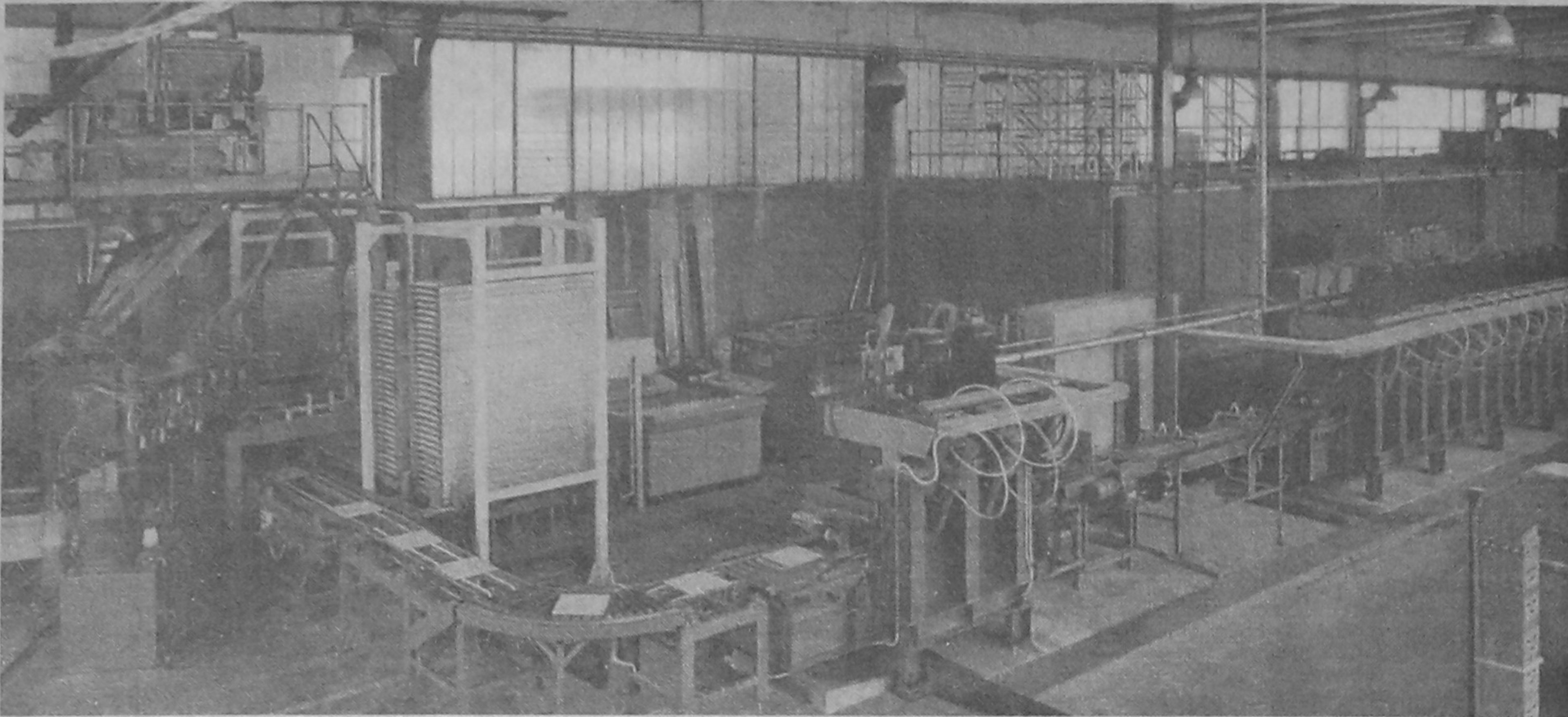


Concord – thriving on innovation



Concord's engraved cement concrete tiles plant in operation

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"One fine morning in 1991, we received a letter from the ministry cancelling the fly-over project. We were bewildered by the decision since we had borrowed and invested so much in the project," says Kamal, adding "Concord should have totally collapsed on that day."

