CASE STUDY

Business Process Approach to Meeting Market Demand in Construction Products: the Case of AZTC Wholesaler in Gaza

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Palestine Economy: A historical Profile

For the last 33 years, the Palestine economy’s pattern of growth and development has been conditioned by its relationship to Israeli economy. The basic elements of Israeli economic policy for most of this period were to allow relatively free movement of labour and commodities between Israel and Palestine, to restrict Palestine trade with the rest of the world, and generally inhibit the types of Palestine agricultural and manufacturing production that might compete with Israeli products. This was combined with minimal public sector development. In general, the effects of the Palestine’s integration into the Israeli economy were to create unbalanced growth and reduced viability of many productive activities.

Powerful market forces emanating from the Israeli economy, combined with relatively abundant and underemployed labour in Palestine, created significant labour flows from Palestine to Israel. By the late 1980s, over one-third of Palestine labour force was commuting to Israel on a daily basis. Market forces also led to an increase in merchandise trade between the two economies although there was a significant import bias in Palestine. Exports predominantly manufactured goods produced under subcontracting arrangements with Israeli firms, along with a narrow range of agricultural commodities and building materials. Because of Israel’s control of the borders, and the effective customs union with Palestine, Palestinian exporters and importers had no independent and unimpeded access to external markets. On average, 90 per cent of the value of imports and 70 per cent of the value of exports were from and to Israel respectively, during the period 1967-1994 and beyond.

Since 1993, the Palestine economy has been subject to the most significant and sustained external shock; Israeli’s closure and separation policies. Closures have been the main factor behind an estimated 18 per cent decline in real GNP and a more than 35 per cent decline in per capita GNP between 1992 and 1996. Labour flows to Israel declined from about 120,000 on a monthly basis in 1992 to under 25,000 in 1996, with similar declines in income from such employment. In 1999 the number of employment in Israel
improved and estimated about 110,000 legal and illegal workers.

Underlying the downturn in 1993 were declines in every main branch of the private economy, except for construction, tourism and financial services.

The heavy reliance on employment and trade in and with Israel and the large trade deficit with Israel, reflect two important aspects:
1. Serious structural imbalances and distortions in the Palestinian economy.
2. The Palestinian economy became a subordinate and sub-servant to Israeli once.

After signing the peace accord between Israel and PLO in September 1993, the optimistic mood dominated the area. Tens of companies started up including AZTC. The investment in many of Palestinian economic sectors significantly increased specifically in the construction sector. During the 1993-1995 period, the source of recovery and growth in the GDP were construction, services and public sector expenditures. Construction activity, which had been consistently strong since 1992, began to decline in the third quarter of 1996 and on. This may be due to particular severe closures during 1996, continuing decline in household incomes and economic recession.

During the period 1997-1999 the Palestine economy began to recover and scored an annual marginal growth of less than 1 per cent in real value. This may be attributed to the increase of Palestinian employment number in Israel and to the reduction of closure periods to Palestine territories by Israel.

**Industrial Analysis**

There is no disaggregating data on the activities of wholesale paintings in Palestine. The only figures are available is on the wholesale of construction materials. It is estimated about $317.62 million in 1995, or about 10 per cent of Palestine GNP. The demand on painting and waterproof materials is linked to the situation in construction sector. However, it is different in the case of AZTC. Though the Palestine
economy has suffered of recession since 1996, AZTC made a significant improvement in its income.

Before, the signing of the transitional agreement and the establishment of Palestine Authority in 1994, almost the only source of painting and waterproof materials was Israel and domestic products. The agreement gave the Palestinians free access to Western European and Arab markets (Jordan and Egypt) in buying construction materials. That means the competition became very intense in the Palestinian market. Many of local manufacturers of paintings closed down and the failure rate among industries especially firms operating in the trade sector was very high.

Small-scale ones, with average employment size of about 2.5 persons dominate the Palestinian establishments. In 1998 over 90 per cent of the Palestinian establishments are small, and employ less than 10 persons.

Most of Palestinian establishments are family owned and managed. In the Palestinian wholesale and retail sector over 75 per cent of all private establishments were sole-proprietorships. These two indicators reflect the limited financial resources and managerial abilities of the firms of the wholesale and retail sector in Palestine.

