retained earnings

2, 430, 350

2, 169, 803

21, 510, 954

26, 111, 107

2, 430, 350

2, 169, 803

19, 909, 324

24, 509, 477

Non-current liabilities:

Loans and borrowings, net of current portion

Finance lease obligations, net of current portion

Deferred tax liability

Other non-current liabilities

Current liabilities

Total equity and liabilities**3, 367, 620****5, 315, 559****16, 510, 153****711, 946****25, 905, 278****34, 444, 656****88, 461, 041****2, 448, 452****4, 229, 277****11, 097, 313****904, 567****18, 669, 609****23, 567, 572****66, 756, 658****Key financial ratios:**

Net profit of turnover 6% 16%

Return on total assets (ROTA) 18% 27%

Earning per share (EPS) 54. 14 132. 41

Dividend per share (DPS) 26. 66 25. 80

Dividend payout ratio 49% 19%

Slow progress in network setup

GrameenPhone has been quite innovative but it made slow progress. 189 additional connections were made during this year, making a total of 221 village phones by the end of 1998. The deployment of Village Phones has also been lower than expected, mainly due to the poor coverage in rural areas. This was due to a reduction in projected investments. 1998 has, however, been a valuable year for testing out the Village Phone concept. The experiences gained during the year show in almost all respects that the Village Phone concept is a feasible business proposition. Several studies have been undertaken, and the general conclusion is that it is a viable and profitable business for the village phone operators, who on average earned a net daily profit of US\$2, more than double the per capita income in Bangladesh. (GrameenPhone websites)

Operational performance – interconnection problem persists

The drop call, overcharging, complicated tariff, poor network and no network in Appendix 1 are found in a survey that shows problems are still persistent in the services.

Financial results for the year 1998

The Company has made a negative net result of BDT 641. 511 million (US\$13. 092 million) during the year 1998 compared to BDT 354. 239 million (US\$ 7. 229 million) for the nine months ended December 1997. The main reasons behind this unsatisfactory financial performance are due to the non achievement of the projected sales volume due to the stoppage of sales with PSTN connections after July 1998. Another reason was the competitive

market. On the other hand, due to heavy congestion in the network and limited PSTN channels, GrameenPhone had to offer a number of concessions on all of the existing packages. All of the above reasons plus lost revenue in calls and airtime resulted in a loss. The variable costs were also unfavourable because BTTB did not accept the basic principle of “ Senders keep all” in sharing the revenues. The fixed or periodic costs were more or less in line with the budget and were on the lower side. The interest costs, on the other hand, were higher compared to institutional financing.

The cash flow situation became acute when GrameenPhone was unable to draw from the

IFC/CDC/ADB credit line. Even the NORAD loan was at stake just before draw down

and was solved by a guarantee from Telenor AS. However, we were not able to draw

down Norwegian Kroner (NOK) 15. 0 million in 1998 due to amendments required in the

operating license. (GrameenPhone website)

Recommendations

Conducting quality audit on GrameenPhone Telecom, these following recommendations have been made to remain market leader in the days to come.

Existing market and its products frequently compels an organization to develop new products and in doing so the company can hold its current position and make forward steps to remain dominant in the market.

GrameenPhone is suggested to consolidate its position by protecting the market share it has and maintaining the quality of existing products sold within existing market sectors and can derive benefit in doing so. GP also can lower its tariff cutting the cost on advertisements which may create more customers. Thus, GP has to consolidate to protect and strengthen its present position.

Market penetration is a vital tool to exploit the market and include more consumers for long. It can be achieved by penetrating the new market with new products. In static market opportunities are more for the small competitors like City Cell, Aktel, Tele Talk to succeed with small but effective packages. Consequently GP will lose large market share.

Withdrawal of some products that are causing adverse effect on business will be a wise decision. GP needs to hold, harvest or build existing services withdrawing some complicated tariff. Making franchise for certain products or selling some of the shares to the locals can also be good strategy.

