

# JHR VENTURES: A CASE STUDY OF FINANCE IN EVENT MANAGEMENT

By

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Case Study Submitted in Partial Fulfilment of the  
Requirements for the Degree of Master of Business  
Administration at the Malaysian Graduate School of  
Entrepreneurship And Business, University Malaysia  
Kelantan


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**PART I**  
**CASE DESCRIPTION**

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**PART II**  
**CASE ANALYSIS**

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## DEDICATION

I dedicate my case study dissertation to my family that is my wife Mrs. Hasneeza binti Harith and all my children's Hanis Aliah binti Hasnan, Muhammad Adam Haris bin Hasnan and Haziqah Humairah binti Hasnan for being there for me throughout the entire my master program and also encourage, support and patience with me. A special feeling of gratitude to my loving parents and my parent in law, Hj. Harun bin Abdul Rauf and Hajjah Ghoznah binti Awang, Major (R) Hj.Harith bin Hj.Ismail and Hajjah Ramlah binti Hj. Shariff whose words of encouragement and undivided support and pray for me to pursue my study.

I also dedicate this dissertation to my friends who have supported me throughout my study. I will always appreciate all they have done for helping me writing this case study a reality.



## EXECUTIVE SUMMARY

This case study is regarding new established company that is JHR Ventures which operated as an event management company. As a new player in event management industry, JHR Ventures have to choose which segment of event management industry they should involve base on their capacity and capability for the time being. Apart of which segment to involve, JHR Ventures other concern is about how to fund their events they get so it would running smoothly without fail. This case study is an exploratory multiple methods for event management to choose and select the best way to fund their events and how to come out with the best events to propose to relevant authority. The purpose of this case study is to suggest the best way for a new company in event management industry to stay relevant and always come out with new ideas. Also this case study suggests which agencies or financial institutions to refer in term of financial aid.

A calculation was made to show which financial mode more attractive and flexible for event managers to choose. The conclusion made was that the new company in event management industry should come out new idea instead waiting the opportunity comes in. The author hope with this case study will gives some insight and reference for those wish to become an event manager to gets a basic idea on how to stay relevant in this fierce competition in the industry.

## ACKNOWLEDGEMENT

This case study is made possible through the help and support from everyone that I can't mention them with this limited space but they know who they are. Please do let me dedicate my acknowledgment of gratitude toward the following significant advisors and contributors:

First and foremost, I would like to thank to Allah Al Mighty that gives me strength and health to finish my study without any problems.

Second, I would like to thank supervisor Professor Madya Dr. Noraaini binti Mustapha who gives invaluable advices and guidance to me to write the case study.

Also not forgotten Professor Sazali b. Abd Wahab (Dean of MGSEB) and Professor Dr. Zulkarnain b. Mohamad Sori (Deputy Dean of MGSEB) who always there for me to consults when I need help from them to complete my case study.

Finally, I sincerely thank to my employer MAJLIS AMANAH RAKYAT (MARA) who provide this program for me to further my study. Also to all my MARA MBA friends in UMK who struggle and support each other's during our study.

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## **DECLARATION**

I hereby declare that the case study is based on my original work except for quotations and citations that have been duly acknowledged. I also declare it has not been previously or concurrently submitted for any other degree at UMK or other institution.

