

IBA-PU Alumni Association

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Annual Magazine

2009



Institute of Business Administration

University of the Punjab

Quaid-e-Azam Campus, Lahore

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IBA-PU Alumni Association

IBA, Quaid-e-Azam Campus
University of the Punjab, Lahore

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Director, IBA,
University of the Punjab, Lahore

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Message from the Director



Prof. Dr. Muhammad Ehsan Malik

Institute of Business Administration traces its history back to 1972, when it was established as a department. Later, in 1987, the department was upgraded to the status of an institute. This was a great milestone in the history of the university, as IBA was the second institute in Pakistan where Business Administration was taught. The institute was shifted to a new building in 1994. On August 14, 2006, IBA was again shifted to a state-of-the-art, purpose-built building, which was another achievement. The institute spent over Rs. 90 million from its own sources; not a single penny was taken as grant from University of the Punjab or Higher Education Commission or from any other source.

In the recent past, the management of the institute has placed special focus on improving IBA's image. In the last seven years, representing IBA in more than 100 national and international conferences is a great achievement of the IBA management. IBA got many caps when I was President of AMDIP (Association of Management Development Institutions for South Asia). Currently, IBA is honored to be a member of the board of studies of five universities, member of Commonwealth Fellowship Committee AMDISA, and member of LUMS institutional HEC-USAID Scholarships Award Committee. IBA has also been honored as I have been Chairman of HEC National Curriculum Revision Committee in Business Administration during 2006-07 and a member of National Accreditation Council for Business Education since 2007.

Over the years, IBA has earned national and international repute for its teaching and research. Continuous improvement of courses helps the institute to anticipate and reflect business trends. Emphasis on projects and teamwork makes learning a challenging and stimulating experience and develops personal initiative. Four faculty members are awarded scholarships for higher studies. Of these, three are doing Ph.D. from abroad while one from University of the Punjab.

IBA has been playing a pivotal role in the process of nation building by developing a facility dedicated to academic excellence, advancement of knowledge, and promotion of research culture in the field of business. IBA is committed to nurture the aspiring and established business leaders with analytical, conceptual, and decision making skills with brilliance and cross-cultural understanding. We breed a new class of executives imbued with change and innovation, acting as drivers of originality in their respective domains of expertise. We believe in perpetual learning targeted to trigger educational reformation.

IBA offers a diverse range of programs, designed to address the specific requirements of people coming from a diverse variety of backgrounds. The undergraduate, graduate and executive degrees are offered in a number of fields including Finance, Marketing, Business Management, Information Technology, and Human Resource Management. This year, IBA plans to launch its M.Phil. program.

IBA holds a strong conviction towards creating and maintaining an effective liaison with the corporate and industry sectors. The mandatory requirement of an internship and the establishment of an active alumni association; both are evident manifestations of this institutional philosophy.

The future holds many challenges and great promises for IBA Alumni. As a unified alumni organization, our goals are to provide ongoing support to the institute, to serve as business managers for this great institution, and to give input to IBA on upholding its reputation for excellence and preserving the advantages of a learn-by-doing educational experience.

Good Luck!

IBA-PU Alumni Association - Executive Committee



Mian Nasir Mehmood
President

Mian Nasir did his graduation from Government College, Lahore, and M.Sc. in Economics from University of the Punjab. He also did MBA with major in Marketing in the first batch of IBA in 1974.

After his studies, Mian Nasir joined his family business, first in the construction and later in the logistics area. Presently, he is Director/CEO of Khaliqsons Logistics (Pvt.) Ltd. and Head North Pakistan of Cargolux Airlines, Luxembourg, EU.

Mian Nasir was twice elected Secretary of Old-Ravians Association, Karachi, in 1995 and 1996. He was elected member of the Managing Committee, Old Ravians Union, Lahore, from 2000 to 2002. He contributes as freelance writer to various English dailies on current business, political, and literary issues.



Raza Saeed
General Secretary

Mr. Raza has over twenty-five years of diversified professional experience at various banks/DFIs, mainly in the areas of credit appraisal, marketing, recovery & monitoring, audit, and secretarial services. He did his MBA from IBA, University of the Punjab, in 1982. He is also a fellow member of ICMAP, associate member of ICSP, associate member of IBP, and Certified Internal Auditor (CIA) from The Institute of Internal Auditors (IIA-USA). He holds various positions IIA-Pakistan Chapter, Lahore. Presently, he is President and Chairperson of CIA of The IIA-Pakistan Chapter, Lahore.

Currently, Mr. Raza is working as Senior Vice President/Chief Manager, Corporate & Investment Banking, Credit Risk Management Division, The Bank of Punjab, Head Office, Lahore.



Zeshan Ahmer
Senior Vice President

A dynamic academican, Mr. Zeeshan has the experience of teaching IT subjects for over five years to his credit. Furthermore, as an active researcher, he participates frequently in both national and international conferences, seminars, and workshops. He is also responsible for the administration of IT infrastructure at IBA.

