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NARTEL INVESTMENT PLAN 2012 – 2015

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Faculty of Management, Business, and Economics

Bachelor Thesis
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NARTEL INVESTMENT PLAN 2012 – 2015

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This thesis is submitted in partial fulfillment of the requirements for a

Bachelor Degree

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ABSTRACT

This paper will study the Nartel Company Investment Plan 2012 through 2015. The paper will briefly define systems, project management and use of the systems in managing projects. The paper finally will study a case of an Investment Program Budget of the Organization based on their priorities, by approving and funding future projects, as well as monitor and control all projects that the Budget Organization of Nartel Company is implementing. The paper will examine a real life example and by doing that the paper will show advantages of the Investment Plan during the period of 2012 through 2015.

Keywords: Investment Program, Project management, Budget Organization, implementation, monitoring and control

1. INTRODUCTION

Nartel was founded in 1985 in Zagreb (Croatia), since then it acts within the construction sector with great dedication and professional management thus increasing its performance and competence. Nartel is one of the leading private Construction Companies of residential complex constructions in Kosovo. The company is based in Prishtina, while its latest buildings have been successfully able to become part of largely Kosovar construction sector. **Nartel Company is certified with ISO 9001: 2008 by prestigious organization in the world such as TUV-CERT from Germany.**

The main activity is the Construction of high and low construction while the type of buildings in which **Nartel** is specialized for as follow:

- Residential Buildings;
- Administrative facilities;
- Commercial Centers;
- Hotel facilities;
- Industrial Facilities.

Nartel has done the design and execution of prominent buildings in the past, very popular ones such as the project of: Government building, Pro-Credit bank project in the centre, JYSK building, School buildings, Residential buildings (luxury apartments) etc.

The structure of company has been functionally well designed. The General Director Mr. Gani Mehmeti is responsible for the overall management of company; he is the authorized person to represent the company, being the owner. He has more than 27 years of international experience on the construction area and design. Also, he has a long experience on business management. The company has developed its new Business Investment Plan, due to the latest management decision to invest on the new Construction Facilities, trying to keep advancing its Construction portfolio, technology, construction design due to the latest EU developing trends sector achievements.

The (Prishtina) City Downtown Block investment will be managed by Nartel. The new building investment is worth about 23 MM Euro; as such the owner started exploring different business opportunities and negotiation with several potential partners towards exploring the joint business opportunity. But, in order to achieve its business objectives and to attract the partners for a joint-investment, the company is in need of comprehensive business investment planning, with a sound marketing approach. To support this investment, the company, is interested to obtain a potential joint international partnership co-investment, supporting the joint business partnerships between Nartel and international companies.

Nartel determined the project cost and forecasted revenues from the new building. Based on structure of new building, the main revenues are from residential space about 24,940 including pent houses mil EUR and commercial space about 23, 350 mil EUR. The rest of the revenues are from auto parking's units about 0, 72 mil EUR. Regarding the project cost, it is estimated that total amount of this project will cost 34,475,020.00 EUR. The Net Profit forecast before taxes is 13,094,980.00 EUR.

2. EXECUTIVE SUMMARY – CASE STUDY

2.1. Organizational Background

2.1.1. The company

Nartel was founded on 1985 in Zagreb (Croatia), since than it acts within the construction sector with great dedication and professional management thus increasing its performance and competence. Nartel is one of the leading private Construction Companies of residential complex constructions in Kosovo. The company is based in Prishtina, while its latest buildings have been successfully able to become part of largely Kosovar construction sector. By applying the contemporary standards in the higher construction, **Nartel Company is certified with ISO 9001: 2008 by prestigious organization in the world such as TUV-CERT** from Germany therefore the company guarantees the first class quality in the execution of the buildings.

The main activity is the Construction of high and low construction while the type of buildings in which **Nartel** is specialized for as follow:

- Administrative Facilities;
- Commercial Centres;
- Hotel Facilities;
- Industrial Facilities;
- Residential Buildings.

The closest traditional collaborators in design and implementation of projects are: **Unioninvest d.d Sarajevo, Gesser Germany and Klimaterm.**

Unioninvest d.d Sarajevo is a Bosnian company specialized in engineering, assembling and designing. It is a legal successor of Unioninvest, one of the ten most important companies in Bosnia and Herzegovina until 1992 and respectable name in business world. For the last five decades, it designs, constructs, assembling and maintains industrial, administrative, sport, health, education and power facilities. It offers solutions and implements project tasks in accordance with the investors wishes and, by many things, it remained a unique company in Bosnia and Herzegovina and also in the region.

Geser Company is responsible for the model, installation materials and competent of various installations. Geser is the number one company which works with installations; it meets all the standards under the law. It provides quality products and constantly improves the products. The continuous development of technical dialogue with a rapidly changing market, and the combination of creativity, expertise and personal commitment are the foundation for the success of geothermal Gezer GmbH.

2.2 Past performance

Nartel has done the design and execution of prominent buildings in the past, very popular ones such as the project of: Government building, Pro-Credit bank project in the centre, JYSK building, School buildings, Residential buildings (luxury apartments) etc. These buildings mentioned above were conducted under the terms set therefore these facilities serve as proven references for the future work. Nartel has increased tremendously its performance on yearly basis. This increase has been mainly due to its quality construction performance, modern design and its up-to-date technology. There were three key factors that contributed to this development:

- Quality and advanced construction design permanently updated,
- Marketing dedication, and
- Starting constructing high quality (luxury) facilities, construction with favorable/affordable prices.

Description	2013	2014
Sales		
Revenues from construction services	15,693,783.58	3,106,358.65
Cost of Sales	13,188,819.35	1,893,786.79
Gross Profit	2,504,964.23	1,212,571.86
<i>Expenses</i>	1,519,015.55	1,067,108.77
<i>Income Tax</i>	98,594.87	14,546.31
Net Profit	887,353.81	186,603.92

Table no. 1. Profit and Loss Account for 2013 and 2014

Based on the table above, during 2013 Nartel reach a turnover about 15, 6 mil EUR while in 2014 the turnover was about 3, 1 EUR and the company was oriented towards new projects development.

Balance Sheet		
Description	2013	2014
<i>Current Assets</i>		
Cash (in bank)	176,514.93	3,614.45
Cash	7,572.76	59,433.34
Inventory (goods)	738,749.00	157,160.37
Accounts Receivable	463,165.16	206,767.31
Prepaid for taxes	358,838.22	133,178.20

Stock		786,031.74
Land received in concession		72,804.54
Total Current Assets	1,744,840.07	1,418,989.95
Equipment and Machinery	1,169,776.90	1,550,509.84
Buildings	-	477,000.00
Accumulated depreciation of equipments	(511,560.18)	(740,706.40)
Accumulated depreciation of buildings		(23,500.00)
Total Current Assets	658,216.72	1,263,303.44
TOTAL ASSETS	2,403,056.79	2,682,293.39
Liabilities & Equity		
Short term borrowings		96,756.21
Customs liabilities		867.00
Salaries Payable	44,807.13	30,120.51
Tax obligations (VAT, Income Tax)	150,031.50	49,094.86
Tax obligations (Tax on salaries, rent)	2,519.06	3,351.54
Pensionable Contributions	4,723.23	13,327.30
Accounts Payable	260,590.92	146,420.14
Over Draft (BE)	-	246,290.61
Over Draft (PCB)	-	233,803.71
Long Term borrowing - Loan (BPB)	132,000.00	79,799.54
Long Term borrowing - Loan (PCB)	300,000.00	713,907.73
Deferred Incomes	493,424.63	
Total Liabilities	1,388,096.47	1,516,982.94
Initial Capital	20,000.00	20,000.00
Own Capital		1,014,960.32
Profit/Loss (of the year)	887,353.81	130,350.13
Retained Earnings (Losses)	107,606.51	
Total Equity	1,014,960.32	1,165,310.45
Total Equity and Liabilities	2,403,056.79	2,682,293.39

Table No. 2: Balance Sheet for 2013 and 2014

2.3 Management

The structure of company has been functionally well designed. The General Director is responsible for the overall management of company; he is the authorized person to represent the company, being the owner. He has more than 27 years of international experience on the construction area and design. Also, he has a long experience on business management.

