

Saoake Business Analysis



An Independent Study Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Arts in Business and Managerial Economics

Field of Study of Business and Managerial Economics

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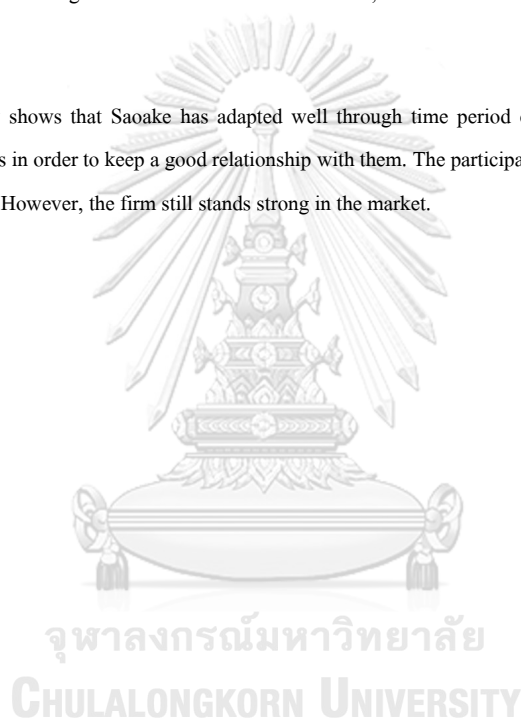
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It is interesting to see the presence of traditional construction material and supply stores in a competitive market since there are many modern trade construction companies entering the market. This analysis will explore how the local store like Saoake survives and maintains the market share through two main approaches which are SWOT analysis and Porter's 5 forces model.

This research will mention the overall construction industry analysis, the specific analysis and interpretation of Saoake company, study the management of Saoake traditional store, see how Saoake handle with Covid-19 pandemic and recommendations.

The study shows that Saoake has adapted well through time period changes, adopted new technology and response to customer needs in order to keep a good relationship with them. The participation of modern trade is a real challenge to Saoake for many years. However, the firm still stands strong in the market.



Field of Study: Business and Managerial Economics

Student's Signature

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Advisor's Signature

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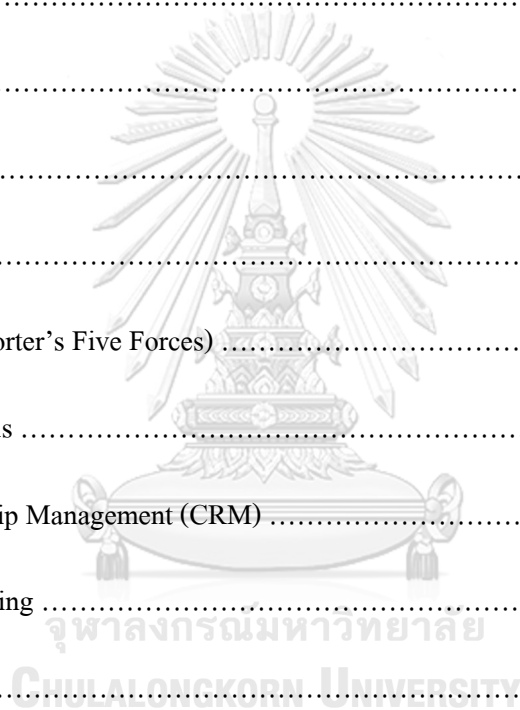


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Introduction

Saoake is a construction supply store which is located in Phitsanulok, Thailand. The store provides construction materials from foundation such as concrete and metal to finishing supplies like tiles, paint and sanitary ware. The objective for this business analysis is to mainly understand the organization system in many aspects including management, operation, branding and most importantly how can a local store like Saoake compete with modern trade companies in a competitive market.

After the second generation of family joined the firm, there are many huge changes and interesting adaptations which will also be covered in this business analysis. This paper will allow me to learn the business nature and their management strategies through an interview, observation, SWOT analysis, Porter's 5 forces model analysis and interpretation. Moreover, there is a significant covid incident that happened to the firm which will be discussed later in the paper. Additionally, after the data is collected and analysed, there are some suggestions and recommendations proposed to existing issues or problems found during the data collection and analysis for a further development in an organization.