Mr. Zeeshan's academic background includes an M.Sc. in Computer Sciences with distinction from Punjab University and an MBA degree. His areas of interest include Innovation Management, Databases, Human Resource Information Systems, and Project Management.



Sajjad Kirmani
Vice President

Mr. Sajjad Kirmani is the Executive Vice President and Director IT & Operations at NetSol Technologies. Associated with NetSol since 1998, he oversees and directs complete business operations and IT planning at the company's global delivery centre based in Lahore. In addition, he heads the Global Delivery Organization including delivery centres in Asia, Europe and Americas.

Mr. Kirmani has over 25 years of professional IT experience in software development, project management, and IT operations management. Prior to joining NetSol, he worked for Coca Cola Corporation for 6 years as Information Systems Manager for their South West Asia Region spreading across 5 countries in Asia Pacific.

Mr. Kirmani holds a Masters degree in Computer Sciences from University of London with specialization in Database Management & Information Systems, along with an MBA degree from IBA, University of the Punjab. He is the Executive Council Member of Computer Society of Pakistan Lahore Chapter and has been the Vice President of Pakistan Software Houses Association (PASHA) from 2003 to 2004.

IBA-PU Alumni Association - Executive Committee



Athar Ehsan ul Haq
Joint Secretary

Athar Ehsan ul Haq graduated from IBA in 2003 with specialization in Finance. After his graduation, he completed various computer diplomas and certifications that include E-Commerce and e-ACCP. He is an old Hailian and graduated in B.Com with flying colors after completing his F.Sc. in pre-engineering.

Athar is a young and energetic businessman who joined his family business after his graduation, expanding the business horizontally as well as vertically. He has a number of CNG and fuel stations throughout Pakistan. He has been traveling frequently to UK and USA for various business meetings and conferences.



Asad Ali Minhas
Treasurer

Asad Ali completed his MBA in 2003 and joined his family business of manufacturing auto parts, particularly filters. He is in charge of imports and a CNG filling station.

Asad held the position of Secretary Finance of LG&RD. He vigorously pursued the merger with DHA Phase-V, and despite heavy odds and hurdles by vested interest, he successfully brought it to completion, to the entire satisfaction of all members. Today all members stand to gain from it.



Kh. Muhammad Ilmas
Member EC

Kh. Ilmas has a varied experience of over 25 years with ABL at different levels, and presently, he is holding a senior position (Executive Vice President) as Head User Team of a core banking software implementation project.

Mr. Ilmas did his MBA from IBA, University of the Punjab, Lahore in 1983.



Aasim S. Mullick
Member EC

Currently, Mr. Aasim S. Mullick is working as Business Unit Head with a local pharmaceutical company, and looking after its sales and marketing operations countrywide. He has also worked for Eli Lilly Pakistan Pvt. Ltd., Bosch Pharmaceutical Pvt. Ltd., and REKO Pharmacal Pvt. Ltd., Lahore.

Mr. Aasim is a multidimensional personality with hands-on experience in the launching and successful promotion of pharmaceutical molecules in Pakistan. Indeed, he has launched more than 60 products in the country. He is also a social soul with a lot of friends. Having his instincts for sales and marketing, he has also developed himself in the dissemination of soft skills, such as motivation, presentation skills, communication skills, negotiation skills, and above all, task accomplishment skills.

Mr. Aasim has a number of professional books on his credit, and he has successfully been holding pharmaceutical conferences on a countrywide basis. In addition to his professional commitments, he is an honorary presenter at The MPDD, (the Management and Professional Development Department), Govt. of Punjab, Lahore, where he imparts trainings on soft skills to government employees.

Along with a number of professional training courses, Mr. Aasim did his MBA in 2005 -07 with majors in Marketing in the evening program of the 11th batch of IBA. He did his graduation in Life Sciences from Punjab University, Lahore. He is a father of two children and is living a very happy and prosperous life, both family wise and in his professional assignments.



Sheikh Muhammad Umer
Member EC

Sheikh Omer did his MBA from IBA in 1997. He has been working as Executive Director at Toyota Ravi Motors, an authorized dealership of Toyota and Daihatsu products. He is also the Director of Ravi Exchange Company (Pvt.) Ltd., a Category A exchange company licensed by State Bank of Pakistan.

During his professional career, Sheikh Omer received various professional trainings from Indus Motor Company Limited and Institute of Bankers of Pakistan.

IBA-PU Alumni Association - Executive Committee



Hamid Raza Elahi
Member EC

Mr. Raza holds two Masters degrees; one in Computer Sciences and the other in Business Administration. He also holds a number of career certifications in the fields of IT and Project Management, namely ITIL® V3 Certified, Project Management, CCNA, CCNP, MCSE, MCBDA, TQS, AWLANFE, and Certified Quality Assurance Auditor (ISO 9001-2000).

