A Study of Success and Financial Performance of PCCW Limited

by

CHAN Kwong Nam
KO Cheuk Ming
NG Wai Kit
SO Ying Chan
TSANG Cheuk Lam

Project Proposal

Presented to

Department of Business Services & Management
Hong Kong Institute of Vocational Education (Tuen Mun)

In Partial Fulfillment of the Requirements

for

Higher Diploma in Accountancy

2008/09
**Content**

1. **Introduction**
   1.1 Background
   1.2 Aim and Objectives

2. **Methodologies**
   2.1 Methods of data collection
      2.1.1 Primary data
      2.1.2 Secondary data

3. **Anticipated problems and suggested solutions**

4. **Limitations of the project**

5. **Foreseeable contribution from the study**

6. **Time schedule**

7. **Distribution of work**

8. **A trial table of contents with chapter outlines**

   Appendix 1 - Bibliography
   Appendix 2 - Methodologies
   Appendix 3 - Anticipated Problems and Solutions
   Appendix 4 - Email to PCCW
1. Introduction

1.1 Background

Pacific Century Regional Developments Limited was an old-line telecommunication company formed by Richard Li Tzar Kai in 1993. The name was changed to "Pacific Century CyberWorks Limited" in 1999. PCCW Limited was established in 2000 which merged with the “Pacific Century CyberWorks Limited” and “Cable & Wireless HKT Limited”.

PCCW has been listed on SEHK (0008) since 18 October 1994. PCCW gained the first mover advantage as it was the first entrant in telecommunications industry. In 1997, it experienced a hard time and its shares dropped significantly because of Asian Financial Crisis.

PCCW has a presence in Europe, the Middle East, Africa, the Americas and mainland China, as well as other parts of Asia. And have already employed around 16,200 staff worldwide.

PCCW mainly provides four types of products/services including fixed-line, broadband Internet, mobile and pay-TV. PCCW not only became the leader of telecommunication enterprise in H.K. but also is the most comprehensive player in Information & Communications Technologies.

Therefore we would like to look into and find out PCCW’s successful factors
why it becomes the representative in the telecommunications industry.

1.2 Aim and Objectives

The aim of the project is to analyze PCCW Limited as to its marketing strategies and financial performance so as to evaluate the effectiveness the operation of the company and find out its successful factors.

The objectives of the project are specifically as follows:

✧ Evaluate the effectiveness of marketing strategies that PCCW is adopting by using the 7Ps approach and S.W.O.T. analysis.

✧ Evaluate the overall financial performance of the company by analyzing its financial ratios in terms of its profitability as well as liquidity.

✧ Make comparison with the major competitor in the telecommunications industry in term of their financial performance.

✧ Draw an overall conclusion and make recommendations for the company to maintain its competitiveness.

✧ Make the prediction for future development of the PCCW.

2. Methodologies

2.1 Methods of data collection

We will use following methods to collect both the primary and secondary data in analyzing the financial performance and successful elements of PCCW.
2.1.1 Primary Data – Questionnaires Survey, Interviews, Site observation

✧ **Questionnaires Survey:** 150 questionnaires will be sent out through internet (www.my3q.com), 90% of which will be expected to be collected from respondents. In addition, we will conduct face-to-face interview with 50 targeted persons by random in four different districts: Tin Shui Wai, Mong Kok, Sha Tin and Causeway Bay. People living in different districts have different background such as: income level or occupation. Therefore, data collected from different places will be more reliable which can reflect the reality and reduce the bias.

✧ **Interview with representative:** we ask for the PCCW’s representative to have a meeting with us in order to obtain the primary data which is more reliable from PCCW’s representative. We will send the email to make appointment with them. So, we can get more details to understand how PCCW can succeed in H.K.

✧ **Site observation:** we will conduct the site observation at several PCCW’s branches in Hong Kong to take some photos and interview with some staff in order to obtain some primary data in respect of its operation.

2.1.2 Secondary Data : Literature review

Secondary data\(^1\) can be collected from different sources such as: Official website, Newspapers & Magazines, Ordinary/government Policies and Reference books.

---

Refer to Appendix 2:
1 Secondary data
✧ **Official website**\(^2\): the Annual Reports\(^3\) (from 2005 to 2007) and other relevant information can be collected at official website. Information obtained from official website is more reliable than these obtained from other website.