Literature Review

These days, business analysis is not only helpful but it becomes strategically necessary in all business areas and industries. As stated by Cadle, J., Paul, D., & Turner, P. (2010), it is important for a primary business analysis to comply with techniques such as SWOT analysis and Porter's five forces. The importance of conducting a business analysis with supported theories will help firms verify that the problems exist. With adequate information, the firm can provide the necessary initiative for those particular issues found. According to Willmore (2017), business assessment will reveal what the firm should be concerned about, its priorities and target. First of all, as Willmore (2017) suggested, before establishing the business analysis, the firm should give a statement on their goals or mission that would reach the prime target of the organization. Which in this case for Saoake, the firm's ultimate goal is maintain their market share in the market and maximize profit margin. Then the firm needs to create a strategic plan to help an organization to be more effective and productive in order to reach their goal.

The first theory that would be applied for this business analysis is the SWOT analysis. This includes identifying Strengths, Weaknesses, Opportunities and Threats which I believe is one of the most common approaches or tools of external and internal analysis to come up with a suitable strategic management plan. According to Gürel, E., & Tat, M. (2017), by completing a firm's external analysis, the firm can determine the critical threat and opportunities in its competitive market. At the same time, while external analysis directs the environment the firm is facing, the internal analysis could give the firm's acknowledgement of their notable resources and their strong capabilities that would be a competitive advantage for the firm.

The second theory that would also be applied is the Porter's five forces model which is the framework for the industry analysis. A comprehensive evaluation of the five forces will also acknowledge the firm about the competitive structures of the industry. "The five forces are the threat of new entrants, the bargaining power of customers, the bargaining power of suppliers, the threat of substitute products or

services, and the intensity of competition among current rivals within the industry.” stated by Evans, G. E., & Neu, C. (2008) on The use of strategic forces to understand competitive advantages provided by information technology. This part of analysis would help the firm learn and understand about the factors that have an effect on their industry profit. Being aware of the influence factors would cause firms to be more careful on those sensitive elements for developing any business strategies in the future.

Methodology

This paper of research is considered to be descriptive research since it aims to investigate and study on a particular topic. Therefore, in this case, this paper would define the characteristics of Saoake company.

The data used in this paper is collected through interviews and observations which are considered qualitative data. The one-to-one interviews were conducted with one of the owner’s sons; Khun Sayamkit Wangruangsatit; one of the board of directors. For the interview, most questions were open-ended questions that related to the company and it was held face to face. Nevertheless, further questions often come up during the report writing, therefore khun Sayamkit allows making an appointment for further interview via call. For observation, I was allowed to visit Saoake’s headquarter office and store to see the site and how the products are displayed and organized as well as how they service their customers. Collecting qualitative data helps me to get answers to the questions I have towards the company. Without this source of information, interpretation cannot be applied and issues and problems cannot be identified then I will not be able to come up with a suggestion or a solution. Consequently, the company can pay the right attention or focus on the essential point that the firm needs in order to reach their goal.

The data collected will be analyzed through SWOT analysis, this would state the company’s status and position. The SWOT assessment could help Saoake aware of their weakness and threat and to minimize the chance of failure on any business decision when take this SWOT analysis as a concern. At the same time, understand what firm is lacking can help them develop and grow sustainably. In addition, the company will also be analyzed with Porter's five forces model to see the attractiveness of the business in order to determine the market competition. This will help the firm in terms of factors that would influence the firm's profitability and adjust strategy accordingly to increase the firm's profit.

The rationale for choosing this topic: “Saoake Business Analysis” for my research is that the outsider perspective could give the firm a new views or ideas that they are overlooked from actually being in a firm. Moreover, this paper discovers new findings that could be beneficial for Saoake’s strategy and decision in the future. However, before coming up with any new ideas or recommendations, the firm's values and norms must be embraced.

Background

Saoake registered as a partnership company and is a family business started by Khun Pailin Wangruangatit from a small shop back in 1990s and has currently managed to expand to three huge branches of Saoake in the city of Phitsanulok with a total number of 180 employees. They offer a variety of products with approximately 10,000 SKUs from over 150 suppliers. Saoake does not only sell retail products to end customers, but they also sell wholesale to other construction supply stores called “Raan Kar Chuang” within the firm, which Saoake is currently selling or supplying to those Raan Kar Chuang approximately 75-100 shops. The primarily product that Saoake sell is for construction. The firm makes sure clients can conclude their shopping supplies for only one stop at Saoake store. The store connects to hundreds of customers everyday for almost 30 years now. Saoake clients are not only the local builders and constructors, but they also project services such as village, townhouse and many more, where Saoake arranges a specific team to take care of these group of clients and try to supply them as much as they need throughout the project with a special price range.

