Business Development Model of Contracting Firm for Real Estate Projects.

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Abstract–*The overall aim of this study report is to identify the critical success factors in business development and its severity on contracting firms. It is possible to come up with the effective and improved methodology to sustain and grow the business in the market for contracting firms. The results of this study present the lacuna in the current business models and how to overcome it effectively with the help of matrix showing least focused parameters, opportunity losses due to least focused parameters and methodology to improve. The ideal business development model is formed which will be very helpful for the contractors who are not well established and well organized in the market.*

Keywords – *Business Development, Strategy Formulation, Real Estate, Construction Firms.*

I. INTRODUCTION

Construction events add around 10% of India's GDP. An expected U.S $ 650 billion will be needed for urban infrastructure for next 20 years. In FY14 Indian Construction Industry was about US$157 billion in size, as comparedto an estimated US$153 billion in FY13. The real estate sector in India has come a long way by becoming one of the fastest emerging markets in the world. It is not only effectively attractingforeign investorsbut also domestic real estate developers. The growth of the industry is credited mainly to a large population base, rising income level, and rapid urbanisation. The sector includes of four sub-sectors-housing, retail, hospitality, and commercial. 5-6% of the country's gross domestic product (GDP) is added by housing, rapid growth is observed in the rest of the three sub-sectors and it fulfils the increasing infrastructural requirements.

II. LITERATURE REVIEW

Literature review will be based on various research papers in areas of Business Development of construction firms presented in national & international journals like JEM, ASCE and NICMAR; standard books & codes. Cheong, Chit Sun (Jackson) (2010) coveys to Contractor'sBusiness Development for Overseas Markets. The persistence and maintainable growth of construction companies depends on their own ability and ability to address the ever fluctuatingsituation. The most affecting parameters were studied and implemented strategies on that parameters.
Lee, Kang Hee; Ahn, Yong Han; Jeon, Myunghwa; Suh, Min Jae (2014)covered to its paper displays a study toOrganizational Strategies to Support Sustainability in the Construction Company. Stakeholders in global construction are shifting their organizational structure to implement sustainable building practices that enhance the threefold "bottom line" of building ecological, social and financial performance. The goal of sustainable construction is to reduce environmental and social problems and increase economic prosperity.

III. METHODOLOGY

The method which is used to develop questionnaire form is CPM (Competitive Profile Matrix)and to do analysis RII (Relative Importance Index) method is used to find out least focused parameters. To understand the business development plan of firm the qualitative data analysis (Interviews) was done. Qualitative framework analysis will result into proper strategy and development plan. To find out the least focussed parameters and to understand the business development model minimum 15 questionnaire was filled up by the well-established contracting firm.

IV. DATA COLLECTION

For accomplishmentof the objective to develop the business development model of the contracting firm, data collection wasbegan with identification of major critical success factors associated with the contracting firm and its impact on the performance.

To establish the business development model of contracting firm, data collection has been done in two ways:
1) Questionnaire survey has been done in which responder will have to fill up the ratings (1 to 5) on the basis of effectiveness and impact of critical success factorsof business development. To achieve the objective of this research, questionnaire assessment has been done by CPM (Competitive Profile Matrix) method. The questionnaire was filled up by 20 contracting firm within Ahmedabad region.

2) Interviews: The qualitative data analysis was done for better understanding of business development plan, which was done by direct interviews with the concerned executive or person of business development of contracting firm.

Sample of Questionnaire Form:

Name of Company	
Annual Turnover(Rs.)	
Name of Person	
Contact Information	
Profession/Designation	

CPM Table

Critical Success Factors	Weightage(x)	Questions on CSF	Ratings (1-5) (y)	Score (x *y)	Cumulative
Reputation	15	- More Projects on Hand			
		- Past Experience			
		- Clientele			
		- Company's Growth			
Total =					
Organization	5	- Skill of Employee			
		- Organization Structure			
		- Efficiency & Effectiveness of Men power			
		- No. of Employee/Staff			
		- Assets of Organization			
		Total =			
Financial Status	15	- Profit Margin			
		- Turn Over			
		- Market Share			
		Total =			
Geographical Presence	5	- Local Presence			
		- National Presence			
		- Worldwide Presence			
		Total =			
Marketing Strategy	20	- Effective BD Plan			
		- Advertisement			
		- Market Study			
		- Competitive Analysis			
		- Client Capture Plans			
		- Strong Online Presence			
		Total =			
R&D Spending	10	- Expense on developing new Technology			
		- Use of appropriate Latest Technology			
		Total =			
Union Relations	8	- Relation with Clients			
		- Relation with Suppliers			
		- Relation with Employees			
		Total =			
Government Policies and Regulations	7	- Affected by Demonetisation			
		- Current policies and regulations of government			
		Total =			
Proactive	10	- Post Deal Management			
		- Adaptability for Sudden			

