



## Relevance of Hill's Strategy Development Framework for Rental and Leasing Company in Brunei Darussalam

Kabiru Jinjiri Ringim

UTB School of Business, Universiti Teknologi Brunei

Negara Brunei Darussalam

[Kabiru.ringim@utb.edu.bn](mailto:Kabiru.ringim@utb.edu.bn); Mobile: +6738914689

**ABSTRACT :** The purpose of this paper is to understand the Hill's Strategy Development Framework and application of the framework to local rental and lease company's in Brunei Darussalam. The framework discussion in this article concentrates on corporate objectives, marketing strategy, order qualifiers, order winners, and the operations strategy within the company. Also, this paper based on observation as a customer, and experienced worker in a local rental and leasing company in Brunei Darussalam. Consequently, the primary objective of this paper is to present an overview of the application of The Hill's Strategy Development Framework in rental and leasing company in Brunei Darussalam. A review of the local leasing and rental company's corporate objectives, competitive priorities, Order Qualifier and Order Winner. Hence, this study provides a review of the technical application of the strategic framework to expose on the potential customer benefits package of the strategy. Therefore the local rental and leasing company business in Brunei Darussalam should focus on foreigners who are not planning to stay in Brunei for an extended period. Also to graduates that are newly hired to work as the majority would need a car to go to work, so it would be good for them to lease cars to pay the fixed price over a period.

**Keyword:** Hill's Strategy Development Framework, Corporate objectives, Marketing strategy, Operations strategy, Rental and Lease Company, Brunei Darussalam, Conceptual Paper

### 1.0 INTRODUCTION

A strategy development framework that based on integrated functional partnership geared towards meeting customer needs. It consists of defining corporate objectives, developing marketing strategies to meet these objectives, assessing how different products win orders, establishing the most appropriate means to manufacture, and providing the necessary manufacturing infrastructure. There are various frameworks and approaches used in the analysis of a company's strategic position. One of

the most straightforward is the SWOT analysis, SWOT being an acronym for "strengths, weaknesses, opportunities, and threats." The occasions to investigate the use of such a tool are comparatively rare. The local rental and leasing company's motto is "Drive a Better Deal." What makes them different from other rental car company is that, the most substantial rental and leasing businesses in Brunei is much more than a car-leasing and rental company. They focus on customer satisfaction. Having a personal transportation either a car or a motorcycle as a need for a Bruneian to survive.

### 2.0 HILL'S STRATEGY DEVELOPMENT FRAMEWORK

The Hill's Strategy Development Framework is a useful framework for strategy development that ties corporate objectives which provide the organizational direction, and marketing strategy that defines how the organization will compete in its chosen markets, and the operation strategy that includes the capability to compete in those markets (Terry Hill, 2005). It seeks to establish how the operations of a company contribute to the competitive advantage of the company. This framework defines the critical elements of an effective operations strategy that includes operations design choice and building the right infrastructure. To use this structure, it consist of five steps: define corporate objectives, determine marketing strategies to meet these goals, assess how different products win orders against competitors, establish the most appropriate mode to deliver these sets of products and provide the infrastructure required to support operations as summarized in Hill's Strategy Development Framework application in the rental and lease business demonstrated in Table 1.0.



**Table 1.0: Application of Hill’s Strategy Development Framework to Rental and Leasing Company Brunei**

Corporate Objective	Marketing Strategy	How do Products/win orders in the marketplace?	Operation Strategy	
			Delivery System Choices	Infrastructure Choice
<ul style="list-style-type: none"> <li>➤ Growth</li> <li>➤ Survival</li> <li>➤ Profit</li> <li>➤ ROI</li> <li>➤ Other Financial Measure</li> <li>➤ Environmental target</li> </ul>	<ul style="list-style-type: none"> <li>➤ Product/Service market &amp; segments</li> <li>➤ Range</li> <li>➤ Mix</li> <li>➤ Volumes</li> <li>➤ Standardization Versus Customization</li> <li>➤ Level of innovation</li> <li>➤ Leader Versus Followers</li> </ul>	<ul style="list-style-type: none"> <li>➤ Price</li> <li>➤ Quality</li> <li>➤ Delivery Speed &amp; Reliability</li> <li>➤ Demand Increases</li> <li>➤ Color ranges</li> <li>➤ Products/Services range</li> <li>➤ Design leadership</li> <li>➤ Technical support</li> <li>➤ Brand name</li> <li>➤ New offering time to market</li> </ul>	<ul style="list-style-type: none"> <li>➤ Choice of various processes</li> <li>➤ Tradeoffs</li> <li>➤ Process positioning</li> <li>➤ Capacity size, Timing &amp; Location</li> <li>➤ Role of inventory</li> </ul>	<ul style="list-style-type: none"> <li>➤ Function support</li> <li>➤ Operations/planning &amp; control systems</li> <li>➤ Quality assurance &amp; control</li> <li>➤ Systems engineering</li> <li>➤ Clerical procedures</li> <li>➤ Payment system</li> <li>➤ Work structuring</li> <li>➤ Organizational structure</li> </ul>