Structure and Competition

To understand the consequences of market structure of construction materials in Gaza, a number of competitive forces are important to highlight: namely, the number and strength of competitive firms, potential entrants, threat of substitute products and the bargaining power of suppliers and buyers. The forces of competition drive an industry towards a profit or loss level. The strategic task, therefore, for any company is to deploy resources so that it can make profit levels in excess of what is normal, that is, that profits level, which keeps it in operation.
Competitors

There are four main competitors on the domestic market: AZTC is a market leader. It is difficult to estimate the market share for each company but they almost share the market of Gaza. The competitors adopted an offensive and a hostile marketing strategy. All wholesalers of construction materials considered product diversification and some focus on low prices or high quality, while AZTC focuses on both. AZTC slashed its prices by selling at 20 per cent less than the current prices of other competitor. Marketing manager said “this happened because of good relation with suppliers and an efficient cost control system”. If the company faces any problem in prices or quality it acts jointly with the supplier to overcome the problem, both are committed to product. Painting supplier (Champion) produces with whatever quality customer wants. Many times Champion developed its quality in co-operation with AZTC in order to win huge bids. This was done by testing product samples of rivals and improves the Champion quality. AZTC developed an image of quality, low prices and seriousness.

International competition is not very much of threat because imported construction materials from many world markets are still very expensive due to customs duties. However, the full deregulation of imports, in accordance with the agreements concluded with the World Trade Organisation (WTO) and the dismantling of customs duties that had already begun as an element of the free-trade zone agreement with the European Union and USA, will all contribute to creating another type of competition on the national market. Says Abed El-Malik, the managing director: «Our prices are lower than products in Israel and the locally produced. We don't fear any competition from these sides. But with Asian products and other Arab products the removal of constraints on their entry to Gaza’s market will intensify the competition and will cause threat to AZTC. Unfortunately there is no unified world market price for construction products, but prices vary according to the prevailing rate of the supply and demand. Presently, the world supply shows a surplus. Many wholesale and manufacturer companies throughout Palestine could not withstand this situation and had to close down in the future”.
New entrants

The ability of firms to enter the market is determined by the nature of barriers to entry. Where they are low, entry is relatively easy and the consequence of such entry is that profitability is shared among most firms, thus reducing individual company profits. New entrants into Gaza’s wholesale construction materials are possible, since the Palestinian investment law provide the right for new entry. However, existing companies including AZTC maintain a relatively some entry barriers include: learning curve effects, good pricing strategy, promotion and knowledge.

Substitute products

This is most apparent in construction materials where competing products are perfect substitutes. AZTC tries to differentiate its products by providing non-product benefits and differentiate its products.

Bargaining power of buyers and suppliers

The more concentrated the buying market Vis à Vis AZTC, the more power the buyers will have. AZTC has more power over buyers. It has various types of distributing channels and buyers are fragmented. Supplying firms can become heavily dependent on one or two retailers, which gives retailers great power in such aspects as price negotiation and product quality and quantity. The bargaining power of suppliers can be seen as the reverse of the bargaining power of buyers. AZTC acts as an agent to Jordanian Company ‘champion’ with an exclusive right to sell in Gaza’s market. AZTC and Champion are having mutual interest to work together. However, Champion is in bad need to cooperate with AZTC because of two main reasons:
1. AZTC is a growing; strong, competitive and well-known company in Gaza’s wholesales sector.
2. Palestine market became as a substitute market for the lost markets of champion in Iraq and Gulf countries.
The company overview

AZTC (Abu Zaid for Trade and Construction Co.) is a private limited company with capital of $500,000. It was founded in 1994 by Mr. Abed El-Malik Abu Zaid. AZTC is a family company owned by four persons. The company main operations are in the field of importing and selling paints, waterproof and other construction materials. AZTC is classified as a small-scale business. It employs 10 persons with annual sales figures accounted for $1 million in 1999.

The company headquarter is located in the suburb of Khan Younis, a city which is located at the Southern part of the Gaza Strip. The company is mainly classified as a wholesale business. The retailing contributes about 15 per cent of company’s overall sales figures. It imports goods mainly from Jordan and sells it in the Gaza’s markets. In May 2000, AZTC has four branches and four agents allocated throughout the Gaza Strip.

AZTC started its operations by importing paintings and some other construction materials from Israel and to be sold at the southern part of the Gaza Strip (Khan Younis and Rafah cities). AZTC focused mainly on wholesale buying and selling paints. It was difficult to make a profit at that time because of two reasons: 1) the cost of importing the Israeli products was too high; and 2) the quality of imported product was not satisfactory.