		change			
Total =					
Customer Perception	5	- Quality			
		- Safety			
		- Cost			
		- Time			
Total =	*100*	*Total =*			

- ❖ **Likert Scale (Ratings):**
  (Where, 1 = No Importance, 2 = Less Importance, 3 = Moderate, 4 = High Importance   5 = Very High Importance)
- ❖ **NOTE – THIS DATA WILL BE USED ONLY FOR STUDY PURPOSE (PART OF THESIS)**

  Sign:_____

V.   DATA ANALYSIS

Methods used for Data Analysis:
(A) The Relative Importance Index (RII): This methodhas been used to rate the various parameters. These ratings make it possible to compare the relative importance of the parameters as observed by thesets of respondents (i.e. contracting firm.)
To compute RII, the formula is as under:

$$RII = \frac{\sum W}{A * N}$$

Where,
W = Ratings provided to each parameters (Ranging from 1 to 5) (No Importance – Very High Importance),
A = Highest ratings (i.e. 5 in this circumstance),
N = Total respondents
(B) Qualitative Framework Analysis (Interviews): To establish qualitative tool framework analysis was used for better understanding of business development plan. That was done by direct interview with the concerned executive or person of business development of contracting firm.

Results from RII:

SR.NO:	PARAMETERS	RII
1	More Projects on Hand	0.75
2	Past Experience	0.72941
3	Clientele	0.71765
4	Company's Growth	0.71765
5	Skill of Employee	0.78824
6	Organization Structure	0.6
7	Efficiency and Effectiveness of Men power	0.74118
8	No. of Employee/Staff	0.5625
9	Assets of organization	0.6375
10	Profit Margin	0.75
11	Turn over	0.7375
12	Market Share	0.78824
13	Local Presence	0.75294
14	National Presence	0.6125
15	Worldwide Presence	0.5375
16	Effective BD Plan	0.70588
17	Advertisement	0.75294
18	Market Study	0.7625
19	Competitive Analysis	0.725
20	Client Capture Plans	0.5625
21	Strong Online Presence	0.69412
22	Expense on Developing New Technology	0.6125
23	Use of appropriate Latest Technology	0.63529
24	Relation with Clients	0.88235

25	Relation with Suppliers	**0.71765**
26	Relation with Employees	**0.74118**
27	Affected by Demonetisation	**0.69412**
28	Current Policies and Regulations of Government	**0.64706**
29	Post Deal Management	**0.7375**
30	Adaptability for Sudden Change	**0.725**
31	Quality	**0.81176**
32	Safety	**0.76471**
33	Cost	**0.77647**
34	Time	**0.76471**

Table - 1 – RII of Parameters

LEAST FOCUSSED PARAMETERS: (RII ≤ 0.70)

The below mentioned parameters represents the least focussed in firm of it which has RII ≤ 0.70or less importance according to the scale.

SR.NO:	PARAMETERS	RII
1	Worldwide Presence	**0.5375**
2	Client Capture Plans	**0.5625**
3	No. of Employee/Staff	**0.5625**
4	Organization Structure	**0.6**
5	National Presence	**0.6125**
6	Expense on Developing New Technology	**0.6125**
7	Use of appropriate Latest Technology	**0.63529**
8	Assets of organization	**0.6375**
9	Current Policies and Regulations of Government	**0.64706**
10	Strong Online Presence	**0.69412**
11	Affected by Demonetisation	**0.69412**
12	Effective BD Plan	**0.70588**