**Diagram 1.0: Terry Hill’s Framework**

**2.1 Corporate objectives**

Corporate objectives usually define what a company wants to do in their business. Typically, it is financial targets, look at the KPI, investment and profit level. However, they may have environmental issues or ethical issues. As for Rental and Leasing Company’s corporate objectives are very specific. The rental and lease business was created to offer a better deal to their customer. Because they believe that nowadays customers want to purchase things that are value for money either in a long-term or short-term duration. In Brunei, it is a fact that Bruneians buy cars for the price that they cannot afford or leave them with a salary that cannot last up to a month. Therefore, many of Bruneians suffers financial problems. Since the personal car is a need for the majority of Bruneian, Rental and Leasing Company’s has come up with a business idea to be the most prominent local car leasing and rental company in Brunei. Their plan was so remarkable that the Minister of Communications said that Rental and Leasing companies have an impressive business model that offers reasonable prices for customers and not only that, it is very convenient.

The rental and lease business has the competitive advantage regarding financial. This is because they compare customers that buy and owning with leasing a car for four years. In Brunei, people buy cars either by cash or loan for a period of 5 or 7 years, by then, when the vehicle has finished payment and customer wanted to sell their car off at a second-hand price, the value will be lower

than before or it has double depreciated. Not only customers are investing on depreciating assets, by selling off their car as the used car has made them more loss of money due to paying after-sale service, insurance and road tax that has to be renewed yearly.

**2.2 Marketing strategy**

Marketing strategy is self-explanatory where it involves how a company communicates their vision or messages. It also includes who are their target markets and which customers they want. The concept of marketing is one of the most important things in running a business. Talking about the idea of selling, then we are talking about how the marketing strategy of the products we sell. By introducing products and efforts through free media, this will help consumers search for the products a company offer, for example, publications via the internet. Engage the environment around company’s business, in one of the activities the firm carries out. This can be used as one way of free publication to the surrounding community. The rental and lease business model has been long established and well known in other countries such as in the United Kingdom. Also, several factors that must be considered in preparing a marketing strategy for businesses are as follows:

**2.2.1 Consistency**

Given the consistency of all its marketing areas, it can help reduce marketing costs and increase the effectiveness of brand creation. The rental and





lease business will for sure have a great consistency because the future of the company is looking bright at Brunei's business environment, new workers and existing populace choose to lease a car for work rather than outright purchase to waste resource on depreciating the asset.

### **2.2.2 Strategy**

The strategy is the basis for the continuation of planned marketing activities, such as which the target market is, how businesses target customers, and how to keep existing customers as regular customers. The rental and lease business strategy is that they offer flexible packages. These packages are all inclusive of insurance, and road tax provided every year, preventative maintenance service provided every 5,000 or 10,000km, tire replacement contributed every 30,000km, brake pads replacement provided every 40,000km, battery replacement provided every 30,000km, and roadside assistance are available on demand. All of these offers are the most common things that car users spend money periodically. The rental and lease business offer these packages at a fixed affordable price where it is a great deal for customers as users. Also, the rental and lease business strategy is that their leasing contract is only four years or mileage of 40,000km which is also a phenomenal deal for customers. The distance seems a little for some people; it is still a good deal because of the fixed installment payment that will cover all maintenance cost.

### **2.2.3 Target Market**

Define precisely the intended market share, by selecting one or more of the market segments to be entered. A clear target market will make the marketing concept easier to implement. The rental and lease business targeted customers are convenient especially for embassies, large institutions, diplomatic missions, multinational companies and government departments with specific disposal policies in Brunei. Since Brunei recently involves in a lot of budget cuts, leasing vehicle can be one of Brunei's solution regarding their transportation.

### **2.2.4 Website**

Currently, any company including small businesses try to have a website, because nearly 60% of consumers obtain information from the internet. So the product information through the website also strongly supports the increasing number of customers who are interested in a company's product. Due to the development of the technology of smartphones uses, the rental and lease business heavily advertise their product on Instagram and Facebook. They also created an

application/Apps, where it works perfectly and have the plans to deliver the vehicle to customer's doorstep within 24 hours.

### **2.2.5 Branding**

Branding is how consumers receive products and companies that make these products. Sometimes small businesses always forget the needs of the brand or the introduction of images, logos, even products that small businesses produce. The rental and lease business uses a straightforward name for their brand where in my opinion, their business is apparently easy to remember. Their brand name also put curiosity to people that hearing the brand name for the first time.

### **2.2.6 Promotions and ads**

Promotion and advertising is a marketing concept that should be considered in various businesses and products, including small businesses. Promotion and good advertising will result in adequate brand recognition to increase sales. The rental and lease business also uses the radio as their advertising medium to promote their products. They also create promotion during festive events where customers can look out for promotion deals from the rental and lease business. Customers can follow the company's Instagram or Facebook to keep them updated for their promotion.

