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Three Generations of Haji Noor Ali Sowdagar and Sons Limited: SWOT Analysis of a Family Business

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Keywords: *SWOT, 1937 saban, haji noor ali sowdagar.*

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Three Generations of Haji Noor Ali Sowdagar and Sons Limited: SWOT Analysis of a Family Business

Dr. Nusrat Jahan

Abstract- The purpose of this study is to discover the factors that lead to sustaining a business for three generations from the early 20th century to the 21st century. For this purpose, this study used a SWOT model and identified internal strengths and weaknesses; and external threats and opportunities of the Haji Noor Ali Sowdagar and Sons Limited, which is a soap manufacturing enterprise established in the port city of Chittagong, Bangladesh. The study reveals goodwill as the enterprise's key strength while lacking of dynamic management as the major weakness. This study also found growing local competition as the main threat while expanding demand as the major opportunity for the enterprise. This study concluded that Haji Noor Ali Sowdagar and Sons Limited lacks a proper segmentation, targeting and positioning strategy and needs to revaluate it's 'one size fits all' approach to adapt to the changing and expanding demand of the country.

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I. Background

During the period of undivided India under British rule, the Muslim industrialists were mostly traders, and lack of industrial development in Muslim majority areas suggested that it was difficult to prosper in a Hindu dominated business environment. In such a period of dominance, the entrepreneur "Haji Noor Ali Sowdagar" introduced a brand of soap and competed with locally made soaps of undivided India and others that are imported from abroad mainly England. During the early 1900s, Haji Noor Ali Sowdagar gravitated toward the city from a village of Chittagong, which is a port city of Bangladesh. He used the financial resources that he inherited from his father to set up a proprietorship enterprise in 1919 by the name of 'Haji Noor Ali Sowdagar' and started trading in the area of Chaktai, which is the hub of traders in the port city of Chittagong. He used to trade commodities like tin, cement, and spices of different kinds in Chaktai. It is worth mentioning that Chaktai is located near to the Kornofuli River of Chittagong, thus giving easy access to traders in transporting commodities in and out of Chaktai since the primary mode of shipping was via boats during pre and post-partition era of undivided India. In 1937, the proprietorship was turned into partnership as 'Haji Noor Ali Sowdagar and Sons' and initiated a new business of manufacturing laundry soap. Haji Noor Ali bought land adjacent to his trading center in Chaktai, where the non-mechanized soap manufacturing facility was set up. The ball-shaped soap was named '1937 *Saban',* each weighing 500 grams and packed in a plastic bag. Since it was circular; it became popularly known as '*ball soap'* or '*Bangla Saban'* to date. During British rule, Haji Noor Ali Sowdagar earned the reputation of being a trustworthy businessman while trading in the area of Chaktai. Besides, in his village, he was admired for his honesty and philanthropic activities. This reputation helped him establishing the partnership concern alongside continuing his trading business. From the inception, the local market accepted his manufactured soap as a symbol of trust and quality, and it is still a leading brand of soap in Chittagong to date. The successors of Haji Noor Ali Sowdagar maintained the goodwill the founder had created and upheld the legacy of more than 79 years of successful business operations. The enterprise, 'Haji Noor Ali Sowdagar and Sons Limited'; is still prospering at the hand of his third generation of descendants and serving the local market of Chittagong. Sustaining a family business for such a long time is exemplary evidence of enduring goodwill. Haji Noor Ali Sowdagar gained the trust and loyalty of customers by always offering a laundry soap that never compromised in terms of quality while making his mark through contribution in the economic and social development of the community and locality.

A SWOT analysis looks at future possibilities for an enterprise through a systematic approach of introspection into both positive and negative issues. It is a relatively simple way of communicating ideas, policies, and concerns, and it can also help management to quickly expand their vision. Probably the core message from a SWOT analysis is that, whatever course of action is decided, the decision should focus on building on Strengths, minimizing Weaknesses, seizing Opportunities, and counteracting Threats. To be most effectively used, a SWOT analysis needs to be flexible. Since situations change with the passage of time and an updated analysis should be made frequently. SWOT is neither cumbersome nor time-consuming and is effective because of its simplicity. Used creatively, SWOT can form a foundation upon which to construct numerous strategic plans for an enterprise

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(Balamuralikrishna and Dugger, 1995). This study employs a SWOT model to identify the resources and capabilities for the enterprise under review, building on which the enterprise can exploit opportunities, counter threats, and correct the weaknesses.