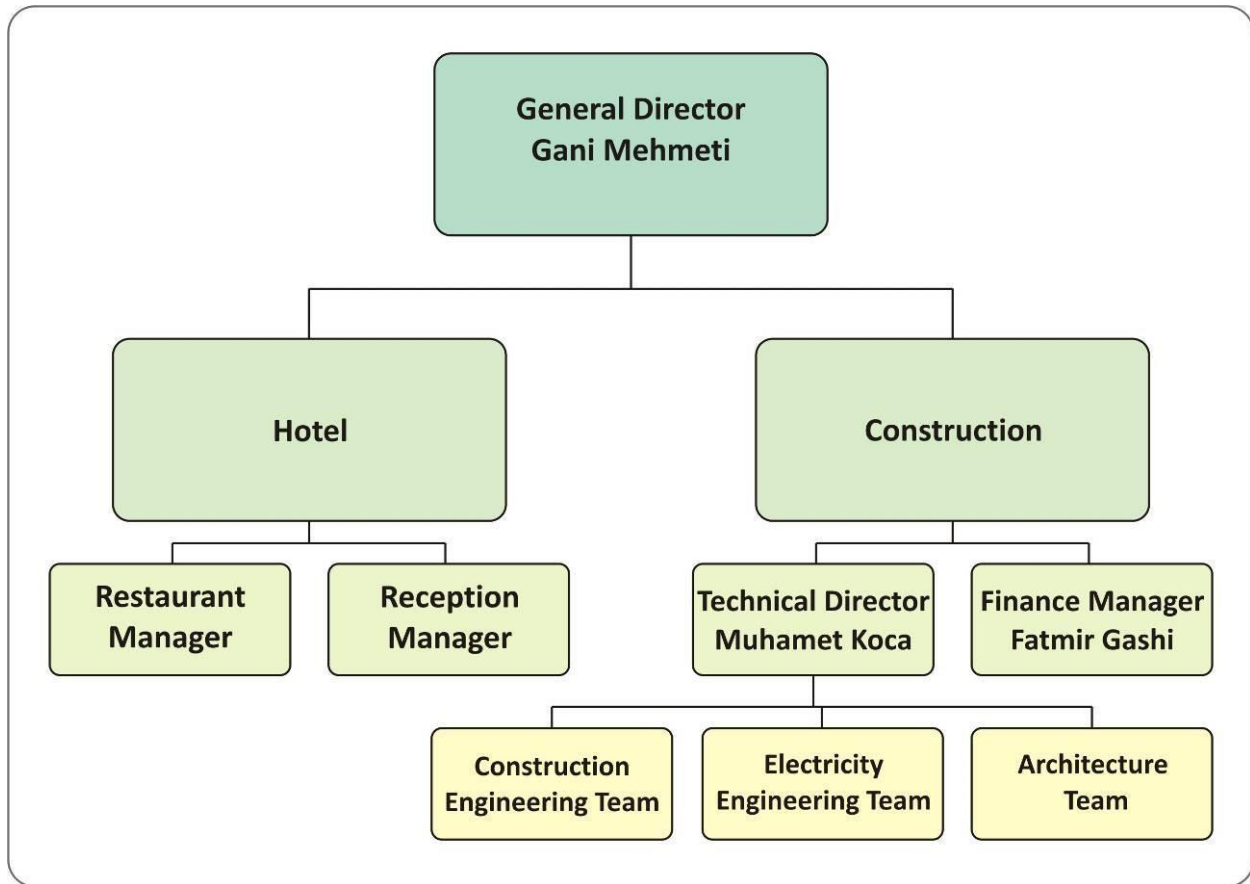


Figure no. 1. Nartel Hierarchy

3. INVESTMENT PLAN

3.1 Nartel Strategic Objective

The company has developed its new Business Investment Plan, due to the latest management decision to invest on the new Construction Facilities, trying to keep advancing its Construction portfolio, technology, construction design due to the latest EU developing trends sector achievements. Additionally, Nartel aims at attracting the international serious partners investment, having its goal the implementation of its development plans as well as bringing the high technology and ensure the know-how transfer, its proven goodwill, fulfilling its key goal- keeping advancing its quality on design & construction. This would also mean becoming ready for Nartel to perform as international company, to explore jointly the opportunities through the international partners' network in the future. Being in the market for so many years and having an objective to develop continuously new design-construction and markets, the company decided to increase the construction capacities and invest into new facilities project, and getting it done, they need to attract partners, even external financing.

The Profile of Nartel:

- In Construction, Nartel has grown faster than the market, with strong capital efficiency and best-in-class operating margins.
- Project Development is a bigger part of the business; Nartel has reinforced its presence in existing areas, and entered new ones.
- Applying ISO 9001-2008, it is a recognized market leader in applying Safety.
- It is recognized as a role model in Business Ethics.
- It is recognized as a leader in Human Resource Development.
- Nartel increased focus on opportunities is coupled with world-class Risk Management.

Having both Construction and Project Development operations, Nartel has a powerful business model that generates financial synergies. The cash generated by Construction units is not only distributed to expense covering, but is also invested in its Project Development streams (Residential Development, Commercial Property Development and Infrastructure Development). These generate high returns and they also bring new projects back to the Construction units towards using the money many times, with an unrivalled return on investment. Increased financial synergies are a key ingredient for profitable growth. Since Nartel has financial stability makes it possible to bid for, and take on, projects that only rare Business Unit could handle alone. Using combined experience – reference projects and experts in key areas such as Risk Management, Bundled Construction, Design/Build, BIM, etc. – gives it an unbeatable competitive advantage.

3.2 Mission and Vision

Mission

Nartel provides high quality design-constructions, related design-construction and technology growth by creating innovative projects solutions to develop the regional wide construction. Nartel, being a leader in its home markets- the customer's first choice- in construction and project development.

Vision

Bring forward Nartel to the leading design & Construction company in the country and around, competing to the current local and international construction companies, present in the wide country market.

3.3 Description of Investments

3.3.1 Technology view

The Nartel's goal of the technological concept is the increase of quality and business cultivated culture on serving the clients with design-construction projects, construction progress of the projects (including facilities) with modern European technologies that the management of the enterprise works and searches every day.