Moreover the entire organization does not only hold Saoake, but they also have extended their supply chain which are the investment in metal factory and logistic service. However, this report will mainly focus on the parent company which is Saoake.

SWOT Analysis

The SWOT theory is used in this paper to analyse the overall business operation and environment. By completing the SWOT analysis, it would allow me to understand more on the firm's position. Also to identify the lacking part or problem of the company if there is any in order to be able to come up with an appropriate idea for a solution. Each element will be explored as follow:

Strength

- **Multiple Store**

The first strength I would like to mention is that Saoake has 3 branches, therefore they have risk division which means the risk is divided among 3 branches leaving less risk per shop. If any shop gets low customer traffic and causes loss or low revenue, it could be compensated by revenue earned from the other 2 shops. Also if one of the branches happens to not open, the firm can relocate their clients and ask them to get service from other branches. This would help Saoake not lose their opportunity of earning daily revenue. One of the most important advantages from having several branches is that the firm applied decentralized organization management which helped them serve more clients faster. In other words, the firm can generate higher and faster sales. Another benefit of having many branches is that the firm is able to acquire the economy at operational expense.

- **Unique Brand**

Promoting themselves as a local friendly store also has a unique brand, Saoake has a loyal customer. The way they build a store, with a local concept, it warmly welcome all range of customers. so they feel comfortable shopping in Saoake store. The style of the store is not luxury or modern which creates social comfort for customers visiting the store. This could make clients happy shopping at the store more than shop in the modern mall and they will have a connection with Saoake by gaining a comfortable experience from the store.

- **Low Price**

Low product price is another Saoake's strength. They manage to get great deals from suppliers that the firm can also offer a special deal to their customers at low prices. The firm stated that they supply products in bulk and negotiate prices with vendors for a better price. Different vendors will have different criteria for the amount of purchase and the discount the firm will get, which is the part where the management team has to play an important role of negotiating with the vendors as well as looking at the suitable amount for inventory management. Also Saoake manages to have lower operation costs which allow them to have lower marginal cost per unit making them able to offer low prices to clients.

- **Strong Relationship with Customers**

Khun Sayamkit believes that the strongest strength Saoake has is the strong bond or long term relationship between the firm and end customers which have been built throughout the generations. And in order to maintain and strengthen their relationship with them is to also maintain their good reputation because word of mouth is also essential. Therefore the firm does not only keep good relationships with quality of service but they also achieve a lot of CSR with the local community in the past up until current days. Events that Saoake has done for the community are the arrangement on Children's Day where the firm holds activities for kids and gives away presents to them. They also make many donations to temples and sponsor the temple renovation with the firm's product, not only to temples but also to schools, hospitals and households.

Weakness

- **Low profit margin in some SKU**

By setting a low price and causing a firm low profit margin could have an effect on the firm in many ways. Firstly, it would affect the firm's pricing strategy, offering low price in the beginning leaves a small gap to reduce price further for a marketing promotion. In this case, if the firm has to lower the price for a competition without reducing the cost of goods sold, the firm will face even lower profitability and it could

lead to a cash flow problem. More than that, low profitability could cause firm difficulties in terms of financial management. Less profit may affect management team decisions on other expenditures such as marketing budget to boost sales. The retained earnings have to be wisely spent and only to priority activities.

- **Out of date inventory**

In this case, it does not mean that the products are no longer usable but they become out of trend or not a popular design anymore. Mostly the product that firm gets this problem the most is tiles. Saoake display many patterns and sizes of tile for variety options of product for customers to select freely. They make sure that clients would find something they want from their shop. However, they would be the pattern that did not all sell out and firms had to keep those in inventory for a very long time, causing high inventory cost. Another important factor is that there is always new technology involved in the tile production to improve its quality. For example, slip prevention tiles, it helps people not to slip on the wet floor which is often used in the toilet or bathroom. This also causes the old version of tiles to be even harder to sell even at the discounted price forcing firms to stock them. In the long run, with high storage cost, it could reduce or affect the firm's cash flow flexibility.