Table – 2 - Least Focussed Parameters
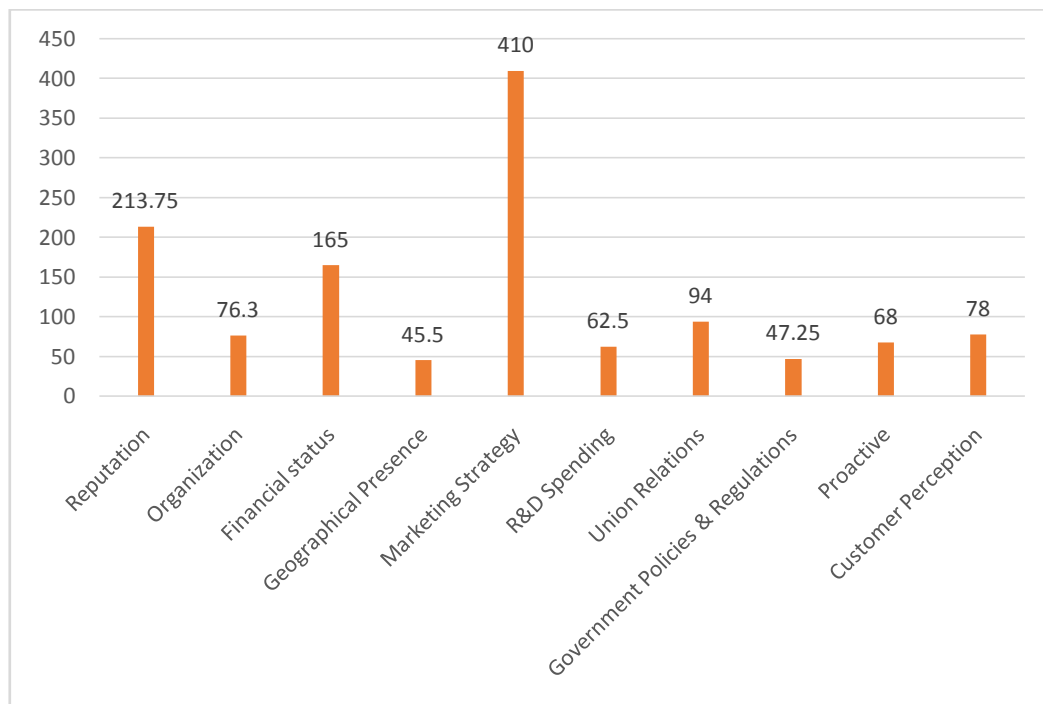
Graph – 1 – Average Score Result from the Respondents
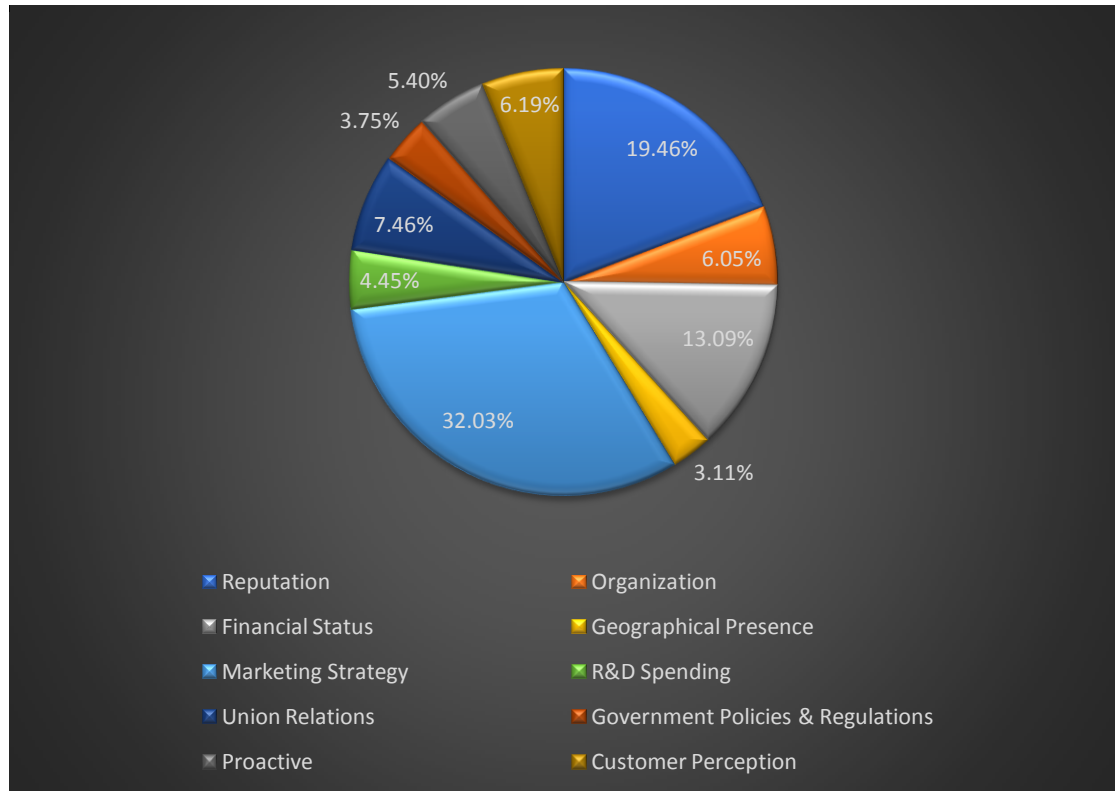
Graph – 2 – Contribution of CSF from Respondents in Percentage