Mr. Hamid is an associate member of:

- PMI (Project Management Institute)
- PMI (Lahore Chapter Newsletter editorial board)
- Executive committee of IBA Alumni, University of the Punjab
- Toastmaster International Lahore Chapter



Muhammad Nauman Aslam
Member EC

Nauman belongs to a business family of Lahore and serves his organization in financial matters.

Nauman is a science postgraduate and then a Masters degree holder in Business Administration from IBA, University of the Punjab, Lahore with major in Finance in 2007. He also holds an LLB degree, and has taken advocacy as his professional career.

Nauman is the General Secretary of the Bab-e-Muhammad Trust and also gives his freelance services to the Lahore Trader Council as legal advisor.



Kh. Hammad Haider
Member EC

Mr. Hammad is currently working as Business Manager Lahore in COMSATS Internet Services with experience in information systems, network design, implementation, and project management. He has more than eight years of experience in the field of ICT (Information Communication Technologies). He did his Masters in Computer Sciences from Hamdard University in 2001. After that, he has worked in various private and public sector organizations including Remote Silicon, WAPDA, and IT department GOP. He says, "The MBA Marketing from IBA was one of the excellent periods of my life; I hold various distinctions in the 11th batch of the evening program. I feel honored to be a part of IBA Alumni and shall do my utmost to uplift this association".



Mian Shahid Akhter
Member EC

Shahid Akhter Mian has over 25 years of experience in electronic media, marketing, and the advertising industry. He is currently working with Pakistan Television Corporation as General Manager Sales. He has introduced many innovative and industrious ideas in the field and had been awarded the title of "The Marketing Man of PTV".

He is also the Vice President of PTV Executives Association. Shahid Mian was the General Secretary of Students Association and editor of Management Horizons, the student magazine of IBA Punjab University, in the year 1980-81.

Annual Dinner 2008



Raza Saeed
General Secretary

Annual Dinner 2008 was held on the lawns of IBA on a pleasant April evening. A cool breeze was blowing and the atmosphere was filling the senses of the members with the nostalgia of some very memorable moments we had all spent here to earn our Masters in Business Administration.

The ladies and gentlemen were all wearing colorful clothes, their faces radiating with love for their Alma Mater. They were joyfully and happily intermingling with each other.

The event started with the Management Council taking charge of the stage to welcome Mr. Shaowkat Tareen, the chief guest who arrived at 8:00 p.m. as per the appointed time. The Vice Chancellor Punjab University, Dr. Mujahid Kamran, very kindly presided the event while Dr. Khawaja Amjad Saeed, founder Director IBA, Dr. Ehsan Malik, current Director IBA, and Prof. Azhar Ikram, ex-Director IBA, took seats besides him. After recitation from the Holy Quran, the Secretary Mr. Raza Saeed presented his report for the year, highlighting that a constitution of the Alumni has been approved by the General Body and elections of the office bearers will be held under the constitution. A copy of the audited accounts was also presented.

Khawaja Amjad Saeed expressed his satisfaction over the seed that he had planted in 1973 to start the first IBA in Lahore after IBA Karachi. Prof. Azhar Ikram lauded the performance of all the batches who had graduated under his control. The chief guest, Mr. Showkat Tareen, himself a very brilliant student at IBA, highlighted the need for the enrichment of academic culture at IBA itself, rather than looking up to LUMS, LSE, SZABIST, IBA Karachi and GCU, and offered to give any assistance that may be required in this regard. Dr. Ehsan Malik expressed that despite many odds and the very modest fee structure, the performance of the IBA graduates was as good as that of the students from the institutions mentioned by Mr. Showkat Tareen.

The President of the Alumni thanked the General Body, his Management Council and the Events Committee for making the event a record success with particular references to the event being financed by the Management Council and the Alumni.

He invited the guests to dinner and with the end of the dinner, this lovely event came to an end.

Annual Dinner 2008



Annual Dinner 2008

*Dr. Mujahid Kamran,
Mr. Azhar Ikram, Director IBA, receiving
the Memento from the Chief Guest*



*Memento being presented
by Mr. Shoukat Tareen to the
President Alumni,
Mian Nasir Mahmud*



Annual Dinner 2008



Management Horizons - the genesis



Fauzi Saleem
First Chief Editor (Session 1978-80)

"What is the purpose of your visit?" "I want to take out a magazine...." The staff at the Information department looked at me as if I referred to pulling a magazine out of a gun.

This was the preamble of a story written year after year by the chief editors of Management Horizons. But, 1978 was the time when no printer dared to print anything without clearance from the government. Even a student journal from Punjab University needed a "Declaration", a registration with the Directorate of Publications of the Government.

They were disappointed when it was explained that the 'knowledge revolution' talked about in the magazine actually referred to the development of business administration, professional management, and training the students; and that it had no political connotations.