### **2.2.7 Customer Relationship Management**

Proper customer relationship management becomes one of the important things to create loyal and consistent consumers. For example, by forming membership cards, and give specific discounts for the members. The rental and lease business have a website that already posts featured questions that are commonly frequently asked (FAQ). But for further questions, customers can get connected via their email stated on their website or visit their company. Therefore, the rental and lease business review marketing concepts and marketing strategy plan periodically for efficiency and effectiveness of their activities.

## **2.3 Win orders**

Win orders is how to achieve a business win in the marketplace in terms of competitive advantage such as research and innovation, a brand popularity, corporate reputation, strategic assets, high production, assess to working capital, the barrier to entry, a superior product or customer support, flexibility, speed and time, and low price. Excellence gained by the company when it can deliver the same value as its competitors but at lower rates, or may impose higher costs by providing higher value through differentiation.



The rental and lease business win orders in the marketplace by offering fixed price paid by the customers with many inclusive deals. Customers can save time on saving money just by paying what they use. The rental and lease business also listened to their customers demanded and made their demand a reality which makes it a better value for their customers. The rental and lease business conduct a customer survey research before any new product/services were launched.

The rental and lease business offers flexibility on their rental plan also helps them to win competitive advantage. The rental and lease business have the ability to change quickly and involved in innovation in Brunei's market as a strength and source of established competitive advantage that the rental and lease business is utilized to become the largest car leasing company in Brunei. Because usually speed and time have been a neglected source of sustainable competitive advantage.

#### 2.4 Operations Strategy

Operation Strategy is a vision of operational function that sets the overall direction or thrust for decision making. This idea should be integrated with business strategy and often reflected in formal planning. The operating procedure should produce a consistent pattern of operational decision-making and a competitive advantage for the company. In formulating a working strategy and business strategy issues, an analysis must be made with the external and internal environment. The external environment usually includes competition, customers, economics, technology and social conditions. External environment in addition to forming a business strategy and corporate strategy can also develop an operating approach. Similarly, the internal environment can affect the operation strategy through the availability of resources, the existence of organizational culture, skills and abilities of the workforce, location and facilities, the form of control systems and so on.

There are 2 points included in operation strategy that Hill suggested. The first one is Delivery System of Choice and the second one is Infrastructure. The delivery system of choice means how and where the rental and lease business

is going to provide their products and in what type of volume and size. The rental company offers their services by asking consumers to go through their Apps to purchase their car. They also provide the deposit price as low as one Brunei dollar for users to get a vehicle. As for infrastructure, they hired people that have the experience in customer service, designing, engineering and in Finance and Accounting. The rental and lease business also accept online payment from customers as an online payment option is more comfortable for them.

#### 3.0 Recommendations

The rental and lease business is offering a unique company in Brunei. But as a recommendation, although they aim to create value for money for their customers, it might not be recommended for users that are not into leasing a car that they plan to keep. It may be recommended to foreigners who are not planning to stay in Brunei for an extended period. It is also recommended to new graduates students or anyone that is a newly hired employee to work because majority their salary will be below \$2000, and it is apparent they need a car to go to work, so it might be good for them to buy cars to pay a fixed price and spend their salary for other uses.

Also, cars are liabilities especially when they have no value or depreciated after a period. Unless a car that is rare that it is appreciated in value as time passes.

#### 4.0 Conclusion

The rental and lease business is good for customers that cannot afford to pay for sales service or maintenance this is because support of cars can be expensive. If a Bruneian were to follow proper assistance to a vehicle that they own, they would be most likely to spend more on their car compared to other things such as entertainment. Other than maintenance, the unexpected problem also can be a burden for a person if the issue of a vehicle occurs during the middle month after receiving their salary. It is common that a Bruneian has low with their income in the middle of the month and the majority of their pay will go to payment related to cars in Brunei such as refueling gas, change of tires, car battery change and car servicing.

#### REFERENCES

- Mills, J., Platts, K., & Gregory, M. (1995). *A framework for the design of manufacturing strategy processes. A contingency approach*. Retrieved September 18, 2017, from <http://zoomin.idt.mdh.se/course/KPP319/HT2014/Lectures/Lecture%202%20%20Paper%203.pdf>
- Operations, Strategy and Operations Strategy – Chapter 2*, 21-44 (n.d.). Retrieved September 18 2017, from [http://cws.cengage.co.uk/barnes/students/sample\\_ch/ch2.pdf](http://cws.cengage.co.uk/barnes/students/sample_ch/ch2.pdf)
- Ted James, (2011). *Operations Strategy*. Retrieved September 18, 2017, from <http://c.ygcdn.com/sites/www.odnetwork.org/resource/resmgr/odp/odp-v44.no2wittig.pdf>