RELIABILITY:

The consistency of results from a test is known as reliability i.e. if it is reliable (more than 0.6) than it is more likely to get similar result on various other places.

Split-Half Reliability Method for Likert Scale: Spearman Brown formulais used to compute Reliability, where Likert scale is adopted.

$$Rsb = \frac{2\text{Rhh}}{1 + \text{Rhh}}$$

Where, Rhh indicates the correlation of the scores in two half tests.
After the division of data in two halves, after having two halves of the test,Correlation between them is calculated.

$$Rhh = \frac{\sum(X - \bar{X})(Y - \overline{Y})}{\sqrt{[\sum(X - \overline{X})^2][\sum(Y - \overline{Y})^2]}}$$

In this case, X = one respondent's score for the first half, X = the meanof the first half, Y = one respondent's score for the second half, Y = the mean of the second half.
After the calculation the Rsb (Reliability) = 0.7245> 0.60, hence it has good reliability.
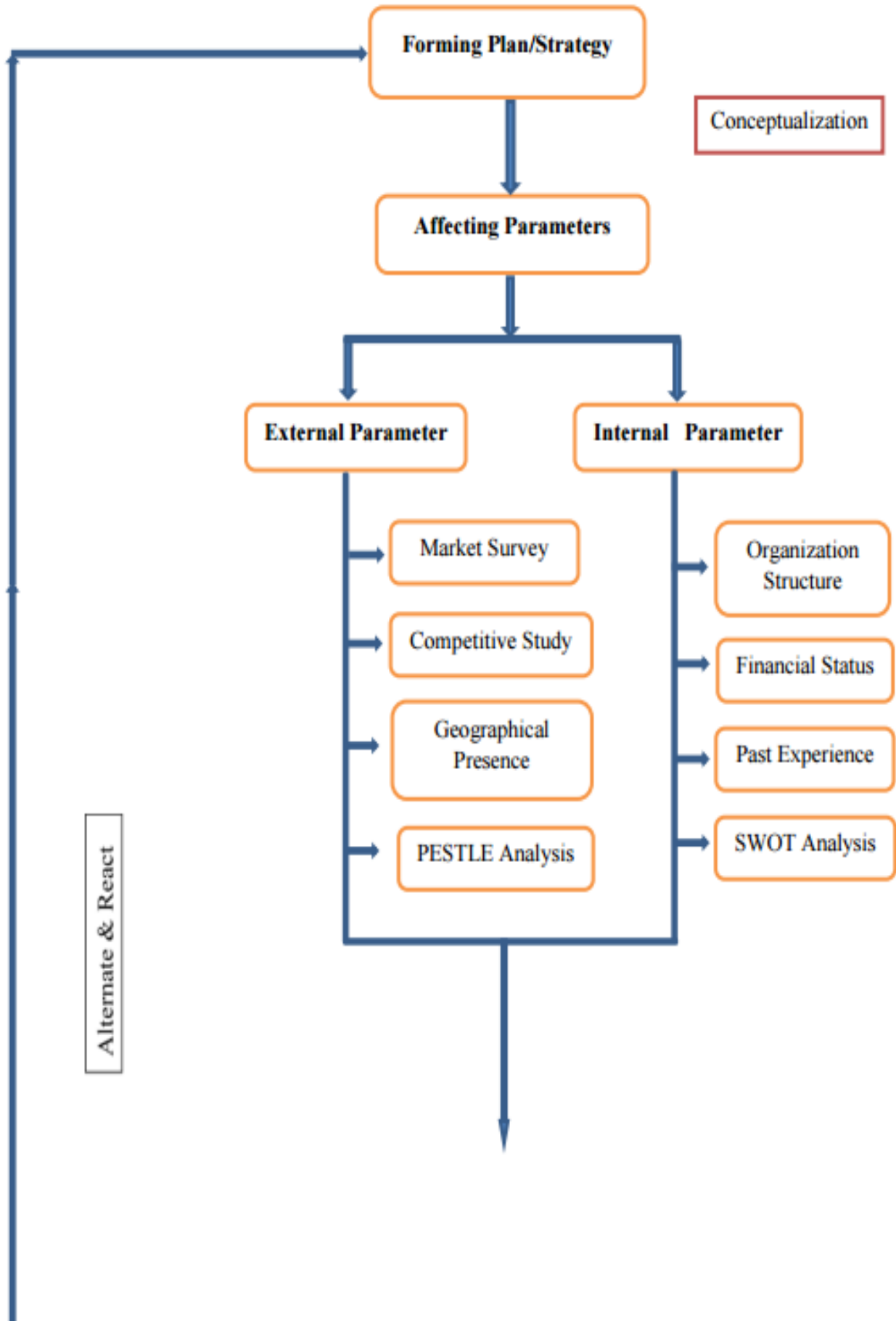
VI. CONCLUSION