II. Literature Review

SWOT is an acronym used to describe the particular strengths, weaknesses, opportunities, and threats that are strategic factors for a company. Over the years, SWOT analysis has proven to be the most widely used and enduring analytical technique in strategic management. SWOT analysis should result not only in the identification of a corporation's distinctive competencies, the particular capabilities and resources a firm possesses and utilizes, but also in the identification of opportunities that the firm is not currently able to take advantage of due to a lack of appropriate resources (Hunger & Wheelen, 2011). According to Ghazinoory et al. (2011), the main advantage of SWOT analysis is its simplicity, thus resulting in its continued use in both leading companies and academic communities for evaluating performance and suggesting strategies. Numerous researches have been conducted to assess the strategic position and performance of a firm, sector, or even a program. Shojaei et al. (2010) conducted SWOT analysis along with QSPM and MAUT model to develop an appropriate strategy for a company with a history of forty years in providing production lines' equipment for a dairy producing factory. Their research showed that the company was placed in the region of aggressive strategies. Using the SWOT analysis and QSPM models, Saghaei et al. (2012), in their paper methodize an appropriate strategy for a lubricant manufacturing company of Iran. Bohari et al. (2013) analyzed the competitiveness of the halal food business in Malaysia using the ICT-aided SWOT analysis techniques. They identified 16 strength factors, 18 weaknesses, nine opportunities, and nine threat factors. To enhance the sector's current competitiveness and preparedness for future challenges, the researchers recommended a comprehensive ICT-based strategy. Chen (2014) conducted a SWOT analysis to guide a semiconductor manufacturer in planning Cloud manufacturing (CMfg) implementation project, which is a new-generation service-oriented networked manufacturing model that provides distributed users centralized managed manufacturing resources, ability, and services. Moghaddaszadeh et al. (2015) integrated SWOT and the factors analysis for prioritizing strategies for the Persian food industry. They suggested that SO strategies are more applicable than WO and ST strategies for this industry. Kaczmarek (2016), in his study, employed SWOT analysis to identify the strengths, weaknesses, opportunities, and threats for the Planned Maintenance pillar of Total Productive Maintenance program and suggested action enabling the increase of efficiency of the maintenance system. Mahajan and Patil (2019) conducted a SWOT analysis of the agro-based industry in India. They found abundant natural resources, suitable geographical conditions as strengths while the atmosphere, availability of raw material, cheap labor supply, the potential for export as the opportunities. They identified lack of infrastructure facility, low quality of the product as weaknesses, and global competition as threats for this industry. The literature review reveals that researchers employed both subjective and quantitative approaches of the SWOT model is suggesting strategies for different entities. However, this research employs a subjective approach to evaluate the strategic position of the enterprise under review.

III. Methodology: SWOT Analysis

The purpose of this study is to identify the internal strengths and weaknesses and external threats and opportunities of the enterprise and summarize the overall strategic position of this company through SWOT analysis. The researcher collected the qualitative information for developing the SWOT model by interviewing the chairman and board of directors of Haji Noor Ali Sowdagar and Sons Limited. As the managers can derive both internal and external issues from the SWOT model, it allows them to derive a strategic direction for the business. Hence, this study also proposes a few strategies for effective competition in the soap manufacturing sector of the Chittagong division of Bangladesh.

a) Strengths

The following aspects contributed to the success and progression of the business:

i. The entrepreneur possessed enough financial resources that he inherited from his family and also generated by his trading business to ride out the challenges faced by this enterprise during pre and post-partition of undivided India and also after the independence of Bangladesh.
ii. The entrepreneur minimized labor costs by employing mostly contractual laborers with few permanent employees working in the manufacturing process while most of the permanent employees were typically performing administrative tasks. The organization still maintains a similar policy of managing human resources.
iii. Though the target market of this soap was middle to upper-income group of customers, this soap gained popularity among the lower to middle-income class despite the price being at par with the other competing brands of the different eras. The reason is particularly associated with its ball shape as it can be cut into four separate pieces, hence allowing the

