THE PJZ MARINE SERVICES MALAYSIA: STRENGTHENING BRAND IMAGE

Authors: Filzah Md Isa, Shaista Noor, Leinanie Mohd Nor

Background

Malaysian businesses are experiencing one of the most significant challenges to remain fit to compete successfully in the market after Tun Dr Mahathir’s new government ruled the country beginning on May 22, 2018. Subsequently, one of the major challenges for Malaysians is the dwindling value of the Ringgit Malaysia (RM). The lowest level of the Malaysian currency decline observed in 2018 was 1USD, equivalent to MYR 4.1325. Nevertheless, Mahathir resigned on March 9, 2020, while his deputy, Tan Sri Muhyiddin Yassin, was appointed as the eighth Prime Minister of Malaysia by the King with a team of new ministers from multiple political parties. During the appointment of the new political team, the coronavirus disease (COVID-19) pandemic began spreading and has seriously affected Malaysian and global economic growth. The new government announced the movement control order (MCO) from March 18 to 31 to cope and curb the spread of COVID-19 and extended the order for another two weeks. On August 21, UMNO vice-president Ismail Sabri Yaakob was sworn in as the ninth prime minister of Malaysia after Tan Sri Muhyiddin Yassin stepped down as the eighth prime minister, which marked the return of UMNO to power only three years after the party lost federal power for the first time since Malaysian independence. The three changes in ruling leaders have developed many uncertainties in the national economy, specifically during the pandemic.

The present ominous social and economic situation has significantly impacted the lives of every Malaysian, including businesses. The situation leads to slow business performance including PJZ MARINE, which is also severely affected as MCO limits the movement activities of its vessels. Every business in Malaysia was forced to delay or temporarily stop operations and employees were encouraged to work from home until the lockdown order was lifted. Whether the pandemic will end remains a mystery, hence PJZ MARINE must be well prepared to compete boldly for a small market share of the industry.

Customers today are prudent, specifically with the present circumstances, and will only select the best option or offer in the marketplace. Customer buying methods or norms have caused unwelcoming implications for supplying companies. Today, only the companies with unique offers can hold a proud position in the marketplace. Positioning will not be successful unless the brand has a favourable image perceived...
by the customers. Brand positioning is considered a medium where the organisation can highlight to the customers what the company wants to achieve and what it means to company. Presently, PJZ MARINE experiences weak brand positioning, which creates a serious concern for the top management.

The individual responsible for PJZ MARINE performance is Dato’ Dr Haji Baderisham bin Haji Jolly. He is a man of great character that allows open discussion of creative ideas among his subordinates as he believes that creativity can arise from any employee. Thus, he ensures employees’ active participation during the board meeting and encourages them as he believes in seeking employees’ input and accepts the importance of teamwork. He is a transparent and trustworthy leader who respects others’ opinions. His entrepreneurial traits and reliable personality are further enhanced with his partner’s support, Dato’ Haji Adi Munawar bin Hj Md Din. Together, they persevere and strive for better business opportunities. Dato’ Dr Haji Baderisham plays various roles in PJZ MARINE, such as being an active shareholder, Deputy President and Director, whereas Dato’ Haji Adi Munawar bin Hj Md Din is one of the Board of Directors. Therefore, the several different roles highlight Dr Baderisham’s deep involvement in managing and supervising the daily operations by formulating strategies to improve the business performance with Dato’ Haji Adi Munawar’s continuous support. Recently, numerous factors impede the business growth, such as environmental factors: politics, economic, and social, organisational factors: management, financial, and marketing capability, individual factors: leadership style and entrepreneurial traits, and other related factors. More focus and effort are needed to strengthen the company brand image, which may affect PJZ MARINE performance.

A new management team was formed to position the company on the right business track to gain more success while competing with strong rivals in the industry, such as TS Maritime, SSR Marine Services, and Best Marine. These companies own several vessels under one category from investments with one vessel costing over RM14 million. Nonetheless, PJZ MARINE owns two vessels below 23 knots, while other companies own 23 knots.