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**HASNAN BIN HARUN**

Date: 11 October 2014

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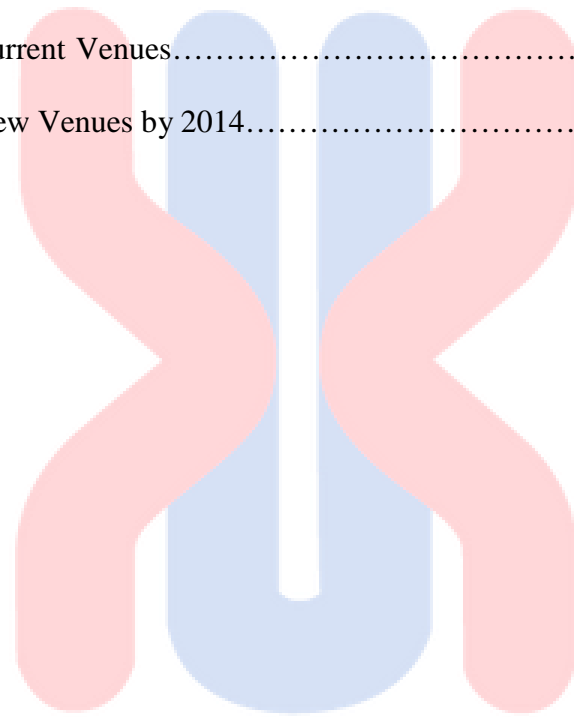
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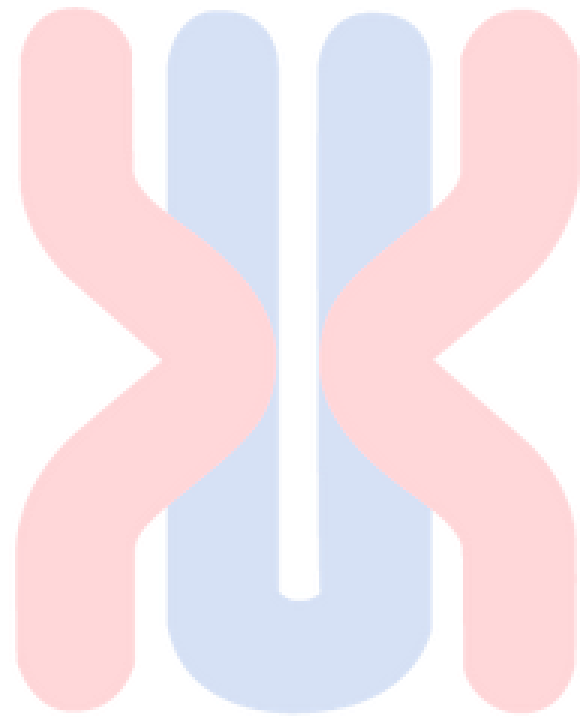
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## LIST OF ABBREVIATIONS OR GLOSSARY

The following table describes the significance of various abbreviations and acronyms used throughout the thesis. The page on which each one is defined or first used is also given. Nonstandard acronyms that are used in some places to abbreviate the names of certain white matter structures are not in this list.

Abbreviation	Meaning	Page
BPU	Bahagian Pembangunan Usahawan	1
MTC	MARA Technical College	1
IPMa	Institut Pendidikan MARA	2
MARA	Majlis Amanah Rakyat	2
MICE	Meeting. Incentives Convention Exhibition	5
IAPCO	International Association of Professional Congress Organizer	5
MyCEB	Malaysian Conventional & Exhibition Bureau	19
MACEOS	Malaysian Association of Convention Exhibition Organizer Supplier	6
Halfest	Halal Festival	8
ICCA	International Congress and Convention Association	21
VMY	Visit Malaysia Year	22
MIHAS	Malaysia International Halal Showcase	38
MITI	Malaysian International Trade and Industries	53
KKLW	Kementerian Luar Bandar dan Wilayah	54
KLCC	Kuala Lumpur Convention Centre	54
MIECC	MINES International Exhibition & Convention Centre	54
HDC	Halal Development Corporation	54
SPiM	Skim Pembiayaan Peningkatan Perniagaan MARA	55
SPiKE	Skim Pembiayaan Kontrak Express MARA	56
BLR	Base Lending Rate	57
BFR	Base Financing Rate	57

<b>Abbreviation</b>	<b>Meaning</b>	<b>Page</b>
GLC	Government Link Corporation	62
BMMB	Bank Muamalat Malaysia Berhad	62
OPR	Overnight Policy Rate	62
Matrade	Malaysia External Trade Development Corporation	64



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## 1. **PROLOGUE**

At the lobby of MARA Headquarters there are hardly to find any activities when this place is not occupied by people for doing business. This is not because of MARA Headquarters does not have proper place for entrepreneurs to rent, but there are always events held at this place. Every month, there are different events organized by different bumiputera companies in promoting various products and services. Each of the events has their own theme to make it more attractive and interesting to visitors. Among the events are Back to School, Wedding Events, Tourism Events and many more. Some of these events are repeated events that are always held in the previous years. As a business development officer in Bahagian Pembangunan Usahawan (Entrepreneurs Development Division), Mr. Jafre is responsible to supervise events either organised by MARA or by bumiputera companies. For the last 5 years in handling multiple events, he found out that most of the events organized by certain companies did not reach MARA's Expectation. Over the years, the events that held did not show any improvement. MARA's top management was not happy with this development and instructed Entrepreneurs Development Division to look into this matter seriously.