Opportunities

- **The Possibility of Working on Future Projects**

One of the reasons for maintaining good relationships with customers, especially project purchasers who build villages, buildings or big construction projects. The firms can generate a high number of sales to these clients, therefore the firm would ensure to give them discounted prices and give special care and services in order to make them satisfied. Once they have other projects they will surely come back and repurchase from the firm. However, this factor also depends on Thailand's economy which also does not seem to be improving shortly. According to Deloitte (2021), it could take 2-3 years for Thailand's economy to recover to the stage before the COVID-19 pandemic. Especially in the current situation, Thailand's recovery is driven by vaccination which is still not rapidly delivered to everyone in all areas due to the insufficient doses of vaccines. Therefore, there are not many new investments in the economy and there are not many existing current projects as well. Nonetheless, Saoake still should keep in touch with the project constructor for possible opportunities in the future.

- **Benefits from Vendors**

As Saoake is a distributor for many brands or vendors per product, there is a competition between vendors to offer an incentive for

the firm as well as to improve cost and service giving the firm bargaining power. For example the firm sells paints in 5 different brands, Saoake will go for the cheapest brand, each brand needs to compete with each other or support Saoake or give incentive to the firm that Saoake would buy from them. Moreover, when the firm acts as a distributor and manages to generate high sales, it also benefits those vendors too. The firm can also ask for a marketing budget to promote their products. More than that, the brand also sent in their sales staff that we called PC or product consultant to help clients at our store.

Threat

- **Modern Trade / New Competitor Enter the Market**

Saoake can be considered as a traditional trading company since the store serves localized customers and is managed by a family system. Modern trade companies are more organized, planned, systemized and structured in terms of strategic management, distribution and logistics. Some customers feel more comfortable shopping at modern trade stores that are well known because of their trustworthy brands such as Bonavorn and Global house who sell similar products as Saoake. The store may also be arranged differently, clients may be attracted to the wide variety of the products in the large scale of display. The Best thing is that their brand is more awarded and well known by everyone. For clients who never shop at Saoake before, they might choose those modern trade stores for their purchase over Saoake because of their well known trustworthy brand.

- **Weather / Environmental Issue**

Raining season has hugely affected the decision for construction sites because it could be unsafe for constructors to do their jobs when it rains since there is a high risk of slip and fall. Moreover, the construction work could take longer to finish because of the inconvenience of visibility and ability of equipment. Most importantly, construction jobs such as excavating, roofing and concrete would be best done without rain. Therefore, raining season is not the best time to initiate construction projects and leads to lower volume of foundation building supplies. This is considered as a threat for the company because the firm cannot control it and it becomes pressure for the firm to generate income from other products such as construction equipment and tools.

- **Covid-19 Pandemic**

Due to the economic breakdown from COVID-19 pandemic, the significant change is the number of sales which has dropped a lot. The firm predicted that may be caused by the lower or paused investment. Most industries and firms need to be prepared for anything because there could be emergency

regulations anytime during this COVID-29 situation. Therefore, there might be a supply chain disruption as well as other unexpected incidents. Also there could be a regulation restricting logistics not allowing people to cross between provinces and that could increase trade barriers and cause firm difficulties in terms of sales and logistic management.

Industry Analysis

In this paper, Porter's five forces will be applied to determine the environment of the industry in terms of competitiveness and attractiveness from the existing company's aspect. The model is often used as an indicator whether the firm should or should not enter the industry, but in this case, Saoake is already competing in the market. Then the firm can use the Porter model to define their position in the market and create an optimal strategy to compete in the market. The five forces that will be discussed are the bargaining power of buyers, the bargaining power of suppliers, the threat of new entrants and the threat of substitutes. Each component will be analysed, if the forces are strong implies that the industry has tense competition among rivals. On the other hand if the forces are weak implies that the industry has low level of competition among companies in the market.

1. Threat of new entrants

Mainly the most important factor for the new entrant to consider entering the market is the profitability potential which could be indicated in many components. If the market shows high profit potential, there is a high chance the new entrants will enter and become a threat to the existing firms. In this case among construction supplies retailers, I believe the market has a low threat of new entry for these reasons. Economy of scale is required to gain high profitability, therefore entering the market would require high capital investment to buy in big bulk to get low cost of goods sold. Products are substitutable and clients would switch to purchase at lower prices. Also there are many modern trade already entering the area which are the well known brands, it would be challenging for new entrants to compete among modern trade stores and other stores who opened for a long time.