The government had its own bureaucratic procedures, and everything had to pass through barriers of many 'No's before turning into a 'Yes'. Iqbal gave directions to the nation well ahead in time in his message for "Amal Paiham" - to remain persistent in demand before earning a 'yes' from authorities.

"expndtw5 The permission cannot be granted ..." read the letter from the office of the Vice Chancellor, given in a follow-up visit to the VC's office. An urgent query was to be responded. There was no time to go back to the new campus and get it typed by Sodagar, the official volunteer assisting the publication. The roadside typists along the wall of the old campus at Kutchery Road came as a valuable resource in such circumstances. I realized that being the founder chief editor would require removing the stones also while digging the foundations.

Chairman, Dr. Khawaja Amjad Saeed, was the driving force behind publishing the magazine, and he kept giving the inspiration and support to make the accomplishment possible. After a long drill over several months, and despite all impediments, the Declaration was finally granted; like the first rays of dawn on the horizon.

A room on top of the porch was made the first office of the magazine. Soon it became a den of intellectuals (excluding me of course). The variety of thoughts created a ripple so strong that most of the time, it crossed all boundaries.

All students of the department enthusiastically took part in suggesting very strong names for the magazine, and it was difficult to select one. However, everyone favored the one by (Dr.) Naveed Hassan from the 1979-81 batch. And the magazine was given the name "**Management Horizons**".

An editorial board was formed to ensure deliverance. The board requested students to contribute their creative work. Saleem Sheikh motivated all and improved some weak areas. Some friends were quite cooperative, while most were busy carbon copying assignments from others.

We realized that the innovation and creativity was well manifested on the desks of the examination hall. (Riaz Qureshi's desk always marked high on the bourse.) One member of the board regretted to devote time because he was too busy preparing the Business Finance paper. He secured an A in the finals. Only a few months ago, he disclosed that he had obtained a copy of the paper from the secretary of the visiting teacher from Citibank. For that, he only had to promise getting married to her. (Name not disclosed to protect his family life.)

But in a few weeks, so much material was collected that it became difficult to sort and refuse an item. A friend generously contributed his original poetry; John Milton had presumably copied it over three hundred years ago. We had to reject it to save Milton from the embarrassment of plagiarism.

ne day a fellow, whom everybody in the department was afraid of, said that he wanted to pre-screen the draft supposedly containing some objectionable material. I told him that the editorial board and the chief patron were competent persons and nothing of that sort could be in the draft. My friends later warned me to be prepared for being beaten up in the university ground. (He was famous for doing this to the ones who refused him.) But, he generously let the opportunity go.

Then came the step of developing a cover page. All were asked to prove their creativity, but it was too creative to be printed. So professional help was sought. The famous artist, Aslam Kamal, graciously agreed to develop the cover at no charge. He mentioned that he had a deep down desire for owning a house; therefore, all his paintings contained doors and windows. He created a brilliant design, showing an executive's brain with several windows. Many years later, Bill Gates created Windows, perhaps under similar inspiration.

The department was low on financial resources, as usual. Thus, the funds were to be generated by students. The prospective gurus of marketing and finance had to innovate ways under the leadership of the Business Manager, Shahid Sattar, and collected advertisements and donations from companies. At that time, most of the companies had their head offices and marketing departments in Karachi. So I had to take a trip to collect sufficient funds to meet the printing expenses. The visit to Honda was particularly interesting. On the visitor's slip, I wrote my name underneath (from) DBA. The advertising manager called me

Management Horizons - the genesis

immediately and showed a very astonished look. In fact, Dr. Danishmand, DBA, was the Head of Marketing there, but the advertising manager thought DBA stood for Doctor of Business Administration. (I had mentioned it on the form, DBA: Department of Business Administration; but she thought I was Dr. Danishmand's friend, another DBA). Despite clearing the inadvertent confusion, she gave me a big advertisement and many Honda stickers. The Finance Manager of the magazine, Ashraf Saleem, now a General in the army, received sufficient resources to fund the printing.

In those days, word-processing was a luxury enjoyed by few institutions. Thus, proofreading was a tedious job. On top of it, printing vendors never kept their promises and schedules. But the time spent on the benches of copy-pasters in Urdu Bazar was fun in itself. It was good insight into our national style of business, encountered repeatedly ever since.

Then we approached Packages to get some paper donated. They were gracious enough to oblige, and we took the delivery with great excitement and loaded it in a friend's new car. When

we reached the press, the owner wanted to know who owned the car. We asked the reason, and he said, "Do you realize how much weight you have loaded on the car? The shock absorbers must have gone." Who cares at that age? A senior of the department, who owned a printing press, took up the task of printing the magazine, but his binder cut it shorter than the specified size. Anything cut short cannot be added back, therefore, the publication came out in the same form. However, that it had come out was an achievement in itself.