Far to the north of Peninsular Malaysia at MARA Technical College (MTC) Alor Setar Kedah, Mr. Rizham supervises the final examination of his students. While he invigilates them, he felt that he is lacking of something that could encourage his students to do better in his class or in business. As a lecturer of entrepreneurship in MTC Alor Setar, one of his responsibilities is to expose and guide them on what entrepreneurship is all about. He does not know about his ways of teaching because there are no complaints from the students regarding his method. He knows that majority of his students had obtained good grades in his class. This feeling keeps

haunting him for quite some times, and recently he figures it out on what he is lacking of. For the last 10 years as a lecturer, he only taught them theories of entrepreneurship and almost without any practical experience. It is like to give them a body but without soul in it. He wishes to change this situation for their benefits.

During orientation week of new students at MARA Technical College Alor Setar last December 2013, Mr. Jafre was invited by the college management to give a talk regarding entrepreneurship and what kind of facilities provided by MARA. After his session, he and Mr. Rizham, as an escort lecturer had some light refreshment at VIP tables. During their discussion over refreshment, they both exchanged their experiences and what else they could do to improve bumiputras participation in business and in what way to encourage the students of MTC Alor Setar especially and all MARA Education Institutions (IPMa) in Malaysia as a whole to venture into the business.

The discussion regarding that matter was not ending there, where Mr. Jafre and Mr. Rizham met few times to find the best ways to encourage involvement of more bumiputras to venture in businesses. After a couple of months of discussion between them, Mr. Jafre suggested that they venture into an event management business. The reason was due to his vast experience in organizing many entrepreneurs' events in MARA (Majlis Amanah Rakyat). He also said that based on his experience in supervising more than 20 entrepreneurs' events in the last 5 years, many event managers did not reach MARA's expectation and wished their event to be successful and met the target markets. To conduct or participate events in entrepreneurs and education sectors, MARA had spent RM50 million in the last 5 years to develop and organize entrepreneurs programs among bumiputras and promoted its educational institutions where most of the events were conducted by event managers.

According to Mr. Jafre most events organized by MARA were conducted by the same event managers and to make the matters worse, MARA did not advertise the opportunity to organize an event in MARA to the public. These same event managers barely brought any new ideas or new ways to promote the event. They got the new project from MARA repeatedly because they always met and knew the person in charge of organizing events in MARA and asked for more. Based on these series of events, Mr. Jafre and Rizham agreed to get involve in event management business. The arrangement was materialised on April 3<sup>rd</sup>, 2014 where JHR Ventures were incorporated with its vision to revolutionize the industry.

After further discussion between both of them, they find out that financial capability is the main factor to succeed in event management industry. Regardless of the size of events, financial capability and stability will be the key factor to succeed in organizing any events. A strong financial capability will ensure the events to take off nicely and become successful or become a failure where later on will affect the image of JHR Ventures. Both of them currently consider few options on how to raise fund when organizing an event. First option is to apply for loans, either term loans or contract financing from financial institutions. However, in order to secure a loan, JHR Venture must have a secure project from an event owner. Moreover, JHR Venture finds out that most financial institutions require company's credit history where they do not have it for the time being. The second options that they can consider are to get an endorsement from government for organizing an event. However, they have to make sure when taking this option where a very special attention must be taken into consideration especially to align with current policy of the government or particular private sectors. Since they are new in the business and industry, it is very hard to secure such events.

## 2. COMPANY BACKGROUND



Image 1

### 2.1 Background

JHR Ventures was incorporated on 3<sup>rd</sup> April 2014 with registration no. 002315964-X. It is a partnership company between two MARA staff who has extensive networking in various areas and has experience in entrepreneur's development event. The initial capital of JHR Ventures is RM100,000.00 where the ratio is 60:40 between Mr. Jafre and Mr. Rizham. By combining all the experiences, networking and knowledge in the same area, they agreed to set up an event management company. Based on his experience, Mr. Jafre believes that event management industry needs positive networking. The event management business is about how you get your jobs done through people by using various networking. Both partners see a lot of potential opportunities in this industry. This is because of many events to be organized in Malaysia by various government departments and private sectors. Some of these events are routine events that are organized every year.

## **2.2 Services**

There are several types of events in event management industry that are different from one event to another. The term M.I.C.E. (Meeting, Incentive, Convention, Exhibition) is commonly used in the industry and in a way to represent the different types of event. Even though they are used in the same industry, the needs and requirement of each event is different from one to another. According to International Association of Professional Congress Organizers (IAPCO), events can be categorized as below:

### **2.2.1 Meeting**

Meeting can be defined as the coming together of a number of people in one place, to confer or carry out a particular activity. The frequency of the meeting can be on an ad hoc basis or according to a set pattern, as for instance annual general meetings, committee meeting etc.