The PJZ Marine Services

The PJZ MARINE Services Sdn. Bhd (PJZ MARINE) is a 100% Malaysian-Bumiputera (a Malaysian of indigenous Malay origin) based private limited company established on January 20, 2004 by Dato’ Dr Haji Baderisham and his partner, Dato’ Haji Adi Munawar bin Hj Md Din. The PJZ MARINE is a small-medium sized corporation operating with limited resources available at hand, specifically financial resources. The company was formed in line with the Malaysian government aspiration to encourage greater participation among Bumiputera professionals in the private sector, specifically in the oil and gas industries. The objective was fueled further by the national economic great development, particularly in the oil and gas industry. The PJZ MARINE specialises in numerous ancillary services, including cargo handling, cargo clearance, logistics management, freight broker, storage, and warehouses.
The company has increased by 60% of paid-up capital and the paid-up capital growth is to compete with other players in the current oil and gas industry environment.

The PJZ MARINE is headquartered in Ampang, Selangor, Malaysia with operations in East Malaysia, Labuan and Bintulu, Sabah. The services comprise vessels specifically designed for transporting personnel and supplies effectively and safely to offshore platforms. Given its specialisation in offshore marine support vessels, PJZ MARINE provides integrated services solutions for foremost fixed and floating offshore operations. The company owns a Petroleum Nasional Berhad or National Petroleum Limited (PETRONAS) license and operates at high industry standards. The PJZ MARINE holds access to an extensive route network, linking key ports and offering crew vessel services across Malaysian water. The vessel is a significant capital investment which brings an optimal yield and is a maximum revenue at a minimal cost. Its business income is solely derived from crew vessel rental. Additionally, the current Daily Charter Rate (DCR) market is between RM11,000.00 to RM15,000.00 based on the charterer offered service. The PJZ MARINE owns and operates two modern vessels known as Putra Andika 1 and Putra Andika 2 and currently serves the oil and gas customers in Labuan and Bintulu, East Malaysia. Unfortunately, the business is significantly impacted by the lockdown and pandemic throughout the nation.

The offshore support vessels (OSVs) offer integrated services solutions for operations while main fixed and floating offshore is utilised for higher efficiency and optimum performance. PJZ MARINE latest accommodation is Crew Vessel Marina Star 35110 built in 2009 by Guangzhou Panyu Lingshan Shipyard, Ltd China. The accommodation crew vessel comprises a 4 x 1 men cabin for four men, 4 x 2 men cabin for six men, 35x four men cabin for 140 men and a total of 150 men. The vessel includes a hospital for two men, chiller 25M³, 25M³ freezer, gym, prayer room, smoking room, isolation room, and client store and client workshop container 12 x 20. The vessels were designed following the rules and requirements of Bureau Veritas American Bureau of Shipping and have complied with all the statutory regulations and requirements by the international maritime organisation. The current company workforce includes 25 employees (Board of Directors, Chief Operating Officers, General Manager, Business Development Manager, Operations Manager, and Accountant). Hence, the vision is formulated to increase customer satisfaction and mainly to cater to customers effectively and efficiently with its vision stated as “Provide Efficient, Committed and
Dedicated Services to delight the customer”, and its mission “To be leading in the region in crew vessel services”.

Nevertheless, the challenging goal has yet to be achieved. Born and bred in Kota Bharu, he is now blessed with three sons throughout his marriage. In person, he is known for a skill-oriented person, an innovative and friendly to everyone he just met. These characters of him are inspired by a Chinese who owns a successful wardrobe company in his hometown, and it is a jump start to his business idea in this industry. The notion of, “life begins at forty” is seemingly perfect for him as his position today is in every man’s dream. After all the challenges he had to go through, he able to achieve financial freedom with full of pride. His strong-willed in business is very reflective to his way of thinking. He is a man of word. Whenever an idea comes into his mind, he will start rattling his mind to transform it into a product. Though, his education background stopped him to jump higher as others, he proved to himself to outgrow in this business even beyond his limits.

i. Marine Transport Services

During the last decade, the shipping industry experienced major changes in the form of continuous growth in ship size and ports due to increased globalisation effect, trade, and economic development. Hence, transport is considered a crucial element for economic progress due to the connection between the gross domestic product and world trade. Marine transport covers approximately 90% of worldwide transport globally and is considered critical for economic development and worldwide trade. Consequently, transport demand will inevitably continue to increase. Crew vessels hold three segments of the daily charter rate that depend on that particular vessel speed and passenger seat capacity. The faster the crew vessel, the higher the daily charter rate but the operators have to ignore the higher rate in some instances as long as the contract is served. Company is willing to reduce the Daily Charter Rate (DCR) as long as the allocation for loan repayment is not reduced and the overheads are fixed monthly and the sacrifice is on profit margins.