In 1996 the company changed the Israeli supplier because of three main reasons: 1) The Israeli supplier did not comply with the agreement signed with AZTC. The agreement stated that AZTC would act as a single agent in the entire Gaza Strip in importing and selling the Israeli product. Other Gaza’s local traders and dealers bought direct from the Israeli supplier and had sold the products at the local markets; 2) It was difficult for AZTC to participate in governmental or UNRWA projects, since they conditioned that products used in those projects should be manufactured by national or Arab companies; and 3) The Israeli supplier did not give a good credit facilities to AZTC.

In 1996 AZTC became a single agent to Nora Lox, a Jordanian factory. According to the
agreement with Nora Lox, AZTC will be responsible for importing and selling Nora Lox products in the Gaza Strip. However, the agreement did not stand for more than a year. This was because of two reasons as the marketing manager Suliman stated: 1) the quality of the products was poor; and 2) Nora Lox was provided limited credit facilities to AZTC.

In 1997 AZTC became a single agent to another Jordanian manufacturer and supplier, named ‘Champion’. This move was described by the managing director of AZTC as a turning point in the short history of the company. The managing director added: ‘although we are in a small and intensive competitive market, we are classified as one of the key player in the field of wholesale painting and water proof materials in the Gaza Strip’. In 1999 the company achieved an increase in net profit of 100 per cent compared to 1998.

It expects to improve its market share progressively from $1 million sales to $1.4 million, representing almost 40 per cent increase by year 2001.

The company adopted the policy of taking new investors without loosing power to them. This investment policy is based on the imposition of pre-condition on the investors that they should be silent partners. The managing director does not believe in getting loans from banks. ‘This will be a burden on the business because of the interest rate. The interest rate is usury, which is unacceptable by Islam’ the director said.

In order to adapt the organisational chart to the new demands of modern and flexible management, AZTC established the following organisational structure (figure 1):

This organisational structure is suitable for small businesses like AZTC who is acting in a dynamic and competitive environment. The managing director is the only decision-maker. He usually makes his decisions after consulting his deputy. Branch managers and deputy director are always of direct contact with the director round the clock by telephones, face to face and wireless system. This regular communication compensates the lack of common networking system to connect business branches. The managing
The AZTC vision is that the company will become the leading contractor and wholesale player in selling most of construction materials in the entire Gaza Strip. The company will adopt the strategy of diversification. The construction materials will not only include paintings; it will include waterproof, cement, construction tools and a variety of other construction materials. In 1999 the company began to contract with other construction companies by taking and executing bids mainly in painting work.

With regards to market share, profitability, quality, efficiency and development power; AZTC shall represent innovativeness in terms of introducing new products never sold in the local market and in its way of solving problems with customers. Taking and performing painting operations will insure that AZTC is the only supplier of paints and other relevant materials to perform that bids.
The marketing manager said:

“In order to develop the market through total consumer satisfaction, the company shall institute an information system on customers' needs on goods and services, following market trends and gathering information on competitive products and services. In addition, establishing a system for the analysis and development of products and services to satisfy market needs. Developing a training program geared towards customer satisfaction. This is an enthusiastic vision and I will push for implementation”.

**Marketing Mix**

AZTC marketing strategy is implemented through the four P’s: Product, price, promotion and place (distribution). These constitute the fundamental elements of any marketing strategy.

<table>
<thead>
<tr>
<th>Marketing Mix</th>
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<tbody>
<tr>
<td>Product</td>
</tr>
<tr>
<td>Price</td>
</tr>
<tr>
<td>Promotion</td>
</tr>
<tr>
<td>Distribution</td>
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</tbody>
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The discussion on the marketing mix below gives reasons for the success of AZTC. Whereas some companies fail to take into account essential considerations when planning the marketing mix, AZTC took stock of them all. Fortunately, some of the tools (marketing mix) that led to the company’s success were available and at the disposal of AZTC management. Most tools were put to use effectively and efficiently.

The products of AZTC are diversified and of high quality, the promotion was dealt with proprietary, the prices, which the customers had to pay, were reasonable and the distribution channels were well chosen. All the above factors were influential on the
success of AZTC. Another factor behind the success of AZTC, however, the efficient implementation and co-ordination of the business processes involved in fulfilling a customer’s order.

The growth strategy of AZTC has been focused on the total commitment of its management to consumer satisfaction through a policy of: Expanding its market by developing close working relationships with its partners (agents, alliances and suppliers). Emphasizing excellence in the quality of its products and services. Keeping abreast with competition by continuously adopting the strategy of product diversification and looking for new sources of funds to cover its enthusiastic marketing expansion strategy. The diversification of its products was regularly adapted to consumer needs. Prices remain within medium consumer reach and can be improved. This was attributed to market demand and good supplier relationship on the one hand, and to the improvement of customer satisfaction and distribution system on the other.