2. Bargaining power of suppliers

In Porter's model, power of suppliers implies that suppliers can gain more benefits from buyers by increasing prices or lowering quality. Overall I would say that bargaining power of suppliers is low because as a retailer, each shop is distributing many products and brands. For example, Saoake sells indoor and outdoor paints from 5 different brands, so Saoake will purchase high volume from the suppliers that offer the best deal. This approach also would be the same to other retailers in the industry. Weak suppliers make the industry to be less competitive and increase profitability potential to buyers which is the distributor stores in this case. This factor would make this industry become more attractive to the new entrants.

3. Bargaining power of buyers

Buyer power in this model refers to the ability that customers can influence the firm to provide discounted prices, improve the quality of the product or better services. For the construction retailing market, buyer power is considered strong because the stores are concentrated and customers are price sensitive. Clients would switch to purchase from the shop that offers them cheaper prices since products are substituted. Buyers, especially project buyers buy in high volume or large portions that sellers do not want to lose them to other stores. In order to keep client or make clients to purchase from us, retailer like Saoake has to attract client with various of special deals and promotions. A strong buyer power makes the industry more competitive and lower profit for sellers. This would make this industry to be less attractive to the new entrant which is good for existing firms like Saoake.

4. Threat of substitute products

There is low risk of substitute products since the industry products are the foundation material and supplies for building and construction. For example, a house cannot be built without foundation materials like metal or cement. Yet there are some products that could be substitutes such as indoor house paints which can be replaced with wallpaper installation. However, wallpaper installation is more expensive than painting the wall which also indicates low threat of substitute products. With no substitute product or more expensive alternative implies potential of profitability making the industry become more attractive to the entrants.

5. Intensity of rivalry among competitors

Since there are many firms existing in the markets who are also the distributor and retailer of construction materials, they will try to gain the most market share to earn high profit and make the industry become intense or a highly competitive market. The market has numerous existing companies and each of the leading companies employ different strategic approaches to maximize their sales. As products are undifferentiated, companies are competing with prices. Also fixed cost is high due to the size and number of products that need spacious houseware and storage cost would be high as well. Since the initial investment would be high and distributors would have to stock various products, the exit barrier is high or to exit is costly. These factors make the industry less attractive.

To summarize, the industry overall is not so attractive to new entrants mainly because of the intensity of rivalry among competition, strong bargaining power of buyers, high initial investment cost and exit cost. Most importantly, firms competing with low prices show low potential of profitability. For Porter's five forces framework,

this is a good result for existing companies like Saoake since there is a low risk for new entry threats.

Management Analysis

There is a great conversion in the past few years due to the joining of the second generation of the owners. With a different style of strategic thinking, management attitude and implementation between generations, the firm has enhanced significantly. The four main new approaches that Saoake adopted are

1) The hardware upgrade

In the past, before the second generation joined the organization, the traditional way of setting up the computer system to access the firm program and information was to use the leased line or LAN for the connection. Even there was not a high chance that the leased line will break down, but there were many issues occurred from using it. The system used is not stable and when the hardware server breaks down, there is a high risk that the information will not be backed up and disappear. The server software often updates and restarts by itself. Also the maintenance staff are from Bangkok, if something unusual happens or goes wrong, it takes a few days for the maintenance to arrive in Phitsanulok which is not convenient. Also the fixed cost for maintenance is quite high per month. The reason for the firm to convert to VPN (virtual private network) is because the internet connection is more stable nowadays making data transferring more stable. The most important reason is that if one internet connection was interrupted, the firm can switch to their backup internet package since each branch will have two internet networks in case one is disconnected. If the leased land breaks down, the firm has to improvise the selling process by completing the sale manually and keep record in papers which is ineffective. The firm will process sales and access the program and all information as usual right away without having to wait for several days. Moreover, using VPN is more cost efficient in terms of the setup cost and maintenance cost and there is a maintenance staff who is in Phitsanulok that can support nearby. Also Saoake can reduce the risk of losing their data since the information is now stored in the cloud. Furthermore, employees can access the program and company system by logging in to their account and being able to work anywhere that they can have internet access. This creates a flexibility to work, especially the sales team and management team, to have access to price lists and other information all the time. They would be able to work anywhere. The sales team can check the price for clients right away when they are outside the office, they do not have to ask clients to wait until the sales person gets back to the office. Management team can also operate from anywhere, or even if they left the office and needed to extract some information, they can do so. This was just the right time to implement the VPN since some of the employees are required to work from home due to the COVID situation. Lastly, it is more convenient for the firm to expand or increase workers, they can easily set up the computer and connect to the system by using an internet network. Unlike the traditional method that they would need to set up the LAN to the computer which is more difficult. This would allow and support the management team to

plan for their business strategy in the future since expansion wouldn't be as hard as before.

