



Punjab Cash & Carry: A Success Story of a Common Man

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Abstract: This case study aims to highlight the story of the chairman of Punjab Cash and Carry (PCC). Moreover, it underlines his struggles, the current challenges, financial management, and supply chain management practices. The interview was planned at the first stage and permission was taken from the concerned. Subsequently interview was conducted with the chairman of PCC and the relevant strategic leaders. After the interview, the details provided by the relevant authorities are presented in the form of a case study.

Keywords: Challenges, Financial Management, and Supply Chain Management

1. Introduction

This is the story of a common man Chaudhary Muhammad Tahir, chairman of Punjab Cash & Carry (PCC), how in 1994 he started by selling rice standing on the roadside in Islamabad. Of his vision to create a retail brand that catered to the demands of the customers under one roof. Of how PCC started and has been growing ever since even though they face challenges every day. Of the resilience and sustainability of PCC.

The success story of PCC began in 1994 in Shakargarh, a border district in Pakistan when Chaudhary Muhammad Tahir relocated to Islamabad and started selling rice on the roadside by showing the quality of rice in his hands to customers and persuading them to purchase the rice. Once a kg was bought by the customer, the quality and price both of which were better than the market, compelled them to buy the rice again. The success led to the opening of a store called Punjab Rice Store (PRS) in G9 Markaz (Karachi Company). PRS gained its clients' trust and esteem rapidly thanks to its reliable service and high-quality products. It became the most successful shop in Islamabad in terms of daily sales. Due to the store's success and the shifting dynamics of modern times PRS grew to become PCC in subsequent years. PCC has become a reputable name in the retail industry because of the vision and guidance of its Chairman Chaudhary Muhammad Tahir. The company has grown into a dominant player in the industry thanks to his dedication, creativity, market acumen, and focus on satisfying consumers' evolving needs.

PCC has made its presence felt in the Twin Cities (Islamabad & Rawalpindi), Lahore, and Taxila with multiple stores, which offer an extensive range of groceries, crockery, Fruits and vegetables, meat, toys, and cosmetics. PCC ever conscious of the customer's demand and taste tries its best to offer products to cater to the local population. Thanks to its commitment to providing excellent service and high-quality goods, PCC has expanded over the years to become a major regional retailer.

The guiding lights for PCC management and employees are:

ہمارا ویژن

ہر کسی کی آسانی کے
ساتھ معیاری اشیاء تک رسائی

ہمارا عزم

تجارت کو پیغمبرانہ پیشہ
سمجھتے ہوئے معیاری ضروریات زندگی
کی ایک چھت تلے ارزاں قیمت پر فراہمی

ہماری اقتدار

ایمانداری، وعدے کی پاسداری تعظیم و احترام، نظم و ضبط

These guiding lights are the reason behind the success that PCC has achieved.

Some of the challenges faced by PCC include:

- PCC faces a challenging situation because of government red tape,
- PCC is providing business to banks and the government through debit and credit card swapping without accruing any benefits instead it has to bear an expense for each transaction,
- Pricing of products needs to be set keeping in mind not only the direct competitors but also the DC rates, and
- Due to economic instability in Pakistan various import restrictions are imposed that affect PCC to a certain extent in fulfilling customer demands.

2. Literature Review

Changing worldwide retail and urbanization patterns have caused a fast transformation of the retail scene in past decades. Grocery shopping has evolved into a major daily habit including frequent repeated visits in the retail sector. Consequently, most of the grocery retail industry has evolved from conventional grocery stores to the modern supermarket idea that provides a range of goods and services to meet the changing demand (Vithanage et al., 2023). Since the early 1990s, emerging nations have been undergoing a "supermarket revolution". Now reaching the mainstream market, supermarkets—here referring to all modern retail, including chain stores of many kinds including supermarkets, hypermarkets, and convenience and neighbourhood stores—have gone much beyond the initial upper- and middle-class customers in many nations (Reardon, 2003). Moreover, the supermarket transformation has advanced far and will keep accelerating for years ahead in underdeveloped nations. Governments should create rules and fund projects that equip stores and farmers to overcome difficulties and satisfy the criteria of the updated food markets whose growth results from the revolution in supermarkets.