A quarter of a century later, I saw a much improved and impressive copy of the magazine of IBA. I am confident that the issues published year after year will get even better. But the first Board of Editors takes its pride in the day when the press produced the first ever issue of Management Horizons.

First Editorial Board of Management Horizons



Dr. Khawaja Amjad Saeed - Chief Patron

M. Azhar Ikram - Patron

M. Naseer Ajmal - Advisor

Fauzi Saleem - Chief Editor

Sh. Mohammad Saleem - Editor English Section

Riaz Ahmad Qureshi - Associate Editor

Shahid Sattar - Business Manager

M. Ashraf Saleem - Finance Manager

Zoraiz Lashari - Member Editorial Board

Ahmad Nadeem - Member Editorial Board

Shahnaz Ali Ahmad - Member Editorial Board

Arifa Gul - Member Editorial Board

Naveed Hassan - Member Editorial Board

Shahid Akhtar - Member Editorial Board

Khalid Mahmood Hashmi - Member Editorial Board

Prospects & Challenges to Consumer Financing In Pakistan



MUHAMMAD AKBAR
UNIT HEAD – CBD
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MBA (IBA 2000-03 SESSION)

Consumer banking has become a major focal area for banks to concentrate on. The consumer market in Pakistan has not only grown over the last decade or so, but the needs of this segment have also become extremely diverse. In order to sustain competition and attain customers' satisfaction, it is crucial to continue offering innovative consumer credit schemes and provide better services.

The financial sector has become the lynchpin of the revival of economic growth in Pakistan. Not only has the sector become sound and healthy and strong enough to withstand exogenous shocks, it has also played a major role in broadening access to the middle class and lower income groups. Average bank lending rates have come down from 21-22 percent in the 1990s. This decline is a result of lower demand for credit by the public sector as it reduced fiscal deficit and plugged in losses; the competition between banks owned and managed by the private sector, who now holds 80 percent of the banking assets; the removal of drag of non-performing loans by tackling them in a decisive way; the lowering of corporate tax rate on the banks; the assumption of affairs of banks by professional management; and a vigilant role played by the Central Bank in the supervision and regulation of the system. Lowering of interest rates gave a kick start to the private sector credit that, in turn, led to better capacity utilization and higher output in the manufacturing sector. Pakistan's banking system, by opening its doors for mortgage, automobile, consumer, credit cards, and microfinance, has broadened the borrower base and brought in its fold firms, farmers, and individuals who had never used bank credit for their productive activities or financing needs. This movement is still in its infancy and a lot of efforts have to be made in order to maintain this momentum.

There are a number of skeptics in the country who have expressed doubts about the emphasis being given to consumer financing in the country. Their mindsets are still frozen in the traditional way of public sector and government led growth model supplemented by the corporate and industrial sectors. The basic economic law (identity) for generating national income in any economy – developing or developed - stipulates that

$$\text{GDP} = \text{Private Consumption} + \text{Private Investment} + \text{Public Consumption} + \text{Public Investment} + \text{Exports} - \text{Imports}$$

In Pakistan, private consumption is the largest single component of GDP, accounting for 80 percent of the total GDP. Thus it is obvious that any move to boost private consumption will have a much larger impact on the GDP growth than any other measure. Mortgage financing and auto financing, as key elements of private consumption, not only provide strong forward and backward linkages to industrial and services sectors with a multiplier effect of 3 to 4, but also enhance the overall level of

private savings.

Banks are looking for alternate lending opportunities and developing asset-based consumer products. Housing finance provides an attractive opportunity as both profit margins and recovery rates on average are higher for mortgage finance than project and corporate lending. On the demand side, marketing efforts by banks are creating awareness amongst the general public for early homeownership through housing finance. The low-level of interest rates and favourable tax treatment are acting as catalyst for encouraging early homeownership as mortgage payments are becoming affordable vis-à-vis monthly rentals, if compared with monthly rental cost. At the same time, billions of investment is locked-up in the existing stock of residential properties and investors are unlocking a part of their investments in real estate through leveraging and resultantly utilizing the unlocked cash for consumption and other investment purposes.

The government had to provide fiscal incentives to the housing sector in the federal budget 2003-04, in liberalizing the credit regime for housing finance; broadening the scope of Credit Information Bureau at the State Bank of Pakistan; establishing Credit Information Bureau in the private sector for consumer loans; rationalizing stamp duties, registration fees, and property taxes; and ascertaining enforcement of recovery procedures in case of default by mortgagors.

The credit regime for housing loans has been liberalized. Banks' exposure to housing finance has been enhanced to 10 percent of their net advances; the maximum per party limit and maximum cap on tenure of facility has been waived off.

