

Meeting customer needs for competitive advantage

Introduction

1 Although the UK manufacturing and construction industry has contracted over recent years, there are still many UK companies operating in this sector. This Case Study demonstrates that it is possible to prosper in this sector by developing **competitive advantage** through new product and service development. It shows how the manufacturing of products can be combined with the provision of services to provide total solutions for customers.

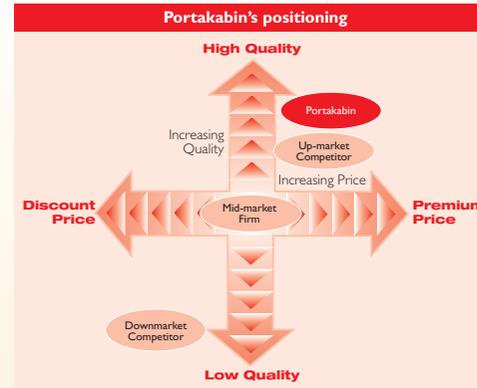


Having a competitive advantage means that an organisation is excellent at what it does and different from its rivals. One approach is through innovation and differentiation, e.g. offering a new product or unique service.

Portakabin has achieved competitive advantage through innovative product development – 30% of its sales revenue (turnover) is generated by products that have been launched or re-launched in the last three years.

The Portakabin Group is a private company, owned by the Shepherd family, involved in the hire and sale of **interim** and permanent accommodation. For more information about the company's structure, please see Portakabin's Edition 8 Case Study.

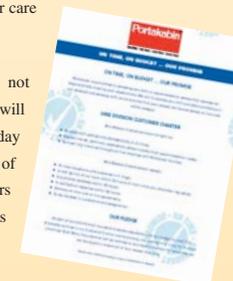
Portakabin Limited, an important Group member, specialises in producing modular buildings, operating 45 hire centres across the UK, employing over 1,300 people and increasingly developing European operations. Buildings are manufactured and fitted out in a factory environment, while foundations are prepared on-site. The customer's modules are taken to the site, craned into position and linked together. Architectural features such as lifts, stair towers or cladding are added on-site. In terms of **market positioning** Portakabin is located at the top end of the market with quality products and premium pricing reflecting high value for money.



Portakabin operates in an extremely competitive market with 20 major national competitors in addition to local rivals. Portakabin is the market leader with 15.4% of the overall UK market (its nearest competitor has 14%). In Europe, Portakabin has 3% of the market and competes with the world's biggest provider GE Capital, as well as major continental companies such as the French company Algeco - the European market leader. The UK market is **mature**, so growth is challenging to achieve. However, Portakabin must protect and build its UK market leadership and this need, coupled with a concern for customers, drives its current exciting new product and service development strategy. Portakabin's commitment to its customers is summed up in its charter, which includes:

- answering calls within four rings
- a response to enquiries within 24 hours
- the building to be delivered on time
- the building to be provided to the agreed contract sum
- giving a rectification response within 48 hours
- including customers in a customer care programme.

In addition, if their building is not delivered on time Hire customers will receive a week's free hire for every day the building is late, up to a maximum of four weeks, whereas Sales customers will receive an additional six months warranty on their buildings.



Sectors of the economy

2 Economic activity is usually divided into 3 sectors:

1. **Primary industry** - involves extracting raw materials. When economies first start growing they are heavily dependent on their own raw materials – e.g. coal, iron ore and other metals that are useful in manufacturing processes.
2. As economies industrialise, **secondary industries** grow - consisting of construction and manufacturing such as car factories. These use the output of primary industry to produce semi-finished and finished goods - chocolate products, clothing, homes, etc.
3. In the third wave of development, countries move on to focus on service industry. The UK today is dominated by service industries in which employees provide direct services to people (e.g. a supermarket checkout assistant packing your bags), as well as business services (including financial services such as insurance, the hiring of equipment etc.)

Sectors of the Economy			
	Primary	Secondary	Tertiary
Activities	Extracts raw materials	Manufactures goods and engages in construction	Provides a service
Examples	Farming, Oil Drilling, Fishing	Chocolate Production, Oil Refining, Building Work	Banking, Retail, Petrol Sales

However, this classification is a simplification because many business activities involve more than one sector. Portakabin for example is primarily involved in manufacturing and assembly, although many of the processes carried out are in the tertiary sector e.g. the hire of buildings. Only by combining manufacturing and assembly with the provision of services is Portakabin able to meet customers' needs.

Portakabin provides an example of how to be successful in Britain's troubled manufacturing sector. Since the First World War we have seen a reduction of employment in manufacturing, and this trend is continuing. However, it is important to protect and enhance manufacturing because these products are so important to our daily lives – the houses we live in, the cars we travel in. A number of UK industries have struggled to compete with cheap foreign imports, such as coal mining and car production.



So what does it take to be competitive in modern industry? The answer provided by Portakabin is expressed in the **brand vision** which is to provide peace of mind through delivering quality products and services directed at meeting customers' needs. Nowhere is this more true than in the provision of services. For example when a client wants to relocate staff to new offices, Portakabin provides the modular buildings and a range of services including the air-conditioning system, entry ramps for disabled employees, a fire alarm system, plus office furniture and computer cable points. The new buildings are constructed to a pre-agreed schedule. The client places strong emphasis on morale and commitment to employee motivation and this is achieved by creating a pleasant working environment. Portakabin solutions are about creating a full range of customer focused **benefits**, which ultimately provide the customer with peace of mind better than its competitors.