A good in-store customer purchasing experience offers an edge over competitors that improves the value a consumer gains from visiting a supermarket. Apart from the usual products, most supermarkets provide their clients (Terblanche, 2018). Lo et al. (2001) highlighted in their study that during the previous 18 years, supermarkets' difficulties evolved in their character. Most of the issues in the 1980s stemmed from technology transfer and the backing of other sectors of industry. The key concerns of the 1990s were management and competition-related ones. On the other hand, from the perspective of supermarket sustainability, supermarkets and customers are among the last echelons of the food chain. According to Beretta et al. (2017), food waste (FW) at the end of the food chain can be accountable for almost 60% of climate impacts. The FW in supermarkets occurs when perishable products are not entirely sold before the end of the product's shelf life, or when products that are approaching their expiry date are avoided by consumers, particularly if they cannot consume them before the actual day of expiration (Gustavo et al., 2021). Accountability concerning sustainability in financial management in businesses including supermarkets has evolved, and ESG (environment, social, and governance) factors are integrated into the economic decision-making process to create long-term value for the stakeholders (Eccles & Klimenko, 2019; Eccles, et al., 2014). Sustainable financial management could be achieved through responsible investment, green financing, and sustainable budgeting.

Responsible investment by supermarkets involves the environmental, social, and governance factors in the investment decisions to manage risk, long-term returns, and sustainable growth (Friede, et al., 2015). Effective financial management is critical for the success of any business which is aiming to be a going concern. Sustainability cannot be achieved in this era without being responsible for the society and the environment. Despite the challenges, the benefits a business could reap by adopting sustainable practices like better reputation, value-added risk management, and improved financial performance make it a meaningful endeavour for businesses (Mansoor & Marimuthu, 2021).

3. Financial Management

Financial management plays a crucial part in the success of PCC which has made them capable of weathering economic instability, enabling them to remain resilient and sustainable for the long term. PCC follows conventional financial practices where they maintain a zero level of debt to avoid financial constraints and to keep their business free of interest. This practice not only reduces the risk associated with debt but also improves their proceeds. PCC prioritizes reinvesting the profits back into the business to fuel the sustainable growth of the business. Relying on the funds the business has, expansion, betterment of infrastructure, capital expenditure, and R&D is planned. PCC holds off on their plans for reinvestment if they are running short of funds. Due to this reason, the business took its time to diversify from a wholesaler to a retailer since its inception in 1994. This financial management regime has not been a barrier for PCC but has proven to be a success. Presently PCC has 27 branches and it on course to open its 30th branch by the end of 2024 to mark its 30 years in business. They have diversified under the umbrella of Kataria Group into various other business areas all dealing with consumer goods. PCC currently has an ROI of between 1 to 3, which is phenomenal for any business.

4. Supply Chain Management

In the beginning as a rice trader, the purchasing was directly from the producers which was then transported to the outlet in Islamabad, a somewhat simple affair.

After the success of rice trading an idea germinated with the main aim being, to make available all of the products that a customer wanted under one roof at prices that were attractive to the customer.

The opening of the first PCC store introduced the challenge of dealing with multiple suppliers, understanding their culture of trading, and creating long-term relationships. The challenge was to convince the suppliers to discount their products and make ample quantities available so that the customer was attracted to PCC due to the lower prices and availability of products rather than the local market competitors. Availability of products on the shelves required that there was ample storage area because all the suppliers delivered their products to the store. This also required that a robust inventory system be implemented from the start which was necessary to achieve the aim. All of this was a learning process that has been and is helping PCC to grow.

As new stores are added the purchasing process shifted to a procurement process where the supplier's agent finalized the pricing and quantities to be made available with the PCC procurement department rather than each store. Each store does place its order still but it is based on the procurement agreement agreed by the procurement department.

The growth has also necessitated that strategically located warehouses be set up to facilitate in inventory management, increase storage capacity, and improve efficiency. This has been accomplished by opening TWO strategically located warehouses with a THIRD facility in the planning stages. Currently, the delivery and storage of inventory is on a 60/40 ratio, that is 60% of inventory is delivered and stored at the stores and 40% is delivered and stored at the warehouses. The aim of having the third warehouse facility, as mentioned above, is to hopefully reduce this ratio to 100% delivery and storage at the warehouses. This should further help in inventory management, achieving better efficiency and distribution, reduced damage and theft, and better fulfilling customer needs.

This has not been an easy task for the PCC management. They have had to deal with different bottleneck issues either from suppliers, transportation, governmental red tape, and supply chain disruptions. It is evident that PCC has achieved success by following the stated Vision and Mission under the leadership of Chaudhary Muhammad Tahir. PCC has attained sustainable development by adopting optimal practices of management: financial, cost, human resource, and supply chain leading to profitability. They are in the process of centralizing their warehouses to reduce the cost, improve efficiency, and attain transparency in the inventory management system. These steps will help them in vigilant financial and cost management by negotiating better terms with the suppliers and optimizing the supply chain processes that contribute toward better profitability.

It is evident that even though PCC has and is facing various challenges it has shown to be a resilient organization that is on a path of growth. May they be successful in all their future endeavors.

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