### **2.2.2 Incentive**

Meeting event as part of a programme which is offered to its participants to reward a previous performance.

### **2.2.3 Conference**

Participatory meeting designed for discussion, fact-finding, problem solving and consultation. As compared with a congress, a conference is normally smaller in scale and more select in character - features which tend to facilitate the exchange of information. The term "conference" carries no special connotation as to frequency. Though not inherently

limited in time, conferences are usually of limited duration with specific objectives.

#### 2.2.4 Exhibition

An event is where products and services are displayed.

Both partners agree that they must strategize their business properly and start with small events within their capability for the time being. From all the MICE activities above, they agree to choose the suitable activities that fit their capability right now and that would be an Exhibition. To strengthen their justification, they have found out that there are 128 exhibitions<sup>1</sup> have been organized in Malaysia this year. Based on his experience, Mr. Jafre assumes that MARA spends millions of money to organize and promote entrepreneurs and educational sector every year. MARA has spent more than RM50 million in the last three years to organize exhibitions and promote its entrepreneurship programs and educational sectors. They will use this opportunity to develop their skills, experience and reputation as an event management company in MARA especially. They will use technology in this business rather than the traditional ways. MARA will be not the only government agency that they will approach. Organising MARA's events or programs are only their stepping stone or as a platform to strengthen their resume before JHR Ventures goes into the big league.

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<sup>1</sup> Data collected from MyCEB (Malaysia Convention & Exhibition Bureau) [www.myceb.com.my](http://www.myceb.com.my), MACEOS (Malaysian Association of Convention & Exhibition Organisers and Suppliers) [www.maceos.com.my](http://www.maceos.com.my) and MICEMALAYSIA [www.micemalaysia.com](http://www.micemalaysia.com)

## 2.3 Partners Background

### 2.3.1 Mr. Jafre b. Mohd Ariffin



Image 2

Before we go further about this company, we better get to know both partners of JHR Ventures. Mr. Jafre b. Mohd Ariffin graduated from MARA Technology University (UiTM) in December 1988. He joined MARA in Mac 1989 as an Account Officer in Finance Department. He served in Finance Department for ten years and worked in many different units where he gained very valuable experience. He had been assigned as Head of Students Loan Unit, Staff Facilities Unit and Business Finance Unit. During that time, he became a resourceful officer where many of his colleagues turned to him for a valuable advice regarding daily works. Some current senior accountants in MARA are his tutelage when they are on their early years in MARA. Moreover, in the early 1999, Mr. Jafre was reassign at MARA Office in London. His main duty was as a Finance Officer dealing with payment of tuition fees to universities and cost of living allowances of students who are under MARA sponsorship there. During his tenure at London from 1999 to

2003, he developed a solid relationship with other Malaysian officers from various departments there. Some of them were lower or middle ranking officers at that time and right now some of them become head of department. Having relationship that he develops over the year, it is an opportunity to JHR Ventures to acquire deals of event management from them.

After returning from London, he was assigned to Infrastructure Development Division as Head of Project for State of Perlis. His job was to locate a suitable area for MARA to develop commercial premises. He also needed to identify potential businesses that MARA should venture in those particular premises. Furthermore, he took an opportunity to further his studies at Universiti Kebangsaan Malaysia (UKM) in Bachelor of Business Administration (BBA) under MARA's full sponsorship. After his graduation, he had been promoted by MARA and assigned to Entrepreneurs Development Division from 2010 until 2014. At Entrepreneurs Development Division, his task was to develop programs for new bumiputras entrepreneurs. Furthermore, he was responsible to organize multiple events that to expose bumiputras entrepreneurs into new segment of business. Among the events that he involved directly was Halal Festival (Halfest). By having vast experience for more than 25 years in MARA especially in entrepreneur's development and established business contact, he is confident to venture into new challenges in business.