But it did not. Discounting whatever had been lost in the project that led to a lengthy legal battle, Kamal and his team sat down for devising a future chart of action. On the hindsight, it was felt that Concord did not diversify its business over the years and so, one single jerk lay bare its vulnerability and left it badly shaken. Secondly, government constructions made up a chunk of its business portfolio.

So, the order was given: "Find new business, go for diversification."

The journey of Concord as an innovative, highly cost-cutting construction material producer company began from this point. The research team pinpointed a number of revealing facts. For one, brick walls are the most expensive ones in the world. Each square foot of brick wall in Bangladesh is about 20 per cent costlier than a concrete wall in the US, while brick walls are 50 per

cent weightier as well. The lighter a wall, the more quake tolerant it is. It will also reduce structural costs of a building, as the beam and column sizes will come down.

The research works further found that cheap housing critically depends on reducing the cost of concrete, which is the largest component of a building. In Bangladesh, one cubic feet of stones used for making concrete costs an equivalent to one cubic feet of concrete abroad. This is mainly because Bangladesh does not have its own stone quarries.

"This is an illogical situation. We are a poor country, but we have to pay more than the richest country in the world for raw materials. So, we thought that we couldn't reduce the price of stones, but surely could cut the use of concrete by changing designs. We had to use new technology and innovate design to reduce concrete use and we did that."

So, the 10-man Tk 50 lakh budget research team settled down to work in full swing. It looked into the different cost-saving practices in different countries and came up with a design that would save 40 per cent concrete and 25 per cent building reinforcement needs without affecting the structural strength of a build-

ing. The team suggested hollow concrete blocks to make buildings light so that lighter structures might support the walls.

"In fact, these were nothing new and had been in use in the US. We just studied the process, advantages and adopted them. These made my dream come true to provide a pucca building at the cost of a tin-shed structure."

Concord today has fully-automatic plants at different places of the country churning out some 100,000 pieces of blocks in every 10-hour shift. It has imported its block-making plant from Germany and has its manpower trained in the US.

What advantages these concrete blocks have?

"Well, for one, these are economical," Kamal said lifting a hollow block and slowly turning it in his hand. "Block walls are resistant to everyday abuse done by careless people. They come in permanent colours and so don't need any extra plastering. They keep the room temperature low and thereby help save energy."

But on top of it, blocks are environmentally friendly.

"Yes, they are," Kamal shook his head. "According to a 1993 estimate, two billion pieces of bricks are made

in Bangladesh every year. To make these, Tk 1375 million worth of firewood is required which pushes the fuel cost for making each piece of brick to Tk 1."

Against this estimate, each block costs Tk 0.20 in fuel expenditure in terms of electricity. This means a huge Tk 1.6 billion (1993 estimate) annual saving in fuel cost for the country.

Kamal can go on giving details about more such cost saving aspects of blocks. For example, the laying and plastering of one billion pieces of 5-inch thick brick walls would require 13.5 million bags of cement while it would need 6.77 billion bags of cement to both make and lay hollow blocks to cover the equivalent space of wall. This means a net 6.73 million bags of less cement import the cost of which would come to around US\$24 million.

A walk along the pavement by Sheraton Hotel gives one another view of the Concord paving blocks. In Bangladesh, where digging and re-digging of pavements is almost a perpetual ritual, these blocks can radically save public money and stop theft.

"If you need to dig a pavement, just lift the blocks and do whatever you want to," said Kamal. "After

completion, just put the blocks back and they will click against one another. You don't need to re-cement the whole thing."

Cost saving being the pivotal point of its business plan, Concord has also introduced a whole range of innovative products like ceiling blocks, mono-layer high-compressed Terrazzo tiles and cladding tiles.

The ceiling blocks are used to make slabs that are reinforced in two directions and are much lighter than conventional slabs with the same load-bearing capacity.

"This leads to massive savings in costs, as the structure can be designed for a much lower self-weight," explains Kamal.