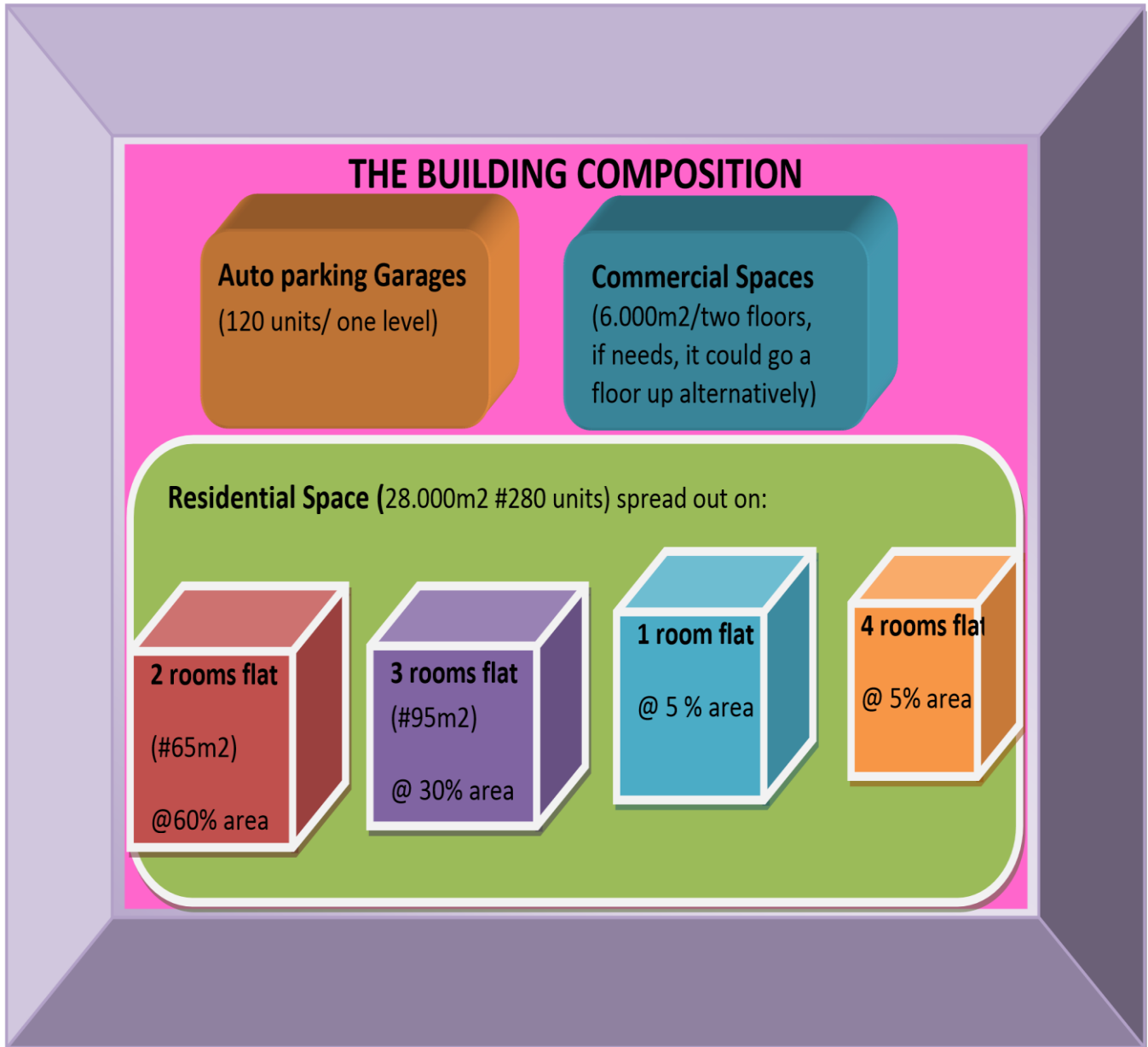
The key strengths of Nartel as one of the national design & construction player within the specific market (like Kosova), are:

- Construction cost & time efficiency (especially after the new facilities are in place);
- Diversity & Quality- in specific cases provides individual order-bases;
- Very large and modern (luxury) apartments, facility-easy accessed;
- Commercial capacity;
- Quick execution by means of creativity and incentives.
- Flexibility

Timely completion of projects Motivated staff and experienced.

The (Prishtina) City Downtown Block investment will be managed by Nartel. The new building investment is worth about 23 MM Euro; as such the owner started exploring different business opportunities and negotiation with several potential partners towards exploring the joint business opportunity. But, in order to achieve its business objectives and to attract the partners.

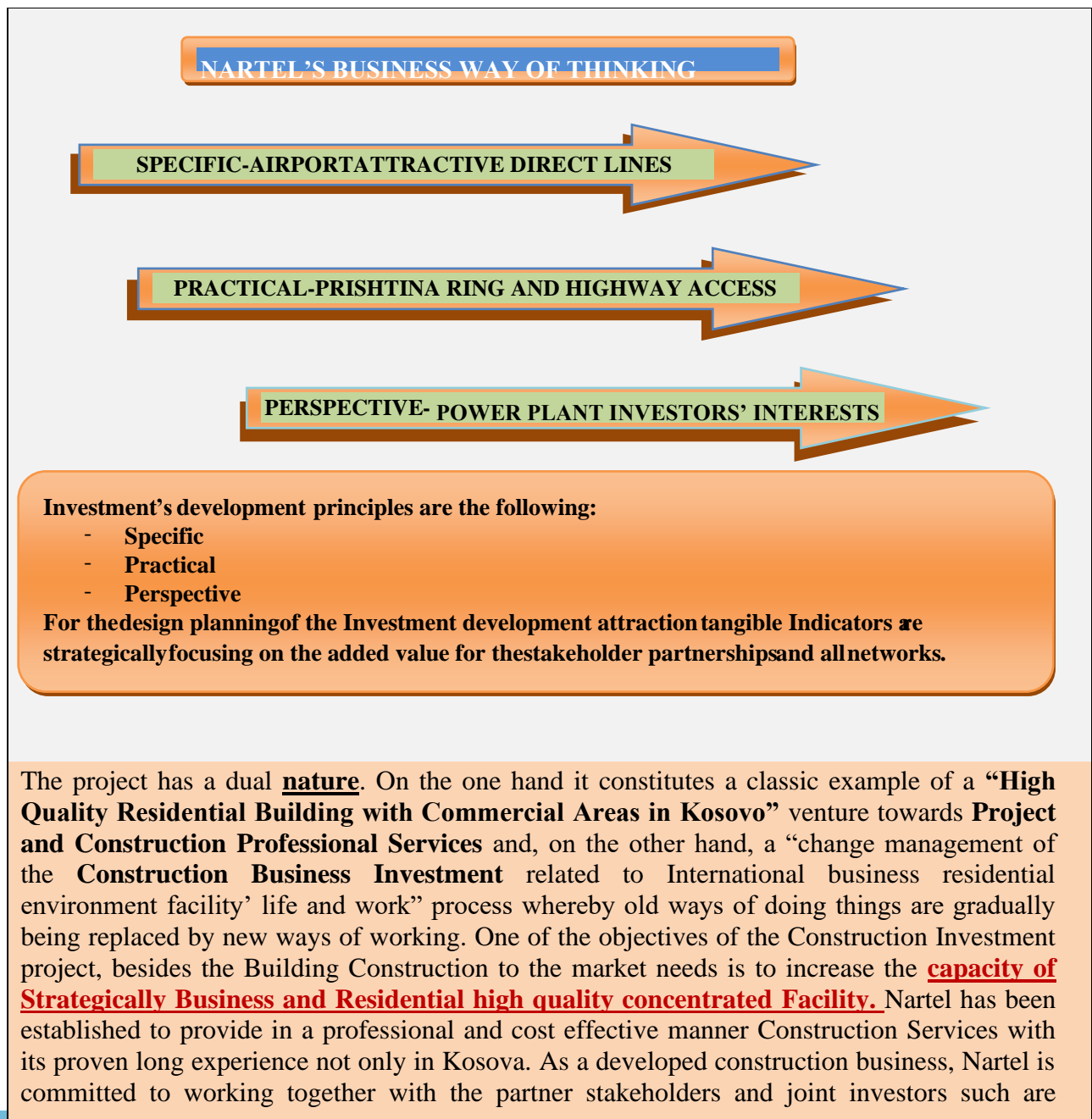
This Building itself will have:



While Nartel itself, will be undertaking about #30% of the construction, and around #70% by different subcontractors. Additionally, talking about the commercial space, the largest cost of the subcontracted value, or about 65% goes for: ventilation, heating, cooling and similar. In the same line, the Residential space largest cost of the subcontracted value, about 20% goes for: electricity, heating, installations etc.

Nartel's Long-term Business Way of Thinking:

Taking into the consideration the middle to long term view and the well-positioning of the Nartel's Building (key central area), the Prishtina metropolitan perspective, the Kosovo Government's direction towards EU standards and competitiveness, and the attraction of World-wide business into the region, Nartel is drawing forward its business way of thinking into three crucial lines :



financial and or international institutions. **All construction technical and quality service inputs will be monitored for safety assurance and standard consistency.**

SPECIFIC - AIRPORT ATTRACTIVE DIRECT LINES

Nartel's *Twenty floors Building – City Downtown Block*, will become a special attraction related to its access to Airport, because of its positioning and the way to the Airport road. Nartel will promote the potential cooperation opportunity with Limak management (Prishtina International Airport Concessioner) as well we Prishtina municipality to establish a direct transport (Bus) line. This could become an attraction also for the Limak management and network to get installed into the twenty floors building, either commercial or residential areas. Nartel will enforce this initiative because of the business network around Limak and the impact it could have to the brand of the building.

If this could work, Nartel's commercial as well as residential area could become very attractive building for other air, tourism and travel agencies and operators. Even more, it could become a focal point for different international touristic programs developed by Tour operators, business, and investment, cultural and other relations.

PRACTICAL - PRISHTINA RING AND HIGHWAY ACCESS

The road and transport planning of Prishtina municipality and Ministry of Infrastructure, shows that the large road ring supposed to be between Prishtina and FusheKosova, on the way to Airport, linked to the highway Vermice-Merdare, and the Prishtina city round (just operational), favors the strategic positioning and the design of the twenty floors building of Nartel, due to its accessibility. Being as **hub** in between of these links and nodes, the value of this commercial and residential set is an attraction. Thus, it encourages Nartel to promote it as a *Commercial and Residential Communication Platform Facility*, being in the center of the city-capital.

PERSPECTIVE - POWER PLANT INVESTORS' INTERESTS

As per the Kosovo Government Energy development plan, the process of the privatization of the Kosovo Thermo-plant Resources (Obiliç-New Kosovo Plant), and its supposedly large investments there, the large network of internationally based involved company, shareholders, energy, mining and construction sectors etc, the facility area of the Nartel's Twenty Floor will become an attraction. As planned, due to the forecasted planning, these investments are supposed to start by early 2013 and thus Nartel will have to be very active and promotional aiming at bringing into the air the competitiveness of the **Commercial and Residential Facility** that its

Building offers. It could become the HQ of the shareholder consortia if negotiable on time, with the awarded investor.

3.4 Partner's Profile

In the light of Nartel's interest expressed, towards exploring the potential joint local or international partnership, it is aiming at supporting the joint business investment partnership between Nartel and any international non-public and or private shareholder, preferably the Financial sector Instruments (like banks). To support this investment, the company, is interested to obtain a potential joint international partnership co-investment, supporting the joint business partnerships between Nartel and international companies. Nartel is able to cover around 50 -65 % of the total investment as per the potential profile of international business partner, that could be preferably commercial or residential area occupier/part, building investment and or other mutual agreement with the potential partner, and enforcing as much as possible the ability of sharing the construction investment cost from the potential international based Business Partnership Investor.

In the same time, Nartel is open to different joint partnership approaches, either only directed towards the space/facility tenants or agreeing on the whole business capacities and assets generated by Nartel so far.

Nartel will be able to design, draft and introduce flexible and negotiable compromises related to the joint Investment initiatives, as long as it ensures a healthy and stable building investment.

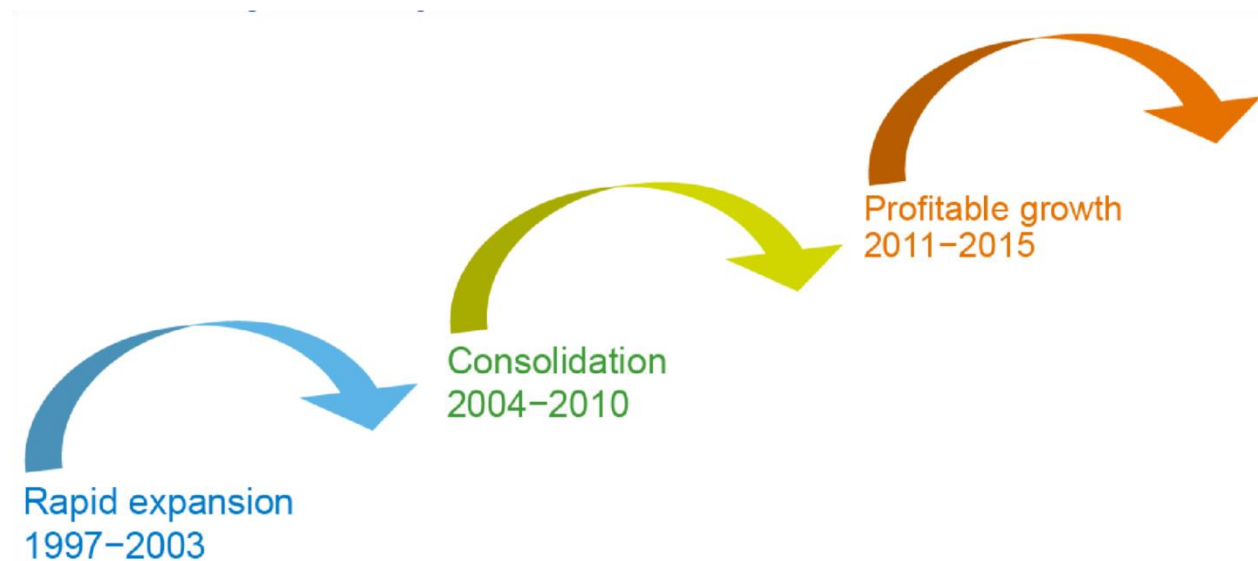
4. THE MARKET

4.1 Description of Market

Based on the researches and analysis, the market-trend here is in need for special feature buildings already known that contain residential facilities at their upper floors and then commercial ones at the lower floors because of the good services that they do provide. These buildings should meet the criteria according to the construction & social standards. These analyses are based on the trend experiences due to the fact that there are different living standards and people who are willing to pay for these types of residences. These people are mostly people with higher incomes but without excluding the average categories. Average categories represent the category who pay through loans. Based on this analysis the market is in need for **quality facilities with standards**, also it needs good services because the number of firms (companies) which can offer such things is scant. By relying on the tastes and preferences of people, it is noticed that all those who have a standard of living arranged and want to have good life, prefer to have good residential living, with luxury details.