1) Matrix is formed showing least focussed parameters, the reason behind least focussed factors, opportunity losses due to least focussed and how to improve that with appropriate methodology.
2) Business Development Model for Contracting Firm is developed with help of the Qualitative Framework Analysis (Interviews) which was taken during data collection phase.
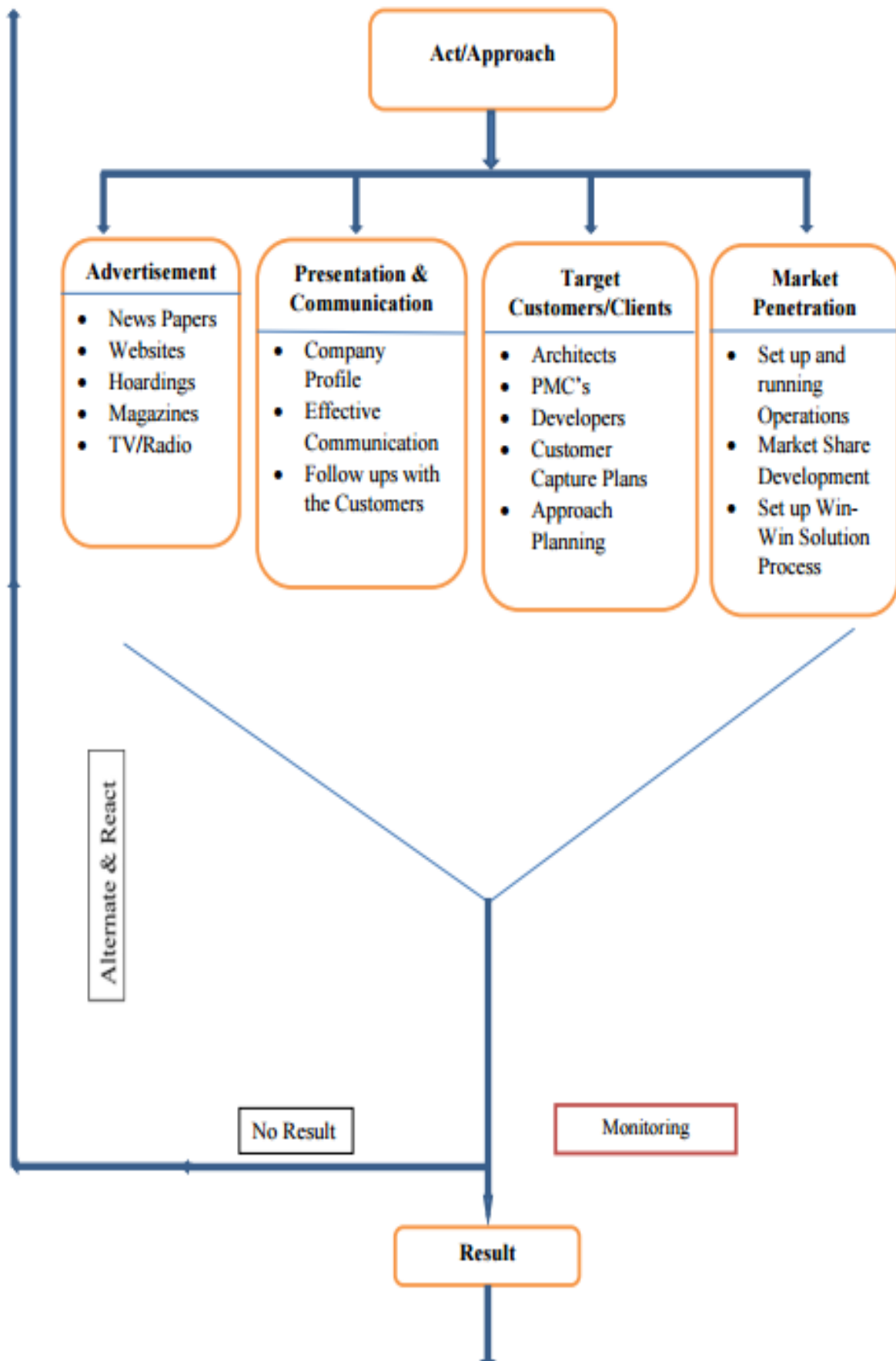
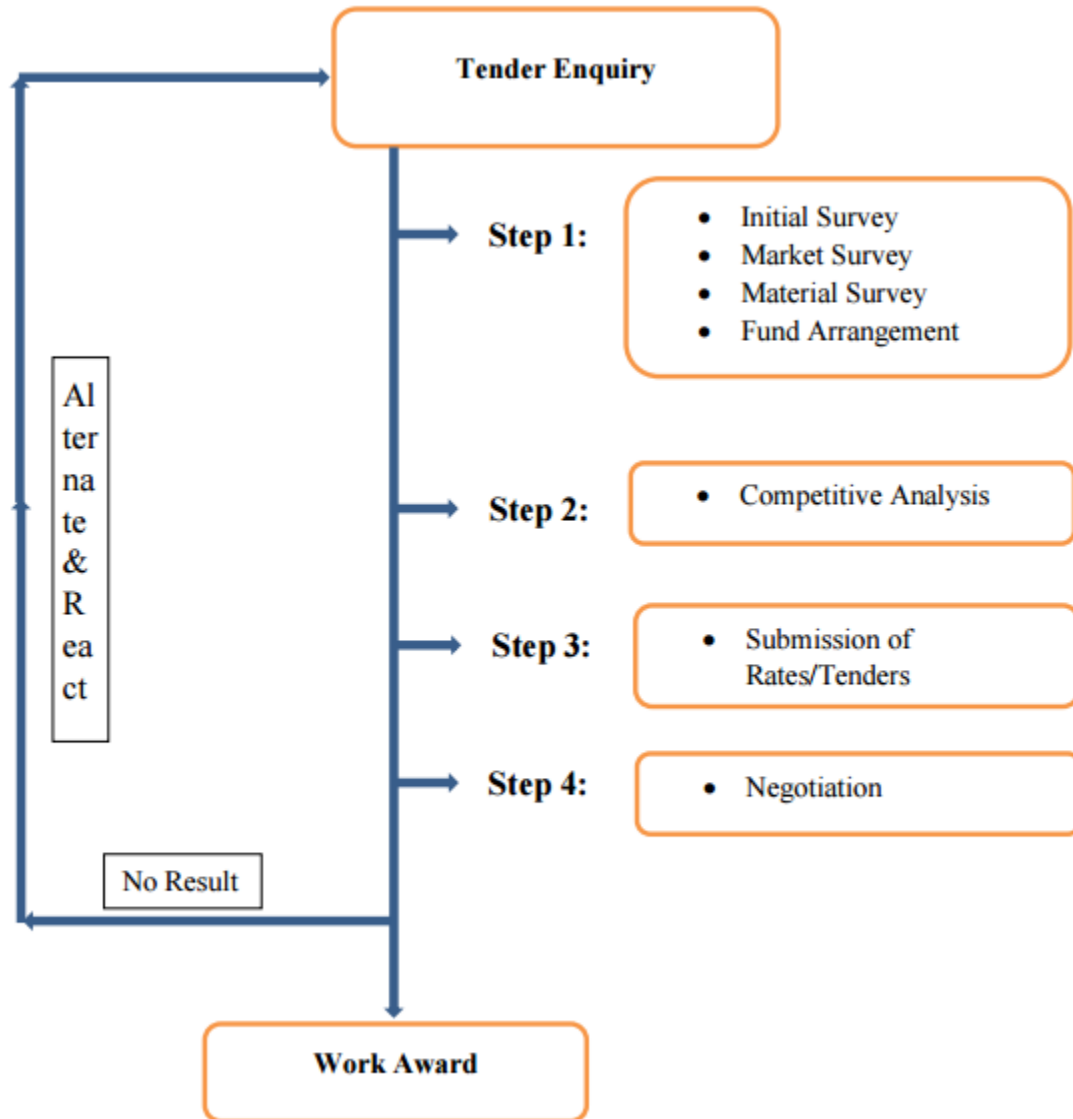1. Matrix for improving the significance of Parameters :