Who are Portakabin's customers?

Portakabin operates primarily in the B2B (Business to Business) market, and in the provision of buildings for the **public sector**. Examples of the products it offers include modular buildings i.e. offices, school and hospital buildings and local government offices. More organisations are recognising the need for building methods which are safe, clean, efficient, minimise disruption, save time and guarantee quality and cost. They seek a range of associated services from help with gaining planning permission, to the installation of equipment and furnishings.

Portakabin aims to increase the value of contracts with individual customers by adding more and more services focused around the clients' needs.

The sectors, their needs and expectations

Portakabin's **private sector** customers consist of business organisations such as insurance companies and airlines which are represented by **Facilities Managers** and/or Architects. These organisations are driven by a need to make a profit for their shareholders. This is best achieved by focusing on what they do best e.g. selling insurance policies or air tickets. Increasingly, these companies seek to outsource their non-core activities to specialists in the relevant field. An insurance company will be happy to hand over all aspects of the problem of building a new office to a quality provider. This is why Portakabin has recently developed 'Total Solutions'. This is a new service for Hire customers which takes care of a customer's project from start to finish if the customer so desires – including managing planning applications and building control approval, project management, health and safety consultancy and, of course, all the building work.

Other new developments include:

Portakabin **AirCare**

A business that hires climate control, heating and cooling systems that are ultra-quiet, comfortable and cost-effective.

Portakabin **Interiors**

A business which makes maximum use of space by creating complete office solutions and flexible layouts to customers' requirements.

Portakabin **Protecta**

Portakabin's new fire and security service. It offers a comprehensive range of security and fire protection systems together with technical support and regular servicing.

Portakabin **Access**

Another recently developed service is Portakabin Access. With the current government's policy of social inclusion and the introduction of the Disability Discrimination Act, it is essential that organisations ensure easy access to all buildings, including those that are hired. So, as well as providing buildings, Portakabin offers a range of safe access systems.



All these new services are offered to customers in both the private and public sectors. Public sector customers include schools, hospitals and local councils. Portakabin meets a range of needs varying from the provision of long-term permanent accommodation such as the Breckland Council Offices in Norfolk to the hire of a building for a doctor's surgery near Peterborough. The WardSpace product is designed to provide high-quality hospital wards to relieve severe shortages of space. (For more information on Portakabin WardSpace buildings please see Portakabin's Edition 8 Case Study.) Lilliput nursery buildings are supplied to primary schools, and hospital on-site nurseries in the public sector as well as pre-schools in the private sector.

Additionally, Portakabin supplies high quality interim classrooms. These can be equipped with cupboards, whiteboards, and cable trunking for computers. Portakabin recently won an order to supply the interim buildings for the new Peckham Academy, which needed to be up and running within a very short time span. This required the provision of 1600m² of space including six laboratories, offices and 10 classrooms plus a guarantee that the project would be completed on time and to the detailed customer specifications. This ensured that the school was completed in September 2003.

Communication with customers

Having developed a range of new products and services, it is important that everyone within the company is familiar with these developments (internal communication) so that they can better communicate with current and potential customers (external communication). Internal communications media include a newsletter that informs employees of new and ongoing projects and important events. Notice boards are attractively set out to give clear visual messages and soon a poster campaign will begin promoting the importance of good customer service. The company also holds regional conferences known as Update roadshows for enhanced face-to-face communication. Roadshows are held in Europe for subsidiaries in France, Belgium, Germany and the Netherlands.

External communication is focused on the customer. Literature is designed to be visual and directed so it is easy for customers to appreciate the prime benefits for themselves. The website is a hugely powerful communications tool and a successful and cost effective media. The company uses different media depending on the purpose of the communication.

The effectiveness of external communications is constantly monitored, e.g. measuring the number of sales leads generated by the website. By monitoring the number of responses to external communications it is possible to ensure that money is spent on media that work.

Conclusion

The business saying that 'if you are green you are growing, if you are ripe you rot' is a message that rings loud and clear from Portakabin's growth strategy. Although the company operates in a maturing market in the UK, it is seizing the opportunity to grow with a range of product and service innovations. These developments are market driven, and throughout, the concern is to identify ways of giving the customer both a better product and a fuller service so that the hassle and worry is taken out of new buildings leaving the customer with peace of mind and freedom to manage their own business and maximise profits.

Glossary

Benefits: What the customer gets from buying a product, the range of advantages e.g. a pleasant working environment, help with meeting planning requirements etc.

Brand vision: An inspiring outline of what a brand stands for.

Competitive advantage: What gives a firm superiority over rivals.

Facilities Manager: Member of staff in charge of long-term maintenance, efficiency and security of sites and buildings.

Interim: Temporary or provisional (although all of Portakabin's interim buildings meet permanent building regulation requirements).

Market positioning: The location of a firm in the market in terms of key criteria such as price and quality.

Mature market: A market where growth has slowed down.

Private sector: Organisations that are privately owned - sole traders, partnerships, private limited companies and public limited companies (plcs) quoted on the stock exchange

Public sector: Organisations that are owned by the government - schools, hospitals/the NHS.

For more information about Portakabin please browse:

www.portakabin.co.uk