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longer duration of usage by the consumers, thus generating cost savings. Especially, the villagers started using it as an all-purpose soap rather than a laundry soap, and used the soap for cleaning utensils, washing clothes and also bathing.

iv. The soap employed direct selling method to customers and retailers along with other merchandises belonging to the entrepreneur's trading business during pre and post-partition era of undivided India and also after the independence of Bangladesh. Face to face contact with direct customers and retailers has helped the company in building trust for its products and also to gain regular feedback from them.

v. The company has also been offering a calendar as a souvenir to each of its customers since the independence of Bangladesh. The front page of the same exhibits the picture of "1937 Saban' and the name of the enterprise and twelve pages of monthly English or Georgian, Bengali, and Islamic calendar.

vi. The soap was sold from the sales center, which was located inside the area of the manufacturing facility. After the independence of Bangladesh to date, the soap was solely and directly sold from the company's sales center. Along with the sales center, this enterprise has introduced its system of transport to deliver the product to its customers during the later part of the 2010s. This newly introduced system of delivery is lauded by its existing customers and helped in gaining new customers.

vii. The company introduced a new variant of the same laundry soap in a wheel shape and smaller size weighing 130 grams during the early part of 2010s. Though the raw material is the same, the production process is fully-mechanized for this new variant. This new soap is found to be more popular among the low-income customer groups.

viii. The enduring goodwill of the enterprise is established by the founder and sustained by the successors for more than a third of a century. The company has accomplished this success and succession through building trust among its customers for its products.

b) Weakness

The followings are identified as the weaknesses of the business where it needs improvement:

i. The production process of this soap remained fully non-mechanized during the pre and post-partition era of undivided India and also after the independence of Bangladesh. The manufacturing process became partially mechanized during the early part of the 2010s. Due to the lack of mechanization, the company could not meet the expanding demand of the city for a long time.

ii. The company lacked innovation in its product offering for a long time, and only in the 2010s, a new variant of the same soap was introduced.

iii. The business does not allow credit sales, whereas other competing brands of laundry soaps offer the same. The company lost customers to competing brands, offering sales on credit.

iv. The product was sold directly to retailers and customers from the sales center until the 2010s. The entrepreneur did not use any distribution channel to supply the product, and hence expansion of the market is hindered due to lack of a system of distribution in place.

v. The company did not use any mode of transport for delivering the product until the late 2010s. Hence, the benefits of reaching and expanding the customer base have been lost for many years.

vi. The successor had a disapproving mindset toward introducing mechanization, expansion, diversification, promotion, and a new system of delivery and distribution, which hindered gaining market share for many years. The lack of dynamism and proactiveness of management is found to be major weakness of this enterprise.

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Figure 1: SWOT Analysis of Haji Noor Ali Sowdagar and Sons Limited

c) Opportunities

The future growth and the succession of the enterprise depend on the ability of the business to capitalize on the following external factors:

i. Customers' innate belief about the uncompromised quality of the product over generations can be used for gaining more market share for the existing brand of laundry soap.
ii. The company could expand its business through the introduction of similar products building upon the established goodwill. The company can introduce products like detergent, washing powder for washing machines and fabric whitener, liquid laundry soap, etc.
iii. Despite any advertisement and promotional activity, this brand remains popular in the locality it serves. The enterprise can introduce new advertisement campaigns with the introduction of each new product offering to familiarize customers with the product. However, as this enterprise has a diverse group of customer ranging from lower to higher-income groups, hence the promotional and advertisement campaigns must be clearly directed toward the customer segment the product is targeted for.
iv. The retailers established in villages and suburban areas must travel to the city to buy the soap from the company's sales center. The enterprise could outsource or introduce its pervasive distribution channel and reach out to villagers where the existing brand of soap is highly popular.
v. The population in the city of Chittagong and above all the number of inhabitants of the entire Chittagong division is increasing day by day. Hence, an expanding market is existent for an essential commodity like laundry soap.
vi. The company can utilize its goodwill to diversify into a new product category by making products like dishwashing bar and liquid, floor and bathroom cleaning liquid, etc., which are mostly by-products of laundry soap.