Banks are selective in their approach, and at present, focusing on Outright Purchase and Renovation loans mainly to upper income groups for unlocking their equity investments in housing properties. This trend may continue for some time, but as banks develop expertise in origination, underwriting, appraising, and monitoring housing loans, then construction finance for middle-income groups would be the major focus. Presently, banks are funding their housing portfolio through demand and time liabilities, thus running an asset-liability mismatch on their balance sheets by borrowing short and lending long. However, as the primary mortgage market gains momentum and acquires a critical mass, banks would be looking for alternate ways and means to fund their mortgage portfolios. In this regard, banks have already been allowed to float long term mortgage bonds to match their mortgage assets. Besides this, special purpose vehicles have been allowed to develop pools of mortgage backed securities (MBS) which can be traded in the market and off-loaded from the balance sheets of the originating banks.

Prospects & Challenges to Consumer Financing In Pakistan

The big attraction in extending financing facilities to the passive consumer segment is the prospect of earning high interest rate spreads because consumers are soft targets as far as haggling over interest rates chargeable to them is concerned. They are much more likely to borrow at unrealistically high rates — a convenience that is no longer available on lending to industrial and commercial borrowers who now insist on the finest possible loan rates. But in pricing consumer loans unrealistically high, banks would be making a serious mistake because “they cannot charge a high enough loan rate that could compensate for the loss arising out of an irrecoverable loan.” More importantly, if consumer finance has to pick up as a truly helpful mechanism for spurring domestic demand, it must be ensured that it remains within the consumers' capacity to repay their loans on time, and they feel confident about borrowing again and again.

Banks are belatedly trying to redress this enormous macroeconomic structural imbalance but given the historic pattern of economic developments, they will be handicapped in their efforts to promote consumer finance. Signs are that while lower interest rates have certainly enhanced the borrowers' capacity to borrow and service consumer loans, the newly created demand is pushing prices of consumer durables to unrealistic levels. Take, for example, automobiles. Strengthening of the Rupee and substantially lower interest rates should have brought their prices down or at least served to stabilize them. Neither of these expectations were met because the sudden rise in demand created a distortion that allowed assemblers not only to push up prices but also created a roaring black market in this sector. With banks now offering liberal consumer finance facilities for acquiring home appliances, their prices too are on the rise although there is substantial over-capacity in this sector.

Aside from the macroeconomic distortions that suppress consumer demand, there are other delicate issues that require focused attention of commercial banks intending to launch a major thrust in consumer finance. The first is the lack of institutional arrangements and practices that hamper the assessment of consumers' re-payment risk. Ideally, risk assessment of employed individuals should not pose as much of a problem as the self-employed individuals because employers could help in providing a basis for establishing the employees' re-payment capacity. That, unfortunately, is not yet the case. Employers appear averse to taking even the feeblest responsibility on account of their employees.

Many employers either don't certify, or certify very inadequately, the financial status of their employees intending to avail a consumer finance facility from a bank. Unless provisions are made in relevant labour laws, employers will not provide even this information about their employees, which they should morally feel bound to provide. Fewer among them are prepared to confirm to the financing institution that they have placed on their records the fact that their employee has availed a financing facility. Fewer still are prepared to accept the responsibility of informing the financing institution in the event the finance-availing employee leaves the employer, or is asked by the employer to leave.

In the case of the self-employed, the problems are complicated further because many potential consumers do not keep credible records of the streams of earnings from their vocations or businesses to permit financing banks a reliable assessment of their future re-payment capacity. Many consumers don't have utility service connections in their names. Given these handicaps, credibly verifying consumers' repayment sources will remain a stumbling block. Unless insurance companies lend a helping hand in this effort by providing loan re-payment guarantees to the lending banks, the prospects of expanding the consumer finance market remain dim. Bankers will have to rely largely on their own credit judgment, which may not always be correct. Given Pakistani bankers' track record in lending, such a possibility will always be there.

A factor that will further complicate extending consumer finance facilities along sound lines is the continuing inadequacies of our legal system that make it cumbersome for borrowers to collateralise their existing unencumbered assets for the satisfaction of the lending banks. Another thorny issue is the repossession of financed assets. While re-possessing vehicles doesn't pose too serious a problem, re-possessing assets such as air-conditioners, refrigerators, television sets, and similar other appliances from households will not be easy. It could be both painful and embarrassing for the lending institutions. Even if these items could be re-possessed, re-selling them to recover book values of outstanding consumer liabilities holds out a challenging prospect. Resorting to shortcuts in risk assessment may therefore lumber banks with thousands of small delinquent loans. In most cases, it may eventually be cheaper to write them off rather than go for re-possession and sale of used assets, or initiate court action to recover loans from defaulting consumers.