As part of its latest addition to innovative building construction method, Concord is importing a plant from the US to make structural concrete blocks. With this method, high-rise buildings can be built without any column. This will cut 40 per cent costs by eliminating the need for plastering and paints while ensuring high seismic resistance.

"In fact, columns are risky for earthquake, as bad workmanship in one column can endanger the whole building. But this load bearing walls will eliminate such chances. We are

using this method in our mammoth Lake City project and this has helped us keep apartment prices at minimum."

Another cost-saving factor for concrete blocks is that these can be built with strength according to the height of the building. On the other hand, bricks are built with the same strength and as such the same bricks are used for both low and high-rise buildings. This is not cost-effective for the low-rise building owners.

So far, Concord has invested some Tk 32 crore in its structural block and floor-making plants. It will produce 80,000 pieces of structural blocks a day from February. If the land and machinery prices are taken together, the investment would go beyond Tk 160 crore.

Concord has already started seeing profits in its block, Terrazzo and pavement projects.

Although its products were novel and the benefits quite attractive, Concord had a difficult time with the marketing of the same.

"It is a very conservative market and nobody wants to risk such huge investments in a building. So, initially we had to concentrate a lot on marketing. We had to educate the people and apprise them of the benefits of using our products. We had to price our products very low and offer free samples to clients, which was a real test for our marketing team. Finally, we made it."

Today many well-known real estate firms are using Concord products to make their offers competitive. But initially, Concord's own projects were the only consumers of its products.

In marketing and popularising its products, Concord had to face strange odds. For example, its ready-mix concrete mixture which it sells to clients on order was rejected by construction supervisors although the mixture was high in terms of quality because of computer weighted use of ingredients. The reason for rejection was that if they buy ready concrete from Concord, then the scope for pilferage for site supervisors ceases.

Behind all these new ventures worked Kamal's time-tested business philosophy: you have to diversify and spread risks to different baskets for growth.

Concord is now eyeing another highly-ambitious project an amusement park.

"I don't call it ambitious, it is very much a viable project," says Kamal in an air of usual confidence. "The city is growing and so are the residents' needs for entertainment. Unfortunately, Dhaka city hardly

has any such scopes."

So, Concord plans a Tk 60 crore venture in Ashulia where it has already acquired 30 bigha land. Along with a Canadian company, Concord wants to launch this mega project by December next year.

A big chance that the company has ushered in the government's system of conducting construction business is that the government departments are now encouraged to invite construction bids in terms of square foot area and not in terms of

some vague specifications.

The Public Works Department has recently adopted a new bidding system for constructing houses according to floor space. This has saved government money, while Concord with its strong backward linkage industry has competed successfully against other competitors.

"We could lower our offers by as much as 17.5 per cent because of the price advantage in using cost-saving materials," said Kamal.



A Concord building where innovative products were used

Revolutionising the field of energy

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pany and enhanced distributor network across the country, introducing 'the same price and same service' policy. Presently the company has around 150 active dealers.

"During restructuring, we spent a lot of money for improving the capabilities of our dealers and increasing the network of our business," said Niaz Rahim, Director of Rahimafroz (Bangladesh) Limited.

The government in 1982 extended a policy support to local industries by imposing a ban on import of those products, which were also produced locally. Earlier, the local industries had to compete with foreign products.

The policy during 1982-90 helped the company grow faster and

expand its domestic network. This is exactly how many of the so-called Asian tigers flourished under a captive market. However, Rahimafroz did not try to undermine its customers' interest by increasing price in absence of foreign products. This also helped the company earn a strong goodwill and customer confidence.

The company was facing a lot of challenges to survive due to the open market policy from the early nineties. Its products were comparatively less competitive in terms of price, as the cost of production was higher mainly due to lower output. Increasing the production of batteries was the only solution to becoming competitive both at home and abroad.

The company made an agreement with Chloride Industrial Batteries Ltd, UK, in 1991 for technical collaboration. Rahimafroz Batteries Ltd manufactures special-

ised industrial batteries. IBL, equipped with modern production machinery and testing facility, produces a wide range of lead-acid industrial batteries with capacities ranging from 20AH to 2500AH in a single cell. The batteries are used for applications in telecommunications, power station, railway system, electric vehicle, forklift, ship, buoy lighting and solar power system.