Sr.No:	LEAST FOCUSSED PARAMETERS	REASON FOR LEAST FOCUSSED	OPPORTUNITY LOSSES DUE TO LEAST FOCUSSED	METHODOLOGY FOR IMPROVEMENT
1	Worldwide Presence	• Company might be not interested in geographical presence • Lack of Contacts	• Business development of firm could halt • Globally Presence	• By developing contacts • By collaborating with other firms
2	Client Capture Plans	• Weak target client approach Planning • Conservative Culture of Company	• Not able to work towards client's Satisfaction • Work Segment will become restricted	• Establishment of Business Development Department • Establish effective client capture plans
3	No. of Employee/Staff	• Mismanagement in HR Department • Improper Finance Management	• Lack of Men power causes a delay in work • Work might not get up to Client's Satisfaction	• Awareness of HR Department • By doing necessary recruitment regularly
4	Organization Structure	• Lack of Management • Underutilization of HR Department	• Maintain the Information Flow • Improper Talent Management	• Defining Proper HR policies • Maintaining Hierarchy
5	National Presence	• Company might be not interested in geographical presence • Lack of Contacts	• Business development of firm • ISO Certification	• By developing contacts • By doing Partnership with other firms
6	Expense on Developing New Technology	• Poor Finance Management • Lack of Knowledge	• Pioneer in market • Brand Value	• Proper Finance Management • By comparing with the other pioneer market player
7	Use of Appropriate Latest Technology	• Lack of Knowledge • Liquidity of Fund	• Pioneer in the market • Brand Value	• By being aware about latest Technology in Construction Context • Proper Fund Management to acquire Latest Technology
8	Assets of Organization	• Company might take Equipments on rent/lease • Improper Fund Management	• Income from assets • Asset is Property to get future benefits	• By Proper Fund Management • By doing proper calculations whether buy or rent the Equipments
9	Current Policies	• Unawareness	• Loss of	• Being abreast with

	and Regulations of Government	about Government Policies • Ignorance of Periodical Review	Competitive Advantage • May go under Government Scan	Government & Industrial norms • Periodical Review of Organization Policies
10	**Strong Online Presence**	• Lack of Awareness in Technical Aspects • Rigidity in Organization	• Marketing • Development will get reduce	• By adopting online Marketing. • Personal website for care and services.
11	**Affected by Demonetisation**	• Proper Taxation Practices • All the monetary transactions are done by banking	-NA-	-NA-
12	**Effective BD Plan**	• Unawareness of BD department • Lack of competitive analysis	• To become pioneer in competitive industry • Total growth of company	• By encouraging BD Department • By creating the effective strategy and implementing on it

2. Business Development Model:

Forming Plan/Strategy

Conceptualization

Affecting Parameters

External Parameter

Internal Parameter

Market Survey

Organization Structure

Competitive Study

Financial Status

Geographical Presence

Past Experience

PESTLE Analysis

SWOT Analysis

Alternate & React

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