d) Threats

The factors which are found to be unfavorable to the progression of the business are as follows:

i. New laundry soap of different sizes, shapes, colors, and prices are emerging and meeting the demand of different income classes of customers.
ii. The company was mostly losing its middle to high-income group of customers since with the changing time and culture; these customers want products that offer novel and innovative usage. Mostly these classes of customers are shifting to substitutes like detergent, washing powder, liquid detergents, etc.
iii. Since inception the brand faced tough competition from foreign brands like Sunlight bar soap, Lifebuoy laundry soap, Rinso soap powder, Nirma laundry soap, 501 laundry soap of Tata Oil Mills and many other imported soaps during the pre and post-partition era of undivided India.
iv. After the independence of Bangladesh, the company faced tough competition from the locally made brands like Wheel bar, Rin bar, Tibbet 570 bar, Tibbet ball soap, Chakka ball soap, Taala ball soap, 1947 ball soap, 1965 ball soap, Josna ball soap, etc.

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v. The cost of production is rising due to rising material and labor costs, hence the price of the product needs to be adjusted from time to time, thus a creating loss of market share to cheaper alternatives.
vi. Technology and mechanization of the production process is allowing mass production by competing brands, and this will hinder gaining new market share.

IV. Conclusion

'1937 Saban' is a local brand serving only the customers in the port city of Chittagong. To avoid losing sales and market share to both local and foreign brands, this enterprise must adapt strategies considering the internal and external issues identified for this enterprise. This study suggests changes required in the functional level strategies of the enterprise to adapt to the needs of the market, thereby improving the effectiveness of operations, such as product development, manufacturing, marketing, and distribution, etc. Very recently, in the early part of the 2010s, this brand partially mechanized the production process of its ball-shaped soap and introduced a bar soap of the same brand using a fully mechanized manufacturing process. To serve the expanding demand of the city of Chittagong, and to serve even a bigger market, complete mechanization of the production process is essential for this enterprise. The SWOT analysis indicates that this brand under serves certain segments of the market, and suffers from unclear selling proposition and promotional strategies as its target customers are not precisely defined. However, despite its vague segmentation, targeting and positioning, this company has immense possibilities to become one of the leading soap manufacturers of the country if it utilizes its most important internal strength, that is, its goodwill; and exploit the external opportunities of the growing market of Chittagong diligently.

At present, this brand is targeted towards all types of customer from lower to higher income class of customers, but the company needs to realize that a certain product cannot be all things to all the people. With the changing culture and lifestyle in the city of Chittagong, the upper-middle to higher-income groups of customers prefers detergent over laundry soap. Since the "1937 soap" has always been popular among the lower to middle-income class of customers of Chittagong, the company should reconsider its "one size fits all" approach. Based on both demographic and geographic criterion of segmentation, the appropriate target market for this brand appears to be lower to middle-income class of customers residing in villages, cities, hill tracts, and suburb areas of the Chittagong division of Bangladesh. The enterprise needs to identify those customers belonging to a particular income class and a particular location that is contributing most to the profitability. The enterprise must compare how each segment of the market compares to others in terms of size, demand, growth, revenue, and profitability. It needs to carefully design its marketing-mix as the type of media, promotional program and content of advertisement would vary from one segment to another. Local media of different sorts such as print, electronic, etc. can be used for promotion. For price-sensitive customers, the content of ads should be emphasizing on savings in terms of price and usage. Messages targeting customers of the varying location should emphasize on the fact that consumers residing in villages, suburbs, cities, and hill tracts areas have differences in their lifestyle and consumption behavior. This enterprise has neglected its distribution side of marketing for decades. It has started using its system of transport to deliver products very recently, but the service is limited to the nearby areas of the port city of Chittagong. However, to reach the customers of different areas of the Chittagong division, the enterprise can outsource distributors or combine its delivery system with other non-competing brands that are already making deliveries to different localities of Chittagong division.

This study shows that '1937 Saban' has sustained its brand image among its diverse group of customers for three generations. Building on the inherited goodwill and excellence in quality, the brand was able to overcome many of its internal weaknesses and external threats. This enterprise is very slowly moving away from its conservative position regarding expansion, innovation, and technological up-gradation of its business process. However, the pace of adaption is not enough to meet the demand of changing time and lifestyle. Hence, this enterprise needs dynamic management with proactive entrepreneurship skills to overcome its current weaknesses and lead it into the future by availing the opportunities existent in the marketplace.

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