✧ **Newspapers & Magazines**: other relevant information can also be collected from different types of Newspapers and Magazines (articles) which are available at Wise news’s website\(^4\) and The Information Services Department\(^5\).

✧ **Ordinary and government Policies**: we can refer to the government policies; company ordinary, law or other documents that PCCW will be directly or indirectly affected or telecommunication industries will be materially affected.

✧ **Reference books**: we can refer to some Accounting and Marketing books in which consist of some relevant accounting and marketing approaches or theories.

3. **Anticipated Problems and Suggested Solutions**

**Problems and Solutions of Collecting Primary Data**

First of all, the representatives of the company and interviewees may refuse to interview. The solution to this problem is that we would do an online-survey to obtain the primary data instead. Second, interviewees may not understand the questions clearly. To avoid this problem, we should design the questionnaire in

---

Refer to Appendix 2:
1. Official website,
2. Annual Report,
3. Wise news,
4. The Information Services Department
simple format that interviewee can be easy to understand. Third, for the online-survey, response rate may be lower than we expected, we will send out more questionnaires to increase the response rate.

**Problems and Solutions of Collecting Secondary Data**

Some information obtained from newspaper or magazine may be too subjective. Also, PCCW’s official website may only disclose some favorable information to the public, but conceal some information that is unfavorable. Therefore, there may be some biases in our report if we utilize this information. The solution to this problem is that information should be collected in different sources, not only in single sources and we would try to use more information obtained from external sources instead of those obtained from internal sources.

**Further Anticipated Problem & Solution:** Please refer to Appendix 3

4. **Limitations of the Project**

First of all, some confidential information may not be disclosed to the public because the company may think that is commercial secret so as to avoid the competitive risk. For example, some information concerning PCCW’s management cannot be accessed or obtained, since it is about its internal operation. As a result, some information which is relevant and useful to our report can not be available. Second, we only can do a small-scale survey because of limited human
resources and time restriction. It is possible that our analysis may contain biases.

5. **Foreseeable Contributions from the Study**

Directors, Shareholders and ordinary citizens are mainly contributed from the study, especially in their decision making.

Directors: this report comprises the customer’s perception and comments to the products/services provided by PCCW. Directors can take their comments into account in making decisions or improving the quality of the product/service. Also, they can understand deeply how effective the marketing mix is so that they can take appropriate actions or change its marketing strategies accordingly.

Shareholders: they are contributed to understand deeply the business of the company they are in, its financial performance, profitability as well as liquidity. The more information they obtain, the better decision they can make.

Ordinary citizens: They are provided some useful information about the financial performance and future development of the company. Therefore, They can be more wise to decide whether it is worthwhile to make investment.

6. **Time schedule**

<table>
<thead>
<tr>
<th>Week 1-3</th>
<th>Find related information and Submit project proposal form to PS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week 4-6</td>
<td>Find more specific information</td>
</tr>
<tr>
<td>Week 7-8</td>
<td>Information research and Literature survey</td>
</tr>
<tr>
<td>Week 9-10</td>
<td>Prepare and submit the draft proposal and create Questionnaires</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td>Week 11-12</td>
<td>Modify and submit the finalized proposal, and send the invitation letters to PCCW’s representative</td>
</tr>
<tr>
<td>Week 13-15</td>
<td>Do a survey and conduct the interview</td>
</tr>
<tr>
<td>Week 16-22</td>
<td>Dispose the data and Analyze and make up the data</td>
</tr>
<tr>
<td>Week 23-27</td>
<td>Prepare and submit the draft project report</td>
</tr>
<tr>
<td>Week 28-32</td>
<td>Modify the final project report and prepare the presentation</td>
</tr>
<tr>
<td>Week 33-34</td>
<td>Present the project</td>
</tr>
<tr>
<td>Week 35</td>
<td>Submit soft copy of the project deliverables on a CD</td>
</tr>
</tbody>
</table>

7. **Distribution of works**

<table>
<thead>
<tr>
<th>A¹</th>
<th>B²</th>
<th>C³</th>
<th>D⁴</th>
<th>E⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare proposal and analyze data</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Analyzing financial ratios and performance</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Conduct the interview</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Identifies PCCW’s 7Ps approach</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Identifies PCCW’s SWOT analysis</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Literature review and Bibliography/reference</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