**Product Mix**

AZTC sells construction materials. The products may be classified into three categories: 1) paintings, 2) waterproof and 3) others. These categories contribute to AZTC sales by 45 per cent, 45 per cent and 10 per cent respectively (see Table 1).

<table>
<thead>
<tr>
<th>Product mix</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paintings</td>
<td>45.0</td>
</tr>
<tr>
<td>Waterproof</td>
<td>45.0</td>
</tr>
<tr>
<td>Others</td>
<td>10.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

AZTC cater to the following customers: retailers, agents, contractors and direct to the final consumer. Retailers and agents is the main distributing channels to AZTC (see Table 2). Paintings and waterproof are almost the only items, which are sold through retailers, agents and contractors. The products ‘others’ are sold direct to the final
At the beginning AZTC focused on paintings and later realised the importance of diversification and introducing new products such as waterproof, cement and construction tools. AZTC always looking for new products. It believes in diversification and differentiation in products from other competitors. This differentiation was in selling products never sold by other competitors and in quality.

AZTC product strategy can be summarized in the following points: 1) moving from a narrow focus on paints and turn itself to sell most construction materials, and 2) AZTC began taking construction projects through general bids which include execution of painting work and supplying materials. These new strategies contributed to high business growth and to double increase in AZTC profit.

**Price**

Price is one of the most influential factors affecting the buying decision of the consumer. Not always low price gives a positive response from customer. Sometimes, low price gives negative image to the product. In addition, a high price is inaccessible to the consumer with limited purchasing power. AZTC pricing strategy is a cost leadership strategy. Price is maintained 20 per cent below prices set by competitors. AZTC director said: “I believe that Gazans prefer cheap products because they have limited purchasing power. Though, we have high product quality we price our products lower than the consumer.”

### Table 2: AZTC Distributing Channels and their share of company sales

<table>
<thead>
<tr>
<th>Distributing Channels</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailers</td>
<td>40.0</td>
</tr>
<tr>
<td>Agents</td>
<td>30.0</td>
</tr>
<tr>
<td>Contractors</td>
<td>20.0</td>
</tr>
<tr>
<td>Direct to Customer</td>
<td>10.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
competitors. We manage our cost carefully, therefore, our pricing strategy is based on our cost and the competitors’ prices”.

As part of the marketing strategy, flexible payment facilities are offered to retailers, agents and contractors principally as mean to build customer loyalty. It also serves as a tool with which to face the competition, which often requires on-the-spot payment. This made possible because of good financial position and excellent relations with the Jordanian supplier who offers a six-month credit to AZTC. The company gives 2-3 months credit to its customers, while other competitors give 1 month credit or less. This credit policy helped the company in maintaining a good cash flow and tied relationships with customers and suppliers. If the interface with the supplier does not function well, problems are likely to occur in the processes that ensue.

**Promotion**

Advertising is not well established by most companies in Gaza. Many companies believe that spending on advertising is waste.

An important advertising campaign worth several thousand US$ has been used by AZTC to boost its sales, the cost of which was shared with the Jordanian supplier. AZTC sells the Champion products as a brand name. This required using marketing tools to communicate the company’s messages, ranging from advertising at the newspapers, distributing presents, word of mouth and participating in exhibitions. This involvement increases the value of the brand name and the reputation of the company. It is also perceived as a mean of promotion clearly showing that the company is not only interested in making a profit.

The following marketing tools in the promotion campaign were used by AZTC:
- Neon signs
- Stickers
- Flyers
Distribution

Originally, AZTC marketing strategy consisted of a focus on selling paints in the southern markets of Gaza. The initial aim was to sell paints to retailing shops and operating from one site. The company has made a shift in its marketing and distributing systems by doing the follows: 1) moving from selling in southern parts of Gaza to sell in all parts of the Gaza Strip, 2) using strong and reliable agents in many parts of Gaza, and 3) opening branches in the major markets of the Gaza Strip with the focus on Gaza city since most of official institutions and famous businessmen operate from their.