Extending the existing product range to develop a completely new product range is a good strategy to adapt. As a developing country Bangladesh has got huge demand for internet. People are more aware of new technologies now and are willing to be connected with modern communication technology. So GP can initiate Wireless Broadband for the first time which is expected to stir the whole market.

Expanding into new geographic market is a classic form of market development which can be quite handy for GP. To face the challenges of globalization and to operate in market across the world GrameenPhone can make a big stride towards progress and expansion.

GP can also diversify its marketing policy and products ranging different services and products such as iPhones with free minutes and unlimited internet which is going to change customers' taste into different one.

GrameenPhone added 11, 000 new subscriptions in 1998. This was less than its target. By the year-end, the total number of subscribers was close to 31, 000, far ahead of the three other mobile operators. The problem of not having enough interconnection capacity to the PSTN led to congestion on the call route between the GrameenPhone and PSTN networks. Existing subscribers complained, which reduced sales to a minimum. In July, sales of new subscriptions with access to the PSTN were stopped altogether. At the same time, GrameenPhone started selling subscriptions without access to the PSTN, but with access

to all other mobile operators. Sales of these new subscriptions, however, made very slow progress. With some new interconnection channels to the PSTN in Dhaka, and opening of

the network in Chittagong with PSTN access, sales started to pick up again.

Much effort went into planning new marketing initiatives. The focus was shifted from big corporations to small and medium sized enterprises. More sales points were established, and a new distribution strategy was underway. These activities led to positive results, and by November, the sales started to pick up quickly. Towards the end of the year, the sales of mobile-to-mobile subscriptions, now named GP-GP, showed quite positive results.

Implementation

There was no scope for short-term solutions. Down time on base stations was very low and created almost no traffic disturbances. On-call duties were established for all critical areas and a demanding system for round the clock fault handling and repairs was introduced.

Conclusion

GP is proud of Good owner structure, availability of backbone network(optical fiber), financial soundness, present market leader, brand name/ GrameenPhone image, skilled human resource, largest geographical coverage, eligible human resource and infrastructure installation all over the country through Bangladesh railway and grameen bank, access to the widest rural distribution network through grameen bank, high ethical standard.

An excuse not to solve problems because of mixture of different cultures, different departments not working together, poor interconnection with BTTB, not good enough public relation, sometimes a tendency to be arrogant, complicated high pricing structure, billing system cant handle sophisticated billing, net work problem, line disconnection's without any information, no long term distribution/channel strategy.

Economic growth of Bangladesh, new and better interconnection agreement, huge need for telecom services, increased intentional activities in Bangladesh, declining prices for the handsets and SIM cards, future privatisation of the fixed network, new international gateway, demand for the inter-city communication, growth in other operator will give more connection.

More rigid government regulation, more influence of competitors on the fixed net work, change of government might lead to competitors, devaluation of currency, sabotage of installation, political instability, non-co-operation of government and fixed PSTN (public service telephone network), risk of fire in the GP's installations, price war, non availability of funds, BTTB has limited capacity for interconnection, high call charge.

The results of the year have been given in terms of sales and income.

However, the network operations have been expanded, although investments had to be reduced due to a lack of funds. The financial situation has been very tight. In spite of these difficulties, GrameenPhone's number of subscribers has gradually grown to exceed 35, 000, and its market position, as the leader of the cellular operators, has been consolidated. It is with

renewed optimism that the company faces the next year. After the end of 1998, the license agreement was suitably amended and the license was issued in the name of GrameenPhone Ltd. The company now has the option of pledging its assets to secure loan finances. The report satisfied that by the end of March 1999, the company achieved the targeted number of 35, 000 subscriptions. These two events remove the main barriers for securing the much needed institutional financing within May 1999. Other good news is the recommitment by NORAD to provide NOK 15. 0 million for the 1999 budget of GrameenPhone.