1 SO Ying-chan
2 TSANG Cheuk-lam
3 CHAN Kwong-nam
4 KO Cheuk-ming
5 NG Wai-Kit
8. Trial table of contents

1. Abstract

2. Acknowledgment

3. Table of Contents

4. Chapter 1: Introduction
   4.1 Aim & Objective
   4.2 Background
   4.3 The Problem of study & Solution and Limitation

5. Chapter 2: Research Methodology
   5.1 Primary data
   5.2 Secondary data

6. Chapter 3: The Marketing analysis of PCCW
   6.1 Marketing Mix --- 7Ps
   6.2 S.W.O.T.

7. Chapter 4: The Financing analysis of PCCW

8. Chapter 5: Recommendations

9. Chapter 6: Conclusion

10. Chapter 7: Appendixes & Bibliographic
Appendix 1 - Bibliography

Websites

1. PCCW’s official website.
   <http://www.pccw.com/eng/>

2. PCCW’s Profile.
   <http://www.pccw.com/eng/AboutUs/CompanyProfile.html>

3. Netvigator broadband service.

4. Netvigator home wireless broadband service.
   <http://homewireless.netvigator.com/>

5. PCCW Wi-Fi broadband.
   <http://www.pccwwifi.com/eng/index.htm?ds=1>

   <http://www.now-tv.com/eng/>

7. Wikipedia.
   <http://www.wikipedia.org/>

8. 12manage. *P/E Ratio*.
   <http://www.12manage.com/methods_PEratio.html>
9. 12manage. **SWOT Analysis**.

<http://www.12manage.com/methods_swot_analysis.html#userforum>

10. Netmba. **SWOT Analysis**.

<http://www.netmba.com/strategy/swot/>

11. Netmba. **Market Analysis**.

<http://www.netmba.com/marketing/market/analysis/>

**Books**


2. 洗日明，嚴啓明. 《勝在營銷 – 中小企、創業者，準備成功的生意人必讀》.

**Annual Reports**

1. 2005 Annual Report of PCCW

2. 2006 Annual Report of PCCW

3. 2007 Annual Report of PCCW

4. 2008 Interim report of PCCW

**Articles in websites**

1. 新報. 滙豐中銀助電盈私有化. 10 Nov. 2008

   <http://hk.news.yahoo.com/article/081019/4/8sm0.html>


   <http://hk.news.yahoo.com/article/081012/4/8o5u.html>

   <http://hk.news.yahoo.com/article/080529/9/72w1.html>


8. Government Information. *Broadcast Authority require PCCW Media Company to provide voting control share information*. 5 Jan. 2007
   <http://www.info.gov.hk/gia/general/200701/05/P200701050203.htm>

Appendix 2 - Methodologies

1. Secondary data on the other hand are sources that are based upon the data that was collected from the primary source. Secondary sources take the role of analyzing, explaining, and combining the information from the primary source with additional information.

2. Official website included annual report and the detail of information regard to PCCW such as introduced products & services, company background, investor and financial information etc.

3. Annual Report included statement from the chairman, statement from the group managing director, financial information, consolidated income statement and balance sheet and consolidated cashflow statement etc.

4. The Wisenews is database; it can provide not only up-to-the-minute’s Newspaper and Magazine but also historical information with regard to the PCCW.

5. Information Services Department provided the most veracious and dependable information, which had counterchecked by the government or expert.
Appendix 3 - Anticipated Problems and Solutions

Further Anticipated Problem & Solution

1. Since we may not have enough knowledge to analyze certain accounting ratios and some accounting ratios may not directly relevant to our report. So, we decide to analyze some accounting ratios which are significant in our analysis only.

2. Arguments are usually arisen when each member expresses their view or opinion on the some point. It may result in an ineffective and inefficient meeting in which no any good idea can be generated. Sometime it may result in building a wall between each member. As a result, the relation among each team member may deteriorate so that it becomes more difficult to reach a consensus with unanimous agreement. The most effective solution to the problem of building a wall between each member is to have a good and effective communication with each member. Through the process of communicating with each team member, it can help to understand each other’s idea and break a wall between each other. In consequence, it becomes easier to reach a consensus.
Appendix 4 - Email to PCCW

Dear Sir/Madam,

I am an individual investor. I would like to have the hardcopy of 2005/2006, 2006/2007 and 2007/2008 Annual reports. Could you please send these reports to me by mail?

Besides that, I would like to know is the annual report only cover Hong Kong's business?

Best Regards,

Dennis Tsang

eral@pccw.com

为了不断提升Yahoo Mail，雅虎香港诚邀你参与意见调查