In the face of fierce competition, the distribution network and its channels are key elements in AZTC marketing strategy. The company has to secure access to the market and its customers through direct and indirect distribution channels. Direct channels are selling direct to the customer through AZTC branches. Indirect channels reach the customer indirectly via the middlemen. There are three indirect channels: retailers, agents and contractors. AZTC caters to the territory of the Gaza Strip only. It is impossible to sell at the West Bank because there is another agent for champion in the West Bank with an exclusive right. In addition, Israel restricts selling any products coming from Gaza or Arab countries in its markets.
Different channels of distribution:

1. **Direct** [retail 15%]

   ![Diagram 1](image1)

2. **Indirect** [wholesale 85%]

   ![Diagram 2](image2)

To achieve geographical coverage and expand its markets, the company developed an important logistics strategy. AZTC uses its own means of transportation consisting of big truck and smaller van to carry out products from the plant to the customers. AZTC adopted the policy of free delivery service to its customers. Other competitors provide free delivery service to their clients. This service adds an additional value to customer.

AZTC’s distribution channels are based on a rational division of the Gaza Strip into geographical areas. In each area AZTC makes sure that it has the right access of distribution. For example, in some areas the company has only agents who are responsible entirely for the product distribution in their territories. On the other hand, in some areas AZTC adopts the strategy of selling through retailers.

AZTC’s distribution strategy is not just limited to delivering products and providing services, but also to building lasting business ties with customers and creating an optimal sales force for the company to reinforce its position on the market.

One of the major factors behind the success of AZTC’s distribution channels is
attributed to sales agents and retailers. Busily engaged in merchandising, making sure that customers always satisfied. They also manage the stock levels properly at outlets, control the cash payments and the invoicing, and insure an effective rotation of products and regular deliveries, preparing thus the ground for further sales. AZTC advises its customers not to stock much at their premises. It suggests to them to adopt the policy JIT in dealing with AZTC in most of the items they deal with. Some times AZTC delivers direct to the final consumer on behave of its customers ‘retailers, agents and contractors’. AZTC offers inventory management and its logistics to its customers as additional services where other competitors do not do.

The management of order fulfillment process

Managing trading in construction material requires an integrated management process to fulfil customer orders. AZTC trading in construction materials provides services mainly to three kinds of customers, the retailers, contractors and agents, in addition to the final consumers aiming at providing quality products and services to all parties.

Process Owner

Each business process must have a process owner in charge of the effective and efficient running of the operations. At AZTC, the process owner is the managing director with the assistant of his deputy who is in charge of smooth running of the entire process. The process owner must have certain qualities, of which leadership is one of the most important. The managing director has proven his leadership skills by putting into place a range of processes and co-ordination a team of people with various responsibilities.

The main business process at AZTC is evidently that of fulfilling a customer’s order quickly and efficiently. When a customer orders through phone, wireless or direct personal contact, he can expect prompt delivery, with good quality and minimum delay. AZTC management has implemented a driving force at AZTC and this philosophy is Customer satisfaction. AZTC managing director said: “We are recognised by our
customers as being the first, fast service and most flexible in our chosen markets. We partner with our customers and suppliers to deliver flexible, cost effective and quality products and service by efficiently utilising our infrastructure, financial capabilities and highly trained people”.

**Fulfilling Customer Orders**

Many retailers complained of the delivery service of AZTC. They said that sometimes they lose customers because they have to wait several hours to get their orders delivered.

The deputy director of AZTC Suliman said: "the delay is out of our hands because of the traffic jam, which happens sometimes when the president of the Palestine National Authority travels or when unrest happens sometimes because of political instability”. AZTC has all of its warehouses in Khan Younis. It usually receives and stores all deliveries and dispatches the products from its warehouses to all Gaza Strip’s markets. It is too expensive to have too many warehouses around the Gaza Strip. Last year AZTC built and rented four warehouses in Khan Younis. AZTC adopts the policy of keeping the warehouses under the control and supervision of one person who is usually the deputy director. These warehouses are close to the residency of the deputy. AZTC believes that this centralisation policy reduces the expenses of storage.

The process of fulfilling a customer’s order starts when the customer picks up the phone to order and ends when the customer receives the order and the driver returns to AZTC offices to hand over the payment and the invoices signed by the customer.

When the customer decides to place an order through AZTC, the order fulfillment process begins. Order takers (usually the salesmen, managing director, deputy director or branch manager) note down the customer’s order and get in touch with the warehouse supervisor. If the customer is not a repeat customer the director or deputy director shall devote a personal visit to the customer premises to evaluate whether he is worth making
business with or not. After forwarding the order to the warehouse supervisor (warehouses managing assistant) who should give feedback whether they have the whole items or some of them. The customer shall be informed within 30-40 minutes of his initial call (refer to figures 2, 3 and 4). AZTC in the meantime prepares the order and produces the bill to give to the driver to be delivered to the customer along with the goods. The customer shall get all order and customer details from the person who received the phone call from the customer. The driver is responsible for delivering the goods to the customer, collecting the payment (mainly by check and should be payable within 2 months or less), all necessary documents and invoices and calls the order taker to inform him that the order has been delivered. The driver then returns to headquarter in Khan Younis to wait for next pick-up. After each delivery the driver shall handout all money and documents received from customer to the order taker.