Nartel will be focused on projects which are close to be contracted in its own district (Prishtina) but it should plan to develop its activity all around, therefore to extend his market in other regions which thing will be linked closely with his investment in marketing.

Nartel's Development Journey:



4.2. Market Planning and Segmentation

Because of the fact that the services that Nartel offers belong to the group of needed services with luxurious details, his clients are those who have higher incomes, or above the average (but also it should consider clients with possible loans) and financial stability because this work is expensive.

Why Nartel's clients should pay for the services that they provide?

Because Nartel provides, guarantee quality work, unique and will provide care after his clients so they could not be dissatisfied. According to the “Statistical Office of Kosovo” - accommodation is the second largest household budget with 2532 € or 33% of household budget. A small part of households pays for rent. Part of the budget which is allocated for housing ranges is 28% for rural households while up to 37% for urban areas.

Annual household consumption in Kosovo 2008-2010, € General consumption

Years	Residence	Alcohol/tobacco	Clothes	Food	Furniture	Transport
Kosova						
2008	2324	205	309	25 81	227	358
2009	2432	231	354	24 42	221	361
2010	2352	255	397	25 19	245	422
Urban Areas						
2008	2388	204	283	23 99	214	331
2009	2967	241	340	23 44	223	310
2010	2759	267	384	24 32	227	355

According to the “Statistical Office of Kosovo”

For the commercial designated area, allocated in the center of the city with project, we need to present that part as attractive for investment. Based on the location at first, the center of the city provides a very suitable area for business. Its position, operation on that part offers a wide range of development of various businesses that will result in profits certainly. Its approach by different routes coming in its direction brings many benefits and a great opportunity for business development. This is a strong point that brings a particular advantage. The key is to identify, segment, target and communicate with those households-businesses that are most likely to have

the ability to buy - and to determine those households-businesses with limited spending ability. This lets direct the company to allocate precious sources and target those consumers who are truly worthwhile prospects.

With such a segmentation approach, the company can:

- ✓ Precisely target prospects with the ability to buy and to have a service.
- ✓ Rank current customers based on purchase capacity.
- ✓ Enhance customer profiles by combining spending power with transactional history.
- ✓ Customize offers and marketing messages based on the purchase capacity of each audience segment.
- ✓ Identify valuable new prospects.
- ✓ Avoid contacting prospects with low or no purchase capacity, thereby decreasing marketing costs while increasing average purchase amounts.

4.2.1. Targeted costumers-clients

Based on researches and on our experiences in this sector, it could be concluded that Nartel's clients can be:

Commercial Areas –targeted Clients

- ✓ Initially, different International and local parties, preferably financial sector ones (developing funds and instruments like World Bank, IFC,EBRD, KFW etc, commercial banks, like Procredit, TEB, NLB, BEK, BpB, RBKO etc,
- ✓ Governmental Developing bodies (like USAID, EC, GIZ, UNDP, ADA etc)
- ✓ Various businesses including Government orientation (Government projects which needs to be implemented),
- ✓ Service based providers (like hotels, restaurants, bars, markets, agencies all those who wants to have more relaxed space with good details and also good environment around them),

Residential Areas- targeted Clients

- ✓ Individuals
- ✓ Family,
- ✓ International Business Representatives/ Apartments' basis Families that receive remittances.

This clientele should be Nartel's target because in an indirect way, they also promote their work because of the attendance of people.

Kosova 2009-2013

The values are in millions (€)

Description	2009	2010	2011	2012	2013
General consumption	4,313	4,496	4,742	5,055	5,360
Households	3,583	3,762	4,037	4,301	4,567
Public	730	734	705	754	793
General government	460	492	511	559	598
Salary	263	307	316	351	378
Goods and services	197	185	195	208	220
Donors	270	242	195	195	195
Investments	1349	1480	1739	1917	2030
Donors sector	105	102	96	96	96
Government sector	400	445	575	618	608
Private Investments	844	934	1068	1203	1326

Medium term expenditure framework according to “www.gapmonitor.org”

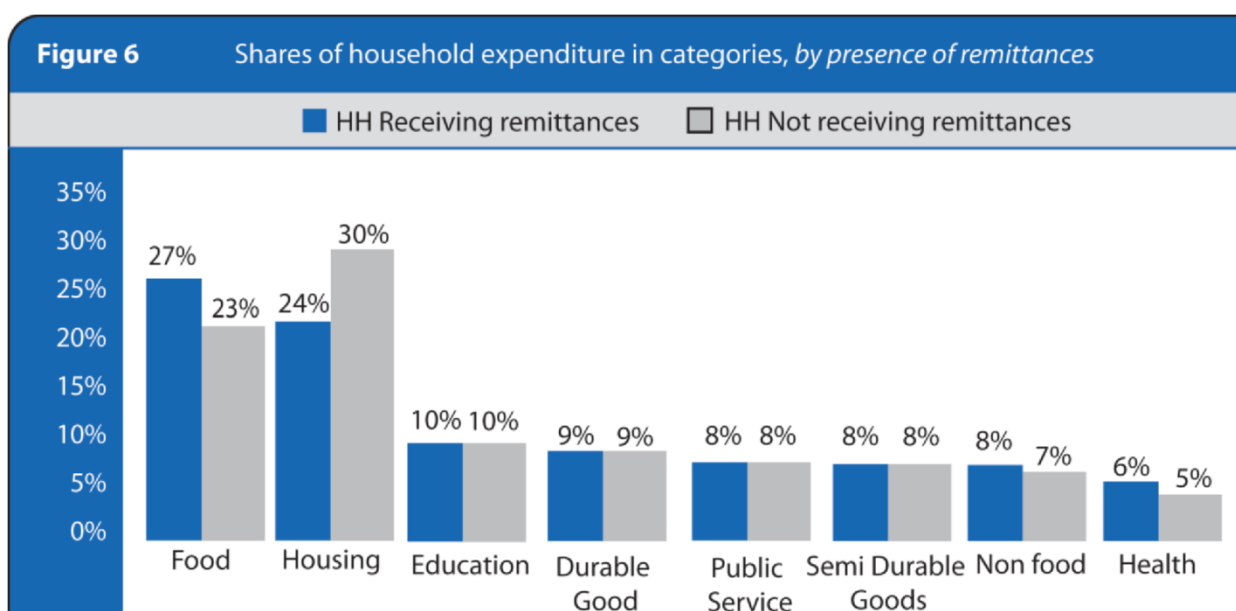
This Table shows the trend that Private Investments will increase in the future. Therefore the new project will have success because Private Investments are Nartel's main target.

According to the “Study of Remittance in Kosovo 2010” by (UNDP), about 19.6% of Kosovo households receive remittances. The tendency to receive remittances is especially high in rural areas families and those which are directed by women. These families should be Nartel's target because they plan in the near future to get in or near to the capital city – Prishtina. They plan to do that because of the opportunity that city provides, better conditions like job opportunities, more study opportunities for young people etc. Below, some data's from the (UNDP) report will be presented.