As the company was desperately trying to enter the foreign market, the first breakthrough in this regard was during 1992-93 when it exported its products to Nepal. It expanded its export base by acquiring Yuasa Battery (Bangladesh) Ltd in 1994 and launched its own brand - Volta Batteries - for the global market.

"We participated in the Dubai trade fair but faced serious hitches as nobody was interested to visit any Bangladeshi stall due to the country's negative image. It was an uphill task to promote any local product in the overseas market at that time," Niaz Rahim recalled.

To overcome the situation, the company undertook different confidence-building activities to pro-

vide its products abroad, which started with Nepal. "And we also learned a lot from these activities," he went on.

In January 2000, the company opened its first international office in Ahmedabad, India. It is marketing its Volta battery in India for two years now and has an extensive distribution network of 350 dealers all across the neighbouring country.

The company also has distribution networks in Middle East and South East Asia.

Export is going up and the company has to expand its capacity to maintain the present growth rate. BME (balancing, modernisation and expansion) has become essential to increase the present ability as the company's capacity reached its peak-point.

RBL's present capacity is 400,000 pieces while it has already undertaken an expansion programme to enhance its ability to 700,000 within a short span of time.

RBL, an ISO 9002 certified company, is the largest lead-acid battery manufacturer in Bangladesh, offering the most extensive range of automotive and specialised industrial batteries. The manufacturing over 300 different types of batteries with excellent export growth record has put the company in a leading position as a South Asian regional player.

Besides battery manufacturing, the company received distributorship of Dunlop tyre in 1981. It is selling the full range of tyres - start-

ing from truck to autorickshaw - and maintains 'fixed price' policy.

"Rahimafroz firmly believes in the reward of integrity. We have

been the most admired and trusted organisation by excelling in everything we get ourselves involved, side by side following ethical business practices and adding value to stake-



An array of Rahimafroz batteries

holders."

He went on, "We maintain integrity in all our dealings, excellence in performance and total commitment to customer satisfaction. We think ahead and create new initiatives."

Since its inception in 1954, Rahimafroz has expanded, diversified and consolidated in its quest to enhance corporate values and ensure customer satisfaction.

To face unbearable load shedding during the dry season every year, the company has introduced Instant Power System (IPS) as a power back-up system. This enables a user to get electricity for up to two and a half hours at a single go during load shedding.

The company introduced solar power system in 1986. As a partner of BP Solar, it provides solar power products to the rural areas of the country in cooperation with Grameen, LGED, BRAC and some other organisations. The people in Mymensingh, Tangail, Narsingdi, Chittagong Hill Tracts and some other places are now using solar energy.

Despite the poor rate of return, the company is still patronising solar power as part of its social commitment. It has installed solar vaccine refrigerators, water purification system, railway signalling system, telecommunications services, navigation lighting system etc. This has helped improve the living condition by creating employment opportunities for the rural population.

"The world is gradually leaning towards non-conventional, renewable energy sources. Rahimafroz is continuing its efforts to contribute to make that transition possible in Bangladesh," Niaz Rahim said.

Rahimafroz Energy Services Ltd (RESL), another subsidiary of the group, is the first private power services company established to meet the country's growing demand for 'uninterrupted and clean power' through developing a network of 'distributed power systems', setting the standard for efficiency, economy, environmental impact and reliability.

RESL intends to take the 'distributed power' concept to the mass market using state-of-the-art technologies from General Electric and Honeywell, USA.

The company struck an agreement with Sensai Lanka (Pvt) to set up a chain of world-class supermarkets in Bangladesh for consultancy services including technology transfer.

This will be the first of its kind in the country and will change the way Bangladeshis shop, Niaz said, adding after Sri Lanka, Bangladesh would be the second country in the region with organised fresh produce market of such a large scale.