Given the absence of credible sources and bases for assessing risk, dealing with thousands of small borrowers makes consumer finance a manpower intensive business. Retail banks with large branch networks have the potential for succeeding in this business but it will require making alterations in banks' infrastructure and a change in the focus on investigative effort for risk assessment. The organization must be pro-active and sufficient in terms of manpower and Management Information Systems to ensure a reaction speed that is commensurate with the size of the customer base. In this regard, it will be crucially important to ensure that administrative resources are matched with the size of the customer base on a continuing basis. Until recently, oblivious to the emerging possibility of creating a large consumer finance market, banks were closing down branches and laying-off employees. Admittedly, there was a need for pruning the banks of deadwood but voluntary retirement schemes led to the separation of many experienced hands who could have been re-deployed in consumer finance units because they knew the essentials of risk assessment. Banks will now have to inject fresh (and inexperienced) blood in their organizations to support their consumer finance operations.

Admittedly, consumer finance spurs consumption and demand that expand its productive capacity or make fuller use of its existing excess capacity, and succeed in cuffing prices at the retail level. It also is necessary for the industry to offer the prospects of increasing employment and, possibly, fresh

Prospects & Challenges to Consumer Financing In Pakistan

investment in industrial sectors, especially those producing consumer durables. However, the key to sustaining the consumption-demand equation without pushing inflation to unsustainable levels is the maintenance of the critical balance between savings, investment and borrowers' debt-servicing ability.

Maintaining the critical balance between savings, investment and borrowers' debt-servicing ability is possible if input prices remain stable, affording businesses to sustain their profitability, and interest rates too remain stable to ensure that, in the medium term, debt-servicing burden remains affordable for both consumers and manufacturers. Unless the system can ensure the maintenance of this delicate balance, economic instability will remain a strong possibility. Countries that tried to achieve an overkill in spurring domestic demand sometimes overlooked the importance of maintaining this critical balance. We too are trying to achieve the same objective but regulators must ensure

that we don't fall in that dangerous trap. Pakistan's economy, already rendered fragile by industrial sector loan losses, simply cannot live through another major upheaval caused by pervasive delinquency of consumer loans.

The emphasis should remain on "Quality & Innovation" through secured consumer financing, competent human resource, and efficient systems; thus making an ultimate contribution towards the achievement of the banks' objectives and the achievement of high returns for valued clients and stake holders.



Blue Ocean Strategy

How to Create Uncontested Market Space and Make Competition Irrelevant



Sajjad Kirmani (Session 1979-81)

Empirical research confirms that there are no permanently excellent companies, just as there are no permanently excellent industries. As we have found on our own tumbling road, we all, like corporations, do smart things and less-than-smart things. To improve the quality of our success, we need to study what we did that made a positive difference and understand how to replicate it systematically. That is what we call making smart strategic moves, and the strategic move that matters most is to create blue oceans.

Blue Ocean Strategy (BOS) is the result of a decade-long study of 150 strategic moves spanning more than 30 industries over 100 years. Blue ocean strategy challenges companies to break out of the red ocean of bloody competition by creating uncontested market space that makes competition irrelevant. Instead of dividing up existing - and often shrinking - demand and benchmarking competitors, blue ocean strategy is about growing demand and breaking away from the competition. BOS not only challenges companies but also guides them on how to achieve this by a set of analytical tools and frameworks that show how to systematically act on this challenge, and, secondly by elaborating the principles that define and separate blue ocean strategy from competition-based strategic thought.

The aim is to make the formulation and execution of blue ocean strategy as systematic and actionable as competing in the red waters of known market space. Only then can companies step up to the challenge of creating blue oceans in a smart and responsible way that is both opportunity maximizing and risk minimizing. No company, large or small, incumbent or new entrant, can afford to be a riverboat gambler. And no company should.

The ideas, tools, and frameworks presented in BOS have been further tested and refined over the years in corporate practice in Europe, the United States, and Asia. The tool framework addresses not only the analytical aspects behind the creation of blue ocean strategy, but also the all-important human aspects of how to bring an organization and its people on this journey with a willingness to execute these ideas in action. Here, understanding how to build trust and commitment, as well as an understanding of the importance of intellectual and emotional recognition, are highlighted and brought to the core of the strategy. Blue ocean opportunities have been out there. As they have been explored, the market universe has been expanding. This expansion, we believe, is the root of growth. Yet poor understanding exists both in theory and in practice as to how to systematically create and capture blue oceans.

The metaphor of red and blue oceans describes the market universe.

Red oceans are all the industries in existence today - the known market space. In the red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Here companies try to outperform their rivals to grab a greater share of product or service demand. As the market space gets crowded, prospects for profits and growth are reduced. Products become commodities or niche, and cutthroat competition turns the ocean bloody. Hence, the term red oceans.

Blue oceans, in contrast, denote all the industries not in existence today - the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid. In blue oceans, competition is irrelevant because the rules of the game are waiting to be set. Blue ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored. The corner-stone of blue ocean strategy is 'Value Innovation'. A blue ocean is created when a company achieves value innovation that creates value simultaneously for both the buyer and the company. The innovation (in product, service, or delivery) must raise and create value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market.