ii. Crew Vessel Services

A Crew Vessel is a speed crew or supply vessel designed to provide safe crew transfers while providing a time-sensitive supply service to offshore oil and gas
industries globally. Crew vessel is an alternative to regular helicopter service offshore with a function similar to a water taxi transporting personnel and supplies effectively and safely to offshore platforms. The vessels are technologically advanced with services similar to any commercial airline business class. The passengers’ comfort and safety are the main essential features of the vessel, albeit the competitive rate offered by PJZ MARINE. Crew vessels are indispensable vessels that serve various vital functions, such as high speed, heavy weather, crew changes for offshore drilling installations, emergency supplies, and special deck cargo. A growing requirement for offshore vessels is to stably, swiftly, and safely traverse the extended distance from port to offshore rigs in the rough sea while maintaining low operational costs.

The PJZ Marine Work Culture And Practices

The PJZ MARINE Sdn Bhd (PJZ MARINE) believes in the concept of openness, improvement, prudence, and a family-oriented environment. Trust plays a remarkable role in attaining optimal success, adaptability, and innovativeness in the organisation, which develops a creative and motivating environment where employees can improve their skills. The roles lead to the teamwork working culture concept, which is strongly upheld in PJZ MARINE as every employee is free to propose new ideas and facilitate the implementation of the ideas. Through a culture of openness, Dato’ Dr Baderisham and his partner believe that they can maximise the people’s creativity and value. Essentially, as Muslims, they attempted to firmly adhere to Islamic values in managing their employees. They always treat employees as the company biggest asset and intend to grow together with the employees to a greater height. Hence, the situation enables PJZ MARINE to enhance and improve on what they possess and differentiate the company from its competitors to stay ahead of the competition.

The PJZ MARINE prefers to take the prudent route concerning finances, thus only planning and investing in areas that could bring high or better returns. The meticulous strategy aids in preparing for unexpected situations at all times by taking lesser risks. Moreover, leadership plays a significant role in business expansion. Specifically, leadership style is the way and approach to directing, implementing plans, and motivating people to share the same business philosophy and internal drive. Therefore, PJZ MARINE, Dato’ Dr Baderisham and his partner believe in applying the Team Leadership style, which involves top management of PJZ
MARINE including one or more workers in the decision-making process that defines what needs to be done and how to do it. Nonetheless, the highest leader retains the power to make the final decision. Using the style is not a sign of weakness but more of a strength that the employees will be honoured.

At PJZ MARINE the business tagline is "Better Safe than Sorry! Think and Work Safely, At All Times," that reflects the importance of working effectively and efficiently to satisfy customer needs. Hence, PJZ MARINE believes in taking precautionary measures before a wrong incident happens. Thus, promoting a safe work environment and preventing workplace injury are top priorities for all employees. The measure expresses PJZ MARINE value through a unique combination of business practices. Aligned with its business values, PJZ Marines applies two main business focuses: a) Specialising in providing the advanced technology of fast crew vessel services to remain ahead of the competitors, and b) developing other opportunities on products and services in the oil and gas industry.

The existing small team enables focusing on tasks, everyone knows each other, and prevents employees from slacking or hiding. Well-trained operators support the management team at PJZ MARINE with 30 years of experience personnel to manage various related operations in the oil and gas industries. The groups of professionals have been employed to improve the capability to service the construction industry. Dato' Dr Baderisham and his partner view that the employee's loyalty can bring the business success. Therefore, leadership, motivation, job security, commitment, teamwork, and bonding are stepping stones to gain employees' loyalty and business success.

**Business Challenge**

The aforementioned period between 2018 to 2020 has marked a major transition for most Malaysian business organisations. The country politics, social, and economic landscape underwent a significant restructuring under the new government ruling and the effect of the pandemic. The environmental impacts also influenced the present performance of PJZ MARINE, resulting in lesser revenue and vessels impairment loss during the financial year from 2017 to 2018. Subsequently, a reduction in profit of 50% was recorded from the previous year. The company performance track record noted a 60% increase in its paid-up
capital recently where the growth is to compete with the current oil and gas industries environment. Nevertheless, the net worth and shareholders fund was decreased to RM25,847,134 in 2017 compared to RM31,263,334.00 in 2016. In 2018, the figure reduced by a further 25% and the gross profit was recorded as RM16,908,688 and the figure declined further within another two years.

