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SADABAHAR COACHES – LINKING THE UNLINKED

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Abstract

Sadabahar Coaches, a case study is inscribed on the business of passenger transport in Pakistan. Sadabahar Coaches had very humble origins as it started its business in 1964 with just one passenger wagon plying between Sibi and Jacobabad by Mr. Feroz Lehri, an entrepreneur. Despite the multi-dimensional impediments faced by Mr. Feroz Lehri, in operating this business, in most backward region of Pakistan, Sadabahar Coaches manage to expand its business and is now the biggest such business owned by a single family. Apart from passenger transport, the company also operates an elaborate parcel and goods services. It is based in the western city of Quetta, Balochistan and provides services to all provinces of Pakistan.

Feroz Lehri – Herdsman to Carl Eric Wickman¹ of Pakistan

Feroz Lehri sat on the floor of his living room that was adorned with lush carpets; a prized handicraft of Balochistan. The huge LED TV screen was displaying a news story about a passenger coach that had been targeted by terrorists in Balochistan killing a score of passengers. The news was disturbing not only for peace in Balochistan, his native province but also grave for his enterprise of largest intercity passenger coaches in Pakistan.

His face was glum due to loss of life but his eyes did not betray any panic. For a person with ordinary set of nerves, this indeed would have been a crisis. Feroz Lehri; or Haji Feroz Lehri, had just won back permission to ply his buses on certain less secure routes but his mind had little worries about it. He was also about to start his international venture of introducing buses between Quetta and Mashad in Iran. This terrorist incident would surely have implications on these upcoming bus services but his worries were least about himself or his business. He had

seen all kind of crises and had overcome most. “This too would pass”, was what he said to himself quietly.

His bearded face had look of a confident man while he thought about how humble his beginnings were; he was a herder of sheep and goats in his native village and might have stayed like that had he been like most of his fellow tribesmen. He recalled the days in 1964, when as a young man he sold his herd and bought a used and rickety wagon to start business of passenger transport between Quetta and Jacobabad. The wagon needed daily maintenance and driving it was no less than an art; yet with sheer hard work and astuteness, he had managed to make this venture hugely profitable and now his fleet had more than two hundred and sixty buses and he owned the largest such business in Pakistan². He had fought many battles enroute to reach this point of success. His erstwhile small operation was huge now, yet, he was not considering his ambitions as over yet. His mind was focused on the upcoming endeavors he had planned; had been trying to execute and now was near to yet another success. Quite the contrary, he considered his business to be at the cusp of breaking into realms of vast expansions in more than one way.

China Pakistan Economic Corridor (CPEC) is soon becoming a reality. Huge infrastructure projects related to this corridor are already making mark on ground. For Sadabahar Coaches, new roads meant new destinations and routes. The government’s ownership of the project and active involvement of Chinese meant that the related infrastructure projects would be provided better security; something vital for transport business. Importance of the road projects also meant better quality of roads that would cut down wear and tear losses. Similarly, business activities along these routes would translate into more passengers for intercity transport. Being the undisputed leader of intercity public transport, Feroz Lehri was confident that he would reap huge benefits from CPEC related routes. Coupled with CPEC, Feroz Lehri also saw opportunities of linking this with his near-to-execution venture of Quetta – Mashad route. Having been into the struggle for quite some time, he saw himself having a huge advantage over his competitors. Being into this business for over half a century, he now had a knack of smelling opportunities well in

advance. Decades of hustling bustling this tricky business, he was very confident that he can deal with challenges that come with such huge opportunities.

Feroz Lehri, despite his unquenched ambitions, was generally happy and content man. His business had not only been good for him and his family, but he had been instrumental in fulfilling public transport need for his backward province. He had brought people closer. Not only this; due to him, thousands of families were getting their needs fulfilled due to good employment opportunities he had provided to people. Apart from direct employment his business had generated, his coach service had created indirect employment to many others. These all were his achievements but for him his greatest success was how he had been able to touch almost every life in Balochistan in one way or the other through his unique business. In a strange way, all these achievements made him more open to new risks; not that he was greedy, it was just because he believed that human beings are at their best when they believe in continually striving for improvements.

Environments for Intercity Passenger Transport Enterprises in Pakistan

Pakistan is a relatively 'new' country and definitely a new nation. It was carved out in 1947 from nothingness. Despite huge handicaps, it can be said that Pakistan did develop, though not to its optimum. It's an abode to a unique breed of people who not only are enterprising but also courageous and resilient.

Spread over 796096 squarekilometers(sq kms), Pakistan is inhabited by an estimated population of 184.35 million people. With so many people striving for a better life, movement of people and goods is an essential activity. Direct contribution of transport sector in the economy of Pakistan is 13.7% while it provides employment to 5% of the population. Indirect contribution of this sector in Pakistan's economy is definitely much more, as per "Greenhouse Gas Mitigation Option for Pakistan: Transport Sector".

Transportation in Pakistan is diverse and road, rail and air travel are all prevalent and serving varying segment of population and their different needs of inland movement. Demographic Indicators (1998) states that total road network in Pakistan comprises of 263,775 kilometers

(kms). Number of airports under civil aviation use is twenty-six. According to Highlights of Economic Survey of Pakistan 2014-2015, road network of Pakistan carries over 96% of inland freight and 92% of passenger traffic. This is done mainly through 257,500 trucks and 228,200 buses registered in Pakistan in 2015-2016. According to the Year Book of Pakistan Railways, length of railway track in Pakistan constitutes of 11,881kms, out of which 4,100 kms are defunct. The same Year Book cites number of passengers that travelled on Pakistan Railways in 2014-2015 were approximately 53 million while freight carried was around 5 million tons. From these figures we can see that roads in Pakistan have the most outreach. Railway network, though well spread is neither well maintained nor optimally unitized. The number of airports seems sufficient but if seen in context of flights, most of the twenty-six airports are less frequented. Moreover, cost of air travel makes it prohibitive for the general masses of Pakistan.