2) The Human Resource system

The second big improvement is the employment of the new HR software. Saoake monthly subscribes to the software that helps the firm with payroll and it has helped the firm in many ways. Firstly, the software will automatically calculate payroll for all employees which is more accurate than the past method. Previously, HR will record the number of workdays and work hours using excel. If anyone wants to request for leave, they would use the paper form and the HR team will manually input the information into the excel. The traditional method has a high risk of paying salary incorrectly due to human error and paper documents could be lost if not well stored. Also the manual way would take 3-4 days to only complete the payroll since it is very detailed in terms of the number of OT and leave days for each employee. The new system allows everyone to complete the leave request through the application, then the manager can also approve via the application as well. Saoake can reduce so much paper usage. What is special about this software is that Saoake can require the software firm to customize some features to match with Saoake's regulations. For example, employees who use their leave request over 3 days per month will not get paid for overtime hours. The say and hours worked are recorded with the fingerprint system. Then the software application will automatically calculate the payroll based on the requirements Saoake gave to the software company. The new payroll system not only eliminates human error but also can save a lot of workers time doing the manual work, now Saoake can utilise their employees on other critical jobs.

Moreover, the data and the record of the payroll of the company will be kept in the software and can be easily extracted for analysis unlike excel. The payroll information is an important factor to consider when planning for a business strategy since payroll is the highest fixed cost firm has. For example, the pandemic had caused firm's sales to drop significantly, and when firms seek cost reduction, they can have access to this set of information for the consideration of having to combine and analyse from excel which would be so much harder. When Saoake can acquire information quickly, it allows the firm to adapt to the situation faster as well. The attendant report can also help firms to see individual KPI for each employee. Not only to see the number of days employees attend to come to work but the system and indicate their lateness and their commitment to their work can be measured from their overtime hours. This could be another indicator of their employee behavior analysis.

3) The paperless operation working flow

The third new process that Saoake adopted is the paperless operation workflows. However, this has not been applied to all departments and all operation processes due to many reasons. Not all employees are familiar with technology, therefore the firm just started from one process in the beginning which is the procurement department. This department's paper usage is high from printing out purchasing orders and invoices to suppliers and clients.

Therefore, the management team let them try printing the purchase order and invoice in PDF form and sending it via line and email to clients and suppliers. All files must be kept and organized as informed. It would help the firm save paper and cost as well as time. Without the printing process Saoake thinks the selling process can be done faster. The use of electronic files is more competent and secure unlike documents in paper form that can be misfield, destroyed or lost. Also trying to eliminate or minimize the usage of paper makes the firm become more environmentally friendly.

4) Online Marketing and Online Shop Platform

Before the second generation joined the company, Saoake only sold their product offline. It limited ways clients to reach the firm as well as Saoake's marketing approaches. The new management team successfully initiated Saoake's facebook page and Line Official account to be another selling, communicating and promoting channel between the firm and customers. Saoake uses these channels to be their online marketing channel and can also easily update their new product, promote their campaign and promotion. The firm also utilises the facebook features by using their promoting tool to increase customers engagement. For products that can be sent via post can be purchased through Line Official account where staff will be active to provide information and assist their purchase. There is also a feature from Line application where clients can purchase from Saoake right away via Line Shop. Even though Saoake gain several benefits from expand to online channel, but they should still keep in touch with local clients or local contractors who are nor familiar with online platform by not completely eliminate traditional marketing methods such as local radio and troop that they surely can reach and connect to local people in the area.

Customer Relationship Management (CRM)

Since Khun Sayamkit has mentioned that one of the most important keys for the company's success is the strong relationship Saoake has with their customers, however Saoake does not have a competent system or structured plan for a CRM platform of their own. Mostly the firm connects with clients directly face to face and communicates through chat boxes on LINE and Facebook. From my perspective, I believe that customers are coming back to purchase at Saoake because they trust the store. Saoake serve all customers with sincere and welcome all ranges of customers. Saoake tries to make customers feel comfortable offering products from local to local. If there are any customer dissatisfaction, the problems are informed directly to the management team and they will take care of it immediately and solve any mistake or misunderstand very fast to show how much they value their customers. The problems then will be discussed further to make sure that it will not happen again. Without a system and platform, serving locally with sincere and always improving customer satisfaction is how Saoake manages to keep their customers.