Table 1. Kosovan households that receive and do not receive remittances		
HH Head by gender	HH Receiving remittances	HH Not receiving remittances
Woman	24.8%	75.2%
Men	18.6%	81.4%
Kosovo average	19.6%	80.4%

This table shows families in Kosovo that receive remittances based on gender.

Expenses of households that receive remittances, as it is shown in the table below second biggest amount is spent for residence (the second column) which is NARTEL service from the project.



In construction area, *word-of-mouth* will play a vital role in success. Most people ask for a recommendation from their friends, neighbors and business associates before buying a house or hiring a contractor. So, Nartel shall make sure that the company always projects a professional image, that the clients are always satisfied. Raising the business invest for example in a nice marketing brochure or informational folder with inserts that pertain to either the business customer or the homeowner.

The future plan is to make the company visible through sponsorships and endorsements of community events such as sponsoring a little league team or a neighborhood clean-up. The

business-to-business marketing programs is personal communication, advertising and public relation. Since, Nartel's target market is the individual and family homeowner, it is important to know that these particular customers respond to mailers and other promotions, and the more eye-catching the piece - the more effective. It's practical an oversized postcard mailing to keep costs to a minimum.

Nartel's project will be successfully developed because it fulfills all these conditions, adding the fact that the position of the new facility in Prishtina is in the best zone which is in progress, also the future neighboring like City Center Complex facility which is going to be very productive.

The City Center Complex facility, its presence in the neighborhood of NARTEL facility provides a very good development that easily turns into advantages for both sides. Compared with neighborhood facility, Nartel's building will have warmth and more attractive space. Since City Center complex will have the hotel, it will attract the tourism. Tourists who are expected to attend this hotel will be those people with big incomes based on the luxury of the hotel therefore Nartel's building should add something attractive for these people.

Big international companies are expected to operate within the City Center Complex, known brands, so Nartel commercial area should serve at least for the local companies which want to be near to the international ones. It is so due to the fact that the operation of foreign companies in the market is based on what the locals offer. The vicinity with these companies and international brands will bring goods and favors. For example, local service providers companies could be stationed in Nartel's commercial area, such as software companies, consulting & tourist based services etc.

4.3. Competition

Being recognized as a respected brand, Nartel is a sustained competitive advantage that companies such as Nartel has used as leverage to hold the market sway for years. Nartel is a company that has used its brand name as leverage to break into new markets in completely new regions with a particular experience in the field of construction over 27 years of experience, using the resources of the company such as experts, experience, high standards and modern technology in order to achieve the high quality level. As a result we can mention the three modern facilities in Prishtina Government Building, the main building of Procredit bank, Hotel Nartel and many other facilities. Nartel has been for many years, and certainly continues to be one of the most highly competitive of all companies with an experience and cooperation with many domestic and international experts.

Construction business throughout the country consist mostly the small and medium enterprises, which are specialized on a specific type of design and construction, but there are also a few large enterprises which dominate almost in designing and constructing of large commercial and industrial buildings. Nartel's main competitors will be large enterprises such as: Mabetex, Standard, Lin Project, Al Trade and some other enterprises as listed below. The reason is that large companies have more capital, and this enables them to keep up with technological changes

much faster than small companies. After the market research we concluded that in this activity there are only a few serious companies that present in the competitive market. According to the Statistical Office of Kosova in the field of construction in Prishtina there are around 329 enterprises, competition is growing increasingly, however, with the increasing number of population increases the need for housing, so investment in the resident facilities is always a potential.

What makes the company stay competitive is staying always in trend with new technologies, the professional staff and verified materials applied according to the European quality standards. Nartel is competitive on big and complex projects where its skills and scale can be leveraged.

Competitive Strategy

- ✓ Competitive advantages of the enterprise are huge competitive market because of having no genuine companies which offer the same services as in design, construction, and sales.
- ✓ Competitive prices
- ✓ High level services and quality
- ✓ Legal Construction, appropriate locations for living and business simultaneously
- ✓ Tactics for the implementation of its strategy are fragmented as it has its high level professional staff in providing our services.
- ✓ Nartel does not wish to sacrifice their standards of safety or quality to cut costs.

As a final note, these are the other companies with sustained competitive advantage:

Company	Profile	Contact Info	Competitive Yes/No
Mabetex	Architecture, Construction, Property Management and Interior Design	St. FehmiAgani no. 2 Prishtina Tel. 038/ 230 - 333 mabetexpr@gmail.com www.mabetex.eu	Yes- Goodwill in the market, highly professional staff, major company capital, tradition and experience in construction since 1991. Competitive, especially in high construction, concentrated more in the foreign markets. Interior Design is an advantage.

Standard	Design and Construction of High constructions and low constructions	Dardania Su 1/3 A Prishtina, Kosova Fax: 038/ 544 423 standard-pr.com standard-pr@hotmail.com	Yes- Goodwill, experience in construction since 1988, accomplished several capital projects, Standard is in partnership with international construction companies. Urban Planning, offers services itself such as: brickyard and facades, installation of water and sewage, electrical installation, has a concrete plant, installation of central heating, ground works for construction such as leveling, cleaning etc, all these services play a great role in minimizing cost of production.
Archicecture Kosova	Design and Construction Company	Tel. +377 (0) 44 115 324 Kroi i Bardhë lam.C nr.88 10000, Kosova f.azemi@aek-ks.com	No –

Ascom Group	High Construction, Low Construction	Industrial Area, Highway to FushëKosova, Kosova Telephone: +381 38 601-036 Fax: +381 38 245-783 ascomg@gmail.com www.ascom-group.com	Yes- provides the services in civil engineering for major infrastructural projects (roads, tunnels, bridges, water treatment, etc); building construction (housing, apartments, public buildings, etc) and engineering services in the energy related projects (renewable energy sources, energy efficiency, power production) with high quality control standards and a professional staff among the best in construction.
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Chelsea point Development	High residential and commercial centers	St. MuharremFejza p.n. Prishtina, Kosova Tel. 038 512 235 038 512 245 www.chelseapoint.net	Yes – It is a UK based property development company, building high quality residential and commercial properties in Kosovo, and has flexible selling opportunities with mortgage, modern furnished flats with the technique “keys in your hand” , long professional experience. Its specific purpose is high construction.
Euro Constructio	Construction and Trading	Rr. Garibaldi pn, Prishtine, Kosove Tel. 038/234434 Fax: 038/235235 info@euctn.com www.euctn.com	Yes – Competitive only in residential facilities, offers architectural solutions, interior design, the location of the apartments near the city. Posses’ commercial property services. Concentrated only in residential construction.
Konstruktori shpk	Design, Construction	St. VllazritFazliu,p.n Prishtina, Kosova Tel: +381(0)38 570 437 +377(0)44 166 871	No – Poor portfolio of products and services
Eurokos	Design Bureaus and Construction	EUROKOS Kosova Main. Prishtine-Ferizaj 10000 Kosovë Tel.: +381 38 542 272 Fax: +381 38 542 272 E-mail: info@eurokos.net www.eurokos.net EUROKOS Albania Rr.Budi Nr 74 Tiranë Tel:+355 69 20 51 410	Yes- Civil-services, concrete production, construction of water supply and sanitation, urban planning. Carries on business since 2000. Great experience in construction of roads and capital investments. Ministry of Transport in Albania and Macedonia are the main clients.
EXDC Design Exclusive Company	Construction and Design bureaus, High Construction, Low Construction, Commercial	Add: Rr.Rexhep Krasniqi, lamella A, flat I- no.1, 10000 Prishtinë, Kosova Tel: 038 555 467 Fax: 038 554 166 Mob: 044 454 777	Yes, it has the same advantages as Nartel, EXDC has built several successful buildings. Exclusive buildings with many advantages and attractiveness for client such as: furnished flats, installed internet services, Telephone, Tv, interphone ect.