Reference: *"Blue Ocean Strategy", a business strategy book written by W. Chan Kim and Renée Mauborgne of INSEAD, an international business school. The book is a best seller and has sold more than a million copies in its first year of publication and is being published in 41 languages.*



Anatomy of a Sale



Aasim S. Mullick (Business Unit Head, Sales Consultant)

Let us take a few moments to look at selling from this point of view. As we do, let's see if we can learn something that can make us better salespeople.

Millions of salespeople consider themselves professionals. Many read books, listen to tapes, go to seminars, and practice to improve their selling skills. Very few, however, take the time to carefully dissect a sale and the selling process, to analyze it, and find out what it is really made of.

Let's take a few moments to look at the point of view of an anatomy. Never sell any product or service that you do not firmly believe will offer such benefits to your customers as outweigh the cost. Also find a product or service that has a broad application or enough appeal to enable you to make a good living from selling it. Make your customers think of you as someone they would always like to talk to.

Self-confidence is the number one prerequisite for success in sales.

Self-confidence comes from focusing on three key issues. The first is knowledge. Learn everything there is to know about the product or service you are selling. The second is practice. Rehearse your sales presentation until you can say it perfectly and convincingly. The third is experience. It takes a long, determined effort and a sincere commitment to develop the skills needed to succeed in sales.

Identify and locate customers who will genuinely benefit from your product or service.

Qualify your customers to verify that they are positioned to make the buying decision. Questions such as "Are you the owner of the business?" or "Do you have a partner?" are appropriate and helpful. Do not waste your time trying to find a customer whom you think will buy. You cannot know who will buy before the selling process because the perspective customers do not know whether or not they will buy at this point.

The first impression any professional salesperson makes on a prospective customer is vitally important.

True professionals know exactly what they are going to say, and expect others to listen to them.

Tell customers whom you work for, and do it with pride. Be sure to tell them what your company does and where it is located. Doing so makes the company seem more real because customers can fix the location in their minds. This, in turn, makes customers feel more comfortable and secure.

Show excitement as you introduce the product or service.

Excitement and enthusiasm are contagious. Create at least one good reason why your customer should take a look and consider your product or service now. You might say, "This product is

new, and we have a special introductory offer for you today." Be brief. Put a premium on your time and use it wisely. If you do not, no prospective customer will take you seriously. At this point in the sale, your objective is to get the customer to look at your product or service. Do not jump ahead by trying to sell it to him or her on its merits. That comes later, after he or she has agreed to listen to your presentation.

THE EXPLANATION

Wise sales professionals set the stage for their presentations with a brief explanation before beginning the formal presentation. A sensible explanation might go something like this: "Mr. or Ms Customer, I am going to take a minute to show you the difference between our product or service and the others that are out in the market." "par" I am going to show you something new. If you like what you see, I am going to make you a fantastic offer." When customers have been given a brief explanation of your plans, they can feel assured that they will not encounter any surprises.

DEMONSTRATION OR PRESENTATION

Be informative. People will always give you their time when they feel they are learning something new and interesting from you.

Provide your prospective customers all the information they need to make an intelligent buying decision. Point out all the unique features and benefits of your product or service. Become a great actor. Learn your lines, choreograph your movements, and focus your entire performance on your basic objective to sell the product.

CLARITY

The salesperson depends on the customers to understand and retain a vast array of facts presented in a single, casual offering. To make matters even more confusing, the salesperson peppers the presentation with jokes, anecdotes, and questions. Then when the salesperson attempts to close the sale, the customer slams on the breaks with a line like, "I have to think about it." Of course, s/he has to think about it! The customer did not understand what the salesperson was saying! Remember that you cannot make a successful sale to everyone who understands your proposition.

VALUE OF YOUR CUSTOMER

The only reason anyone buys anything is that he or she perceives a real value or benefit in owning the product or service. You should master the art of building value into your product or service.

Anatomy of a Sale



CREATING URGENCY

For any salesperson to be successful, he or she must master the skill of giving the customer a reason to do business now rather than later. Urgency is made up of two elements: the reason and reward for doing the business now. To create urgency, the customer must first want your product or service. Until this desire is in place, it is impossible to generate urgency.

YOUR PROPOSITION TO THE CUSTOMER

At this point in the sale, you describe the benefits of owing your product or service to the customer. You also point out or demonstrate the unique nature of your special offer. In addition, you describe the stability and reliability of your company. You demonstrate your own competency, ability, and knowledge. Clearly outline the terms and conditions of sale. Make your

proposition in a straightforward manner. Be concise while still communicating all the needed information.

THE CLOSE

The close should be the logical conclusion of your well-thought-out, carefully planned, and professionally delivered sales presentation. The proper time to close a sale is when the customer is ready to say 'yes'.

If you have done your job properly, you will either get a yes or no at this point. If you have done your job convincingly, you will get more 'Yes' than 'No'.

Memory Lane



1979-81 Session at Tarbela Dam



On the way to Rohtas in 2003



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