In an annual board meeting on March 3, 2020, the CEO and management team have identified and seriously discussed the three primary issues and challenges of PJZ MARINE: explicitly changing customer needs, weak service brand positioning, and weak relationship marketing with the existing clients which resulted in low loyalty to the company. The issues have been lingering and gradually affecting the company overall performance. Dato’ Dr Baderisham is highly concerned about brand positioning as it will allow PJZ MARINE to connect directly with customers. He and the management team have to place more effort into establishing PJZ MARINE in a significant role in the industry to facilitate Malaysia to become a powerful trading nation. The importance of marine trade is highlighted given that an estimated 95% of the national trades are operated via ocean-going vessels. Hence, the marine industry remains a backbone for Malaysian trade growth.

The PJZ MARINE must establish new business targets for 2020 onwards to further develop in the market, including achieving 8 million sales annually, increasing the number of four fast crew vessels in 2021 to cater to the bigger market, and increasing market adoption of crew vessels services to 20% in 2021. The company hopes that the COVID-19 situation and the new government ruling will not affect PJZ MARINE performance. Will Dr Baderisham achieve the targets? To this date, he is still unsure due to the current industry situation. Most importantly, He has to solve PJZ MARINE weak brand image and brand positioning if he wishes to succeed in the future. Therefore, he constantly asks himself what he needs to begin with first.
### EXHIBIT 1: PUTRA ANDIKA I

![Image of a ship](exhibit1_image)

Source: Company documents.

### EXHIBIT 2: PJZ TEARSHEET

<table>
<thead>
<tr>
<th>PJZ Marine –Key Financial Highlights</th>
<th>Fiscal Period</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenue</td>
<td></td>
<td>104,292,581 MYR</td>
<td>123,193,973 MYR</td>
<td>65,330,478 MYR</td>
<td>120,863,962 MYR</td>
</tr>
<tr>
<td>Net sales revenue</td>
<td></td>
<td>104,292,581 MYR</td>
<td>123,193,973 MYR</td>
<td>65,330,478 MYR</td>
<td>120,863,962 MYR</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>11,158,583 MYR</td>
<td>12,436,849 MYR</td>
<td>18,928,014 MYR</td>
<td>16,908,688 MYR</td>
</tr>
<tr>
<td>Gross Profit Margin</td>
<td></td>
<td>0.11 MYR</td>
<td>0.10 MYR</td>
<td>0.29 MYR</td>
<td>0.14 MYR</td>
</tr>
<tr>
<td>Operating profit (EBIT)</td>
<td></td>
<td>3,841,404 MYR</td>
<td>4,024,622 MYR</td>
<td>7,900,917 MYR</td>
<td>7,962,536 MYR</td>
</tr>
<tr>
<td>Operating Profit (EBIT) Margin</td>
<td></td>
<td>0.07 RM</td>
<td>0.03 MYR</td>
<td>0.12 MYR</td>
<td>0.02 MYR</td>
</tr>
<tr>
<td>EBITDA</td>
<td></td>
<td>3,841,404 RM</td>
<td>4,024,622 MYR</td>
<td>7,900,917 MYR</td>
<td>7,962,536 MYR</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td></td>
<td>0.04 RM</td>
<td>0.03 MYR</td>
<td>0.12 MYR</td>
<td>0.07 MYR</td>
</tr>
<tr>
<td>Net Profit (Loss) for the Period</td>
<td></td>
<td>679,371 RM</td>
<td>311,737 MYR</td>
<td>1,636,434 MYR</td>
<td>1,711,174 MYR</td>
</tr>
<tr>
<td>Return on Sales (ROS)</td>
<td></td>
<td>0.04 RM</td>
<td>0.03 MYR</td>
<td>0.12 MYR</td>
<td>0.07 MYR</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>146,109,983 RM</td>
<td>178,662,218 MYR</td>
<td>256,873,072 MYR</td>
<td>338,350,523 MYR</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td>91,428,715 RM</td>
<td>140,317,530 MYR</td>
<td>202,547,141 MYR</td>
<td>282,515,411 MYR</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>130,066,669 RM</td>
<td>157,307,167 MYR</td>
<td>232,881,402 MYR</td>
<td>311,937,679 MYR</td>
</tr>
</tbody>
</table>

Source: Company documents.