	of Residences and business premises	E-mail: info@exdc-ks.com www.exdc-ks.com	
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CONIN	Construction, Engineering, Maintenance	St. UCK Nr. 78/b 10 000 Prishtinë St. TMK p.n. 50 000 Gjakovë Tel: + 381(0) 390 324 009; + 377(0) 44 502 365 Fax: + 381(0) 390 324 009 info@conin.biz www.conin.biz	No – Concentrated more in low construction and maintenance of the facility buildings.
Patria Group	Architecture, Construction, Management, Engineering, and "turn-key" solutions	Garibaldi street 9/6 10000 Prishtine Republic of Kosovo Phone number: +38 222 456 E-mail info@patriagroup.com www.patriagroup.com	Yes- Architecture, Construction, Management, Engineering, and "turn-key" solutions -Arch systems -Medical Systems -Telecommunication Systems -Industrial Systems In partnership with several international companies, experience since 1989 as a Design-Build company.
Uni Project	Design, Construction, Consulting and Engineering	Prishtinë - Kosovë, st.Bajram Kelmendi, no. 26 Tel & Fax: +38138223700 MOB: +377 44 156 521 E-mail: contact@uniprojectpr.com www.uniproject-pr.com	No – Lack of Experience and Lack of Professional Staff

Lin Projekt	Design and Construction	St. Mbretëresha Teutë, Mitrovica, Kosova Tel:381 28 534 717 Fax:381 28 534 717 Email: linprojekt@yahoo.com www.linprojekt.com	Yes – Urban planning as an advantage, certified and experienced staff of construction engineers, good image in the market. Has done big investment project all around Kosova such as: residence facilities, public facilities, recreation facilities...
Bejta Commerce	Low Construction and Engineering Company	Tel: +381280-23-728 Fax: +381280-24-482 Mob: +37744-110-589 044-116-540, 044-110-584 www.bejta-commerce.com	No – Concentrated more in road construction.
Hidroterm	Construction and Design Bureaus	Brigada 123, p.n. Suharekë, Kosovo Tel: +381 29 271 418 Faksi: +381 29 271 488 E-mail: info@hidroterm.info www.hidroterm.info	No

HINGAR	Design, Engineering, Construction and Interior Design	Mitrovica, Kosova www.arhing.com	Yes – 20 years' experience in construction industry, offers wide portfolio of products, specialized in Interior design. Using engineering system keys in your hand which means realizing of project, rebuilding with or without the rebuilding material.
	Construction and Design	St. Rrustem Bruqi, p.n. Deçan, Kosovë Tel. +377 44 265 713 E-mail:	No – No coverage of the market. Distance from the capital city would be an disadvantage.

		bajraktaraj@hotmail.com	
Ars Projecting Group	High Construction and Low Construction	St. Reqakut Ferizaj 70000, Kosova Tel: 044174343 Fax: 0290323206 www.arsprojecting.com	No – Lack of experience
Global shpk	Construction, reconstruction and trading	St. Qazim Berishap.n, Korishë Prizren Tel: +381 (0)29 630 903 +377 (0)44 119 836 Fax: +381 (0)29 630 905	No
Al Trade	High Construction & Low Construction	Prishtina Veternik, main. Prishtinë - Ferizaj 10000 Prishtina, Kosova Tel.: +381 (0) 43 767 181 E-mail: info@altrade-ks.com	Yes- Professional staff, experience since 2003, has built several capital buildings, has its own concrete plant. Capital investments has as a priority.
F&A Inxhiniering Company	Construction and Engineering services	Ferizaj, Kosova Tel:+377(0)44 115 527 (0)44 135 659	No

SEMI TRONIX	Construction and management of commercial and residential buildings	M. Teuta Pejë Tel: + 381 (0)39 32 754 Fax: + 381 (0)39 35 509 http://www.semitronixgroup.com	No
ART ING. BYRO	Design Bureaus & Construction	St. ErsonMazrekulokali nr.1 Prizren, Kosova Tel: +377 (0)44 190 554	No
Tregtia	Design Bureau and Construction Company	Prishtinë - FushëKosovë Tel: +381 38 601 028 Mob: +377 44 158 794 E-mail: info@tregtia.net www.tregtia.net	Yes – Property Commercial, very good purchasing conditions like 5 year loan plan without interest. The company has its concrete plant, Alu-PVC factory, processing of the armature bars, provides high quality material. Goodwill in the market across Kosova.

5. RISK AND OPPURTUNITIES

5.1. Risk Evaluation

- **Disloyal competition** which is done by various companies that operate unregistered and offer construction services with low prices so they benefit more revenue while they do not pay taxes to the government.
 - Another risk could be the tax arises from the government.
 - **Social** - There is risk in the absence of new contracts, having in mind that our country is poor with an unsustainable economy including black market, quick price changes and a population with unemployment, around 40% of the population¹.
 - **Risk of weather conditions** - Construction projects are easily affected by rain, wind, heat and lightning storms, so anticipating these events allows for more efficient project planning.
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- **Changing environmental values** - In our case considering facilities Construction, the threats would be costs of raw materials, impact of currency fluctuations when purchasing the raw material out of the country.
 - **Global Economy Crisis** - Another threat comes from the effects of the global economy. Quick change in the price of steel, cement or other raw materials can impact severely the profitability of a given project. Indeed Nartel needs to purchase huge amounts of raw material for its projects. Recently for example, due to international tensions, the prices of raw materials increased sharply. A similar economic threat is the sudden fluctuation in the currency exchange rate that Kosova is accustomed to. When raw materials are bought abroad, this can have a very negative impact on the bottom line.
 - **Potential entrants**, known as risk from international competitors - Foreign firms can always bid on specific projects, in Kosova or abroad. This is however likely because the construction market is not very competitive in Kosova but only a few construction companies are competitive internationally. Therefore we do see potential new entrants as a big threat for Nartel.
 - **Supplies**- Raw materials are mostly bought when needed, according to the current projects. Therefore, prices can fluctuate a lot, depending on where (domestic or import) or when (prices and foreign exchange fluctuations) the materials are bought. However, given size of the projects carried out by Nartel Construction, it can negotiate volume discount.
 - **Buyers**- There are several types of buyers, governments, private companies, or customers (for housing). Nartel Construction has usually little power on prices, as most projects are based on tenders. Therefore the estimation of the costs of a project is a critical step and the profit expected must be calculated carefully in order to win the bid, but not lose money.

¹ Kosovo Statistical Office

- **High interest of bank loans related to facility purchasing** – Loan interest in Kosova is evaluated the highest not only in the region but also in the world. Because, today in Kosova the loan interest is ranging from 12% of up to 14-15%, that such a percentage is considered extraordinary and that for many experts this percentage of interest is a crime for the economy of Kosova. Usually these loans are taken for consumption, but a good way of selling would be mortgage.