### 2.3.2 Rizham b. Ibni



Image 3

Co-partner of JHR Ventures is Mr. Rizham b. Ibni who is graduated from MARA Technology University (UiTM). He joins MARA as a Lecturer of Entrepreneur in 2004. His first posting is at Malaysia Technical College, Alor Setar. He is still lecturing at MTC Alor Setar. Furthermore, Mr. Rizham teaches Entrepreneurs Modul 1 that is entrepreneur's motivation for first semester student. In this module, he lectures them on how to set up a business entity, introduction to entrepreneurship and what is entrepreneurship. Moreover, he also teaches Business Plan in Module 2 for second semester students. This module exposes students with business plan and the importance in getting business financing from financial institutions. All students in Malaysia Technical College (MTC) all over Malaysia are required to take this course. They are required to write up their own business plan under the guidance from Mr. Rizham. Later on, the students are required to register their businesses in completing the course requirement. At the end of the course, the students will present their business plan to a group of lecturers who are

appointed as panels for the presentation. Mr. Rizham feels that he needs more first-hand experience in terms of entrepreneurship and business management. After graduated in Master of Business Administration (MBA) from Universiti Malaysia Kelantan and meet Mr. Jafre, he eager to start the business after series of discussions between both of them.

#### **2.4 Area of Operation**

JHR Ventures is registered in Rawang, Selangor and its area of operation is in Klang Valley because of many major events are organized here. Among other reasons is there are many government and corporate headquarters located in Klang Valley and they are the decision makers in organizing an event in their respected organization.

#### **2.5 Competitors**

In M.I.C.E. industry, there are competitions from local and foreign companies because anyone could join without any specific speciality. According to Businesslist website ([www.businesslist.my](http://www.businesslist.my)), there are around 623 companies which involve in this industry. Sustaining the momentum of this business in the industry is another matter. When JHR Ventures choose this kind of business, it has specific plan to be different from other companies. Currently, most of event management companies do not fully utilize Information Technology (I.T.) in their business. They only use I.T. for marketing purposes in their website. JHR Ventures will fully utilize Information Technology (I.T.) from planning, organizing, marketing, client's confirmation of booth and supplier's confirmation until reporting to related event owners. The company must have competitive advantages to succeed and compete in the market.

## 2.6 Financial Overview

Before JHR Ventures start the business, financial projection must be done at the earliest possible stage. The reason for this matter is to evaluate the business ability and capability to generate income from any events the company will organize. The financial overview is very important to make sure meticulous preparation by the company will be able to identify on how much sources of fund they should acquire and what kind of expenses to be incurred in organizing an event. Projected income statement as well as profit and loss account of the company will show its ability in generating income and making profit.

### 2.6.1 Income Statement Forecast

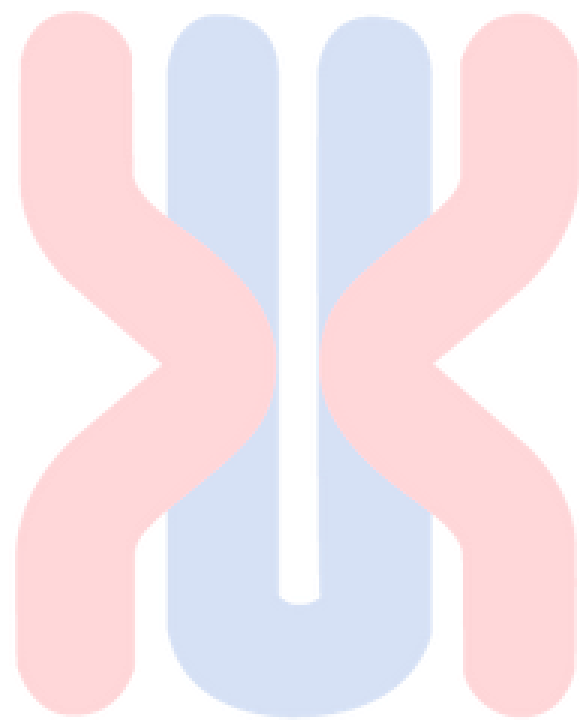
Item	Year 1 RM	Year 2 RM	Year 3 RM
Income	180,000.00	198,000.00	218,000.00
Operating Cost	126,000.00	136,000.00	152,000.00
Gross Profit	57,000.00	62,000.00	66,000.00
Net Profit	27,000.00	29,000.00	32,000.00

**Table 1**

The table above shows forecasted income of the company for the first three years of operation. Even though it shows high expenses in operational cost, it is expected because an event management company do not have their own booths, advertising personnels and so on. They need to outsource the related services to other company that specialise in that particular business. The company forecasts that it will be able to get 3 to 4 events per year for the time

being and the estimation of business increase is 10% per year. The forecast is based on the events the company acquire from certain government agencies such as MARA.





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