Pandemic Crisis Coping

It is obvious that COVID-19 outbreak situation has impacted Thailand's economy severely, therefore the investment sector fell significantly and affected Saoake sales. However Saoake did not omit the importance of their employees and customers' health and safety.

For employees, Saoake purchased COVID-19 insurance for everyone as a welfare to show that Saoake cares for their employees. As a result, the employees know that the management team is concerned for their safety and health even though the firm itself is also facing hard times and that makes them appreciate and be more committed to their work. Saoake assigned the accounting department to collect all employees' names who did not have the COVID-19 insurance and process the purchasing for them. For the employees who already got their own insurance and do not prefer an extra one, they can bring the receipt for reimbursement not more than the amount cost for the one firm purchased for everyone.

For customers, Saoake also has concerns about comforting clients in this outbreak period. To make clients feel safe coming to Saoake, the firm follows Ministry of Public Health suggestions very strictly. The counter is separated between staff and clients with a plastic shield. All staff must wear masks and face shields at all times. Alcohol hand gel will be placed around the area to warn both staff and clients to wash their hands regularly. At the entrance, clients will have to also check their temperature before entering the shop as well as checking in with "Thai Chana " with the QR code.

The firm also came up with "Drive Thru" touchless purchasing process where the client does not have to come down from their car and contact sales staff. Clients can consult about products they need via LINE official, there are staff who will respond and give advice to clients. Once clients place orders then staff will have to check availability in the inventory system. Then the staff issues an invoice and provides a payment method to the client. After the firm receives payment from the client, staff will make an appointment to pick up the order. In the meantime the store will prepare clients orders to minimize time spending at the store to reduce traffic in the store. Client can drive thru the direction Saoake has provided, when client arrived, the staff will load the order on client's truck or car so that client does not need to get out of the car. The firm believes that using this method will make clients feel safer and more comfortable shopping with Saoake. It is best to keep as less contact as possible to also keep Saoake staffs and everyone safe from the COVID-19 outbreak.

Even though Saoake has complied with safety instructions strictly, the unexpected case that caused harm to Saoake happened. Unfortunately, Saoake faced another challenging incident when the employees from the headquarters branch got infected with COVID-19. After the firm got the notice, the next day Saoake arranged for all employees from the headquarter branch to take the covid test. The hospital reported no extra positive results. Once Saoake knew, for transparency, the firm announced the new right away via facebook and line official account so everyone including clients are aware of what has happened and can be more careful and conscious. After the news was out, there are many worried and concerned customers, the firm also take the case one by one to explain and comfort them and also keep them updated for any further information. Saoake head quarter was closed for 2 days as Ministry of Public Health required for big cleaning. The window closed areas were sanitised with ozone sterilization. In open air areas were cleaned with alcohol spray and wipe all equipments with dettol.

This has cost Saoake so much financially from closing the store for 2 days and extra cost Saoake is responsible for employees' COVID-19 test. However, there was always good in bad, the management team tried to keep their head up high, after 2 days of closing, the high risk department was asked to stay home for 14 days for quarantine. Therefore the management team themselves had to come down to see and take care of the work and have noticed many drawbacks of the working process. If this whole COVID-19 situation did not happen, the issues might not be identified. Also the company still tries to be optimistic about what happened to the organization and think that it has happened for us to change many things in the company for the better, especially in this hard situation where everyone has to help each other. Everyone's true self was revealed. They can see who (the employees) are sincere to the company and willing to stand by the company. They think this was a good opportunity to see and eliminate bad people out of the organization.

Recommendation

After visiting the store several times and receiving an adequate amount of information from both sources of observation and interviews, I would like to propose some recommendations to the firm that I believe would be overall benefits to the firm.

Since the management team would be mostly working on the big picture of the company, the small details should not be overlooked. From the observation, there will be some time period where clients are fully packed and causing traffic at the paying counter. Some people are buying many big and small supplies which take a longer time to recheck and make a payment. That leads to longer lines or queues and clients have to wait longer until their que. For a better service, the shop can set up an express line where clients who have less than 5 items can queue up and make a payment in this express line which would be so much faster and it could save clients a lot of time. I believe it could increase client's satisfaction for clients who visit the store to buy some extra supplies and get only 3-5 small items. This would show that the firm values their clients' satisfaction because they believe that low price can also come with good quality of products and service.