When looking closely at the flowchart of the business processes involved in fulfilling a customer’s order, it appears that four departments are involved. Note that at the beginning stages of the process it is the sales department that is in charge. The order taker at AZTC and the persons who receives calls at AZTC can be seen as sales representatives. Warehouses supervisor dispatches the goods; accounting department who prepares the bills and the driver from the transport department who should deliver the goods to the customer.
Figure 2: Input – Output View

![Diagram showing the flow of inputs to order fulfillment and outputs.]

Figures 3: Cross-functionality in Order Fulfillment

![Diagram showing the cross-functionality in order fulfillment with inputs and outputs.]
Figure 4: The order fulfillment Process at AZTC

1. Order received
2. Check the Items
3. Is the order correct?
4. Check the Stock
5. Transmit order to the order Fulfillment Department in Khan younis
6. Allocate Stock
7. Register the number of Charges
8. Pack the Items
9. Write Delivery note
10. Control the loading
11. Revise the Dispatch documents
12. Deliver Order
13. Check Payment
Business process management

The more we understand business processes, the more we can improve them. There are five characteristics of the business processes:

- Flow. The methods of transforming input into output.
- Effectiveness. How well customer expectations are met.
- Efficiency. How resources are used to produce an output.
- Cycle time. The time taken for the transformation from input to final output.
- Cost. The expense of the entire process.

Purchasing and selling differ between organisations and are dependent on contextual factors such as the characteristics of the supply and demand markets, the products, sales markets and so forth. Important aspects also include the personnel involved in the purchasing and selling functions and human resources development, the interfaces with other functional specialists, as well as the purchasing strategy. It is essential to be aware of the constraints and benefits of contextual factors that can affect order fulfillment processes development and therefore improve business efficiency. AZTC management is aware with the importance of the reduction of time cycle. As a future strategy AZTC would develop its logistics by buying a third van and recruit a new driver. This could reduce the waiting period for order fulfillment by the half. This strategy would help in enhancing customer satisfaction and reduce cost. Continuous improvement in AZTC products and services helps in enhancing the competitive position of the company.

In terms of its human resources, AZTC adopted an organisational policy of employing friends and relatives who are highly committed to the company. Long working hours is not a problem and if the employees need to be excused from work sometimes the company usually agrees. They are working as family members. Undoubtedly, in a high context culture such as that of Gaza, human element is taken into account in any business transaction as the physical, face to face contact is crucial in facilitating communication with customers. A significant part of AZTC selling is done through
personal visits to customers.

The Future

AZTC has strong position in the Gaza Strip market. AZTC’s existing and future strategy is based on the conviction that a strong market position is a prerequisite for competitiveness in a new emerging and open markets. AZTC currently occupies a competitive position as a wholesaler of construction materials in the Gaza Strip and it aims to strengthen its position in this region. In addition to the continuous engagement in project development in housing and building.

To enhance its opportunities to engage in selling materials and executing major infrastructure and building projects in the Gaza Strip market, AZTC has joined strategic alliances with a number of prominent contractors and consultancy companies. This strategy will be maintained in the future. Within these alliances the company had the opportunity to double its sales figures and maximise its profits. The managing director says ‘’small Company like ours needs to know where it is going. It needs to move cautiously, step by step, in order to understand what is going on, building a strategy on the basis of this experience, on what we see, what we can do, where to invest, how to invest, how and with whom to ally and what technology to choose. This is very important to ensure success’’.

The deputy manager believes that the company should improve participative management in order to develop innovation and speed up decision making process. This could happen by provide continuous training and empowering the work force by improving employees’ skills and versatility through an efficient training strategy. Encouraging initiative and decision-making at all levels through developing teamwork. Strengthening the enthusiasm and a feeling of belonging to the company.
Questions:
1. How the leadership style of AZTC management contributed to the success of the company?
2. Evaluate the warehousing management system in AZTC? What is the future strategy should be adopted to improve the warehousing management?
3. How do the marketing mix and marketing strategy help develop a competitive position in the market?