5.2. Opportunities

- Bringing the skilled workforce from Kosova to foreign non developing countries is another opportunity; because **Nartel**- a Construction Company is remarkably developed and able compete to the international market. Therefore there is often abroad a need for qualified and trained-experienced employees, from the worker level to designed and project management level.
 - According to the Statistical Office in Kosova in the field of construction in Prishtina there are around 329 enterprises during 2011, competition is growing increasingly, however, with the increasing number of population increases the need for housing, so investment in the resident facilities is always a potential. Kosovar households are slowly transforming by the dominance of food to housing, therefore urban households and those with higher education are ahead in this regard.
 - Urban and regional planning is a major opportunity in the future for Nartel, which centralizes around providing the best possible surroundings for people living in a growing city environment, because the citizens want higher living standards. What is required is a sense of spatial planning as well as a sense of what is best and most comfortable for the inhabitants of a city, a direct affect upon positive and negative surroundings for the masses. As Kosova is a developing country urban planning is important in planning for betterment in urbanization on every aspect. Urban planning deals with enrichment of people's life. Today, people place greater interest not only the housing but also modern infrastructure, recreation facilities a better and ecological living space that impact in socio-economic welfare.
- Expansion of the Company Portfolio of its product and services
 - Urban Planning
 - Investment in the land and infrastructure
 - Investment of the construction of adequate facilities and location, especially near the center of the city
 - Increasing the facilities capacity about 70% during spring and summer
 - Modernization of the resident facilities
 - Interior design
 - In-house services
 - Furnished flats Commercial
 - Residential Mortgage in conjunction with local banks available for several years
 - Manufacture of doors and windows

- Construction Management as Sub-Constructor with bigger companies for international market attending big and complex projects
- Apartment and House Finder Service
- Construction Project Management
- New investments in high constructions providing high living standard, equipped with kindergarten, secure underground parking with direct access to the apartment, recreation environment etc.
- New trade agreements in Residential buildings
- Public sector projects through Public Private Partnership will bring further opportunities
- Developing supply chain through involvement in large projects

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusions

- Nartel is a leading project development and construction company, developing offices, homes and infrastructure projects, such as schools and roads. Nartel creates sustainable solutions and aims to be a leader in quality construction, work safety and business ethics.
- Nartel is one of the leading private Construction Companies of residential complex and other facilities constructions in Kosovo.
- Nartel Company is certified with ISO 9001: 2008;
- Nartel Company has financial sustainability;

6.2. Recommendations

- Given the fact that best companies meet the needs of the costumers, otherwise the great companies create markets, Nartel should be concentrated in creating new market opportunities such as making agreement with banks in mortgage selling, or selling with low bank interest in order to attract the new costumers, because the number of population is increasing everyday more, as well as the need for new buildings where the number of flats in Prishtina reaches the number of 58 849 flats according to the statistical office in Kosova by the end of the year 2013.
- A reason why construction firms are subjected to political factors is because one of their major customers is the government. Most large contracts like airports, hospitals, and infrastructures are offered either by the government or by multinational companies which require that certain criteria are met. These represent most of the time very big deals. Therefore, Nartel should create good relations with the public institutions while Nartel is concentrated on big and complex projects.
- Expansion of the company portfolio of its product and services– Taking into account that Nartel has sufficient capital for investment, a good way to minimize cost, maximize profit and expand the company portfolio of its products would be the manufacturing of doors and windows, without contracting other companies to provide these service, selling furnished flats including internet services, Tv, modernization of the facilities etc. In order to expand services and benefit as many client and market, providing apartment and house finder services in collaboration with Public Housing Enterprise in Prishtina would be an advantage for commercial property.
- By its nature, construction has the potential to create negative impacts on the natural environment when not actively managed. Done well, it has the potential to have a significant positive impact. The demand for green solutions is ever-growing..

7. FINANCIAL PROJECTIONS

As it can be seen, the business financial flowing is quite positive and stable ones. The presented figures are reflecting the financial stability and its growth.

The figures at the table below show revenues from City down Town Block and its cost.

Nartel determined the project cost and forecasted revenues from the new building. Based on structure of new building, the main revenues are from residential space about 24,940 including pent houses mil EUR and commercial space about 23, 350 mil EUR. The rest of the revenues are from auto parking's units about 0,72 mil EUR.

Regarding the project cost, it is estimated that total amount of this project will cost 24,233,500.00 EUR, compensation for land is 7,751,520.00 Euro and about 2,500,000.00 Euro Nartel will pay for taxes.

The first phase or roughly works that include basement, ground floor, residential spaces and legal construction permit is an expense amounting to about 6,533,500.00 €, and the implementation of this phase will be done for 13 months. The second phase or finalization of building such as electricity, heating, installations etc. will cost 17,690,000.00 Euro, and the implementation of this phase will be done for the next 19 months.

The Net Profit forecast before taxes is 13,094,980.00 EUR.

<i>New Building Project Cost</i>					
RENEUVES					
No	Description	Unit	# of Units	Price per Unit	Total amount in EUR
1	Auto Parking's	Park Units	120.00	6,000.00	720,000.00
2	Commercial Space - ground floor	m2	2,700.00	3,000.00	8,100,000.00
3	Commercial Space - First Floor	m2	3,300.00	2,500.00	8,250,000.00
4	Commercial Space - Second Floor	m2	3,500.00	2,000.00	7,000,000.00
5	Residential Space (1st - 5th floor)	m2	7,600.00	1,200.00	9,120,000.00
6	Residential Space (6th - 16th floor)	m2	12,200.00	900.00	10,980,000.00
7	Residential Space (17th - 20th floor)	m2	4,000.00	850.00	3,400,000.00
8	Pent House	m2	800.00	1,800.00	1,440,000.00
Total Revenues from new Building					47,570,000.00
Project Cost					
Construction (Phase I)		NA	NA	NA	-
1	Basement	m2	10,000.00	230.00	
2	Ground floor - Commercial Space	m2	9,500.00	90.00	
3	Residential Space	m2	12,000.00	90.00	
4	Residential Space	m2	12,000.00	90.00	
5	Building permits				
Total phase I					6,533,500.00
Construction (Phase II)		NA	NA	NA	-
1	Basement	m2	10,000.00	50.00	
2	Ground floor - Commercial Space	m2	9,500.00	900.00	
3	Residential Space	m2	12,000.00	360.00	
4	Residential Space	m2	12,000.00	360.00	
Total phase II					17,690,000.00
Total Project Cost					24,223,500.00
Compensation for Land					7,751,520.00
Taxes					2,500,000.00
Net Profit					13,094,980.00

Table no. 3. Forecasted revenues and project cost

Literature

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21. *A I on tariffs of the RDPP 2006-01*
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24. *I 01/05-MESP for the enforcement of the law on spatial planning, location conditions, grating the urban consent and the urban permit.*
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27. *A I on sealing down construction sites by the construction inspectorate.(60/2005)*
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29. *A I on conditions and measures to be taken when doing checks on projects, (27/2005)*
30. *A I on Control of the Projects, (02/2006)*
31. *A I on other administrative violations and respective fines, (01/2006)*
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8. REFERENCES

ANNEX 1

Prishtina City Downtown Block



ANNEX 2