Another recommendation is to improve employees' working space environment. I recognize some workers work facing the wall, and some office rooms do not create a productive environment with the lighting, spacing and seating arrangement. In my opinion, the working environment can affect workers' job satisfaction and it would also affect their productivity and their work output. Work environment plays a very important part in workers daily life, everyone spends most of their time at their working table and if it would influence their emotions, engagement and performance, the firm should not be overlooked at those details. The space could be arranged in a better layout, to ensure that everyone has enough space that they feel comfortable. Another important element that would motivate and help give positive energy to workers is plants. There is a scientific study that confirmed that greenery in the office could really reduce stress and increase workers' productivity which would consequently benefit the organization.

To avoid stocking up the out of trend tiles and cause firms a higher inventory cost. There are several ideas that could help the firm resolve this problem. Firstly, firms should study the trend of tiles and order only the types of tiles that the firm can ensure to sell out frequently. They could be basic color, size and pattern. For a specific request, a firm can make a client pre-order and customize for them. However, this requires very

professional inventory management skills to calculate the pre-order point for the basic tiles and also to come up with an exceptional process for the customized tiles. The solution for the existing out of date tiles, Saoake can repeat their extreme tile discount fair like what they have done several times, it was a successful campaign drawing attention from local people, increasing traffic in the stores and increasing brand and Saoake's products awareness. Another solution is that the firm can use this amount of tile for their CSR, this could be beneficial for the community, helping them reduce cost for the public construction or renovation location such as schools, temples and hospitals. This could eliminate unnecessary inventory costs for the firm.

For further suggestion, while clients are shopping, Saoake can provide some examples or illustrations of the finished rooms, ideas or designs for the customers on some of their products. Showing customers how the finished design looks in their home, which could make customers see the difference and compare between design and color to make the decision to purchase easier. This method could be applied to products such as paint color, tiles, windows and doors. The firm can seek for such a program that would easily be used by the sales team. This could be another great support for selling the products.

Another recommendation for supporting sales, for small equipment and tools such as drill, brushes for paint, grinder and measuring tape to expand the selling channel to online retail or existing online shopping platforms such as Shoppe or Lazada. Those platforms would benefit Saoake mainly for 2 reasons. First, the firm can access more customers. Moreover, these online shopping platforms often launch their own promotion campaigns which help boost sales. They would provide and offer extra coupon discounts for shoppers. This would encourage and motivate clients to shop on their platform instead of buying directly from the sellers to earn an extra discount from those online platforms. Most importantly, it is not difficult to set up and does not cost extra financial investment. The firm will benefit in terms of brand awareness as well. Those online shopping applications organize products in categories and make it easier for buyers to find what they want and find Saoake products easier. Lazada or Shopee are the most popular online shopping applications in Thailand, so the firm can consider choosing

The last suggestion is for the firm to also focus on developing their human capital. Saoake can arrange appropriate training for their employees once a year. This could also be considered as an employee's welfare as well and it is a good opportunity for employees to develop themselves, learn new knowledge and skills set. The training or program could vary among employees which firm has to see which department needs which specific skills. For example, the sales team and counter team can be trained for client service skills on how to handle different types of customers properly. For manager level, they can get trained on how to manage their team effectively, also to gain the right attitude for being a manager. The training could have several benefits. When employees are trained for what they need, they can come up with new ideas for the firm. Moreover, once they gain more knowledge and understand more about their work, employees' performance gets better because they become more confident in their work. Most importantly, this will show employees that the company values them. Employees would feel appreciated and important and they would make employees be more motivated and committed to the company. However, the firm needs to consider

the cost, potential of their employees and appropriateness before the training arrangement to avoid any issues in the future.

Conclusion

In conclusion, Saoake is considered one of the competing companies that has many strengths that makes Saoake survives and grows until current days. The firm has been building a strong relationship for a long time through generations which is one of the main keys of their success. Another important element that Saoake has is their fast adaptation or flexibility. Anywhere that needs improvement, Saoake always takes fast action. This could be a competitive advantage of the firm compared to other modern trade companies. Saoake can initiate their strategy right away to adapt to rapid changes in the market. Unlike the modern trade companies that have to wait for authorization from their headquarters in order to execute, Saoake also can manage to have low operation cost from upgrading their server system, HR software and other new procedures which help the firm to increase profitability especially during this time period where the economy is slow down. It is very important to control the firm's cost efficiently. Saoake has now become a strong team since the entrance of the second generation. I do believe that the firm will surely pass through any struggles and achieve their goals.



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