Balochistan in Pakistan huge but sparsely populated. Balochistan is a land of contrasts; diverse in every conceivable facet. It's the largest province of Pakistan; having 44% landmass of Pakistan, however, only 4.96 % of country's population inhabit in this province according to Demographic Indicator, (1998) Census. Balochistan is unique amongst Pakistani provinces as it has international borders with two countries; Iran and Afghanistan. Additionally, most of Pakistan's coastline lies in Balochistan. By virtue of these, it has a significant geo-strategic importance. The province is known to be diversely mineral rich and has a wide base of other products; however, it has very limited means of communication. According to Pakistan Economic Survey 2012-2013 total length of roads in Balochistan is 29,655 kms; out of this 20,525 are considered 'high type'. Railways again are very limited and air travel is also difficult due to less number of airports and those too have very few regular flights. Likewise, telecommunication; which can be considered backbone of today's world, has least coverage in this province. The province is again unique as it has a highly varying terrain and weather. Therefore, the beauty of it is that almost all of it is nearly untouched by ravages of 'modernization'. As diverse and the land and climate, it also has an ethnically diverse population comprising of Baloch, Brahvi, Makranis and Pashtoons. It is also abode to refugee groups like Afghans and Hazaras. These ethnic groups are not only fragmented but also have a fiercely tribal culture within themselves.

In other words, as per Balochistan Board of Investment, it can be safely concluded that despite having lots of potentials, Balochistan; unfortunately, is the least developed province of Pakistan. Pace of development had been stagnated due to a host of reasons; major ones being lawlessness, strife and corruption. With limited resources, refugee; mainly from war torn Afghanistan overburdens major population centers of Balochistan. For all these; and some other reasons, all kind of entrepreneurship is very difficult in Balochistan and has unique challenges to surmount.

Road transport business in Balochistan; specifically, serving passengers, has a lot of peculiarities making it a tricky enterprise. On face value, transport business in Balochistan has lot of potentials. Long distances, lack of significant agriculture or industry; but presence of mining sites, are all those ingredients that can make travelling a very common need. These potentials notwithstanding, intercity passenger transport business is not at all easy in Balochistan. Long distances and less population translate into a smaller number of passengers over very large distances. For any transporter related to public travel, this would entail higher operating costs necessitating higher fares. Relatively poor masses of Balochistan, however, might not be able to afford higher cost of travel. All this create a great dilemma for transporters in the realms of cost of operations' costs verses affordable fares that could make road travel through public transport viable for the target segment of population. Poor quality of roads increases wear and tear of fleet thus further enhancing operational costs for transport entrepreneurs. Poor state of human development in Balochistan means that number of skilled people available to a transporter, for employment in their companies, are very less. This results many a times in compromises and shortcuts resulting in poor safety for passengers. Telecommunications; which can be rightly termed as a great tool for monitoring and control for any transport business; is limited only to population centers in Balochistan. This literally means that once a bus full of passengers leave a population center, it becomes invisible to everyone out of sight. Lawlessness results into lack of security and this also promotes a culture of strong-arm-tactics amongst transporters. Routes are monopolized; not through quality or quantity of passenger transport fleet but by virtue of regional dominance through fragmented but strong tribal lines. Adding all this to various kind of terrorism prevalent in the province; where safety of material and men is at high risk, one creates

the perfect recipe for a transporter's nightmare. Regardless; transport business, including intercity passenger transport business, not only exist in Balochistan but is also developing.

Evergreen in Barren Balochistan – Sadabahar Coaches

Sadabahar is an Urdu word that mean evergreen and it is very apt in backdrop of home base of business of Sadabahar Coaches. In the mostly barren landscape of Balochistan, few things are evergreen. Sadabahar Coaches, true to their etymology, had been faithfully serving the least developed province of Balochistan, in more than one way, since 1964. It was, however, not always like this.

Feroz Lehri is the founder for Sadabahar Coaches, who started this business with a single wagon plying between Quetta the capital city of Balochistan and Jacobabad, a city in neighboring Sind province. This humble start by him makes him akin to Carl Erik Wickman. In 1914, Carl Wickman started a bus line between Hibbing and Alice, Minnesota with a single seven passenger car transporting passengers at a rate of 15 cents a ride. This service would eventually become Greyhound Lines, the world's largest bus company. Likewise, Sadabahar Coaches, starting from a single passenger wagon, fifty years after Greyhound Lines, became the largest intercity passenger bus service of Pakistan, owned by a single person.

It had been asserted from the above discussion that the peculiar circumstances present in Balochistan pose significant challenges to all kind of entrepreneurship, particularly any dynamic enterprise like transportation business. Sadabahar Coaches, as an intercity passenger transport and cargo courier company grew in an unprecedented manner that can be termed nothing short of miraculous. Some of the reasons behind this success of Sadabahar Coaches are: -

- Mr. Feroz Lehri started this business in 1964 and at that time he had little competition. The competition that he had at that time soon faded out and Sadabahar Coaches was thus able to capture and consolidate the opened market.
- Mr. Feroz Lehri was also very astute in dealing with competition he eventually had to face. He decided very early in his career that he will not put-up undue fights in order to compete on routes which were not highly profitable. If a strong competitor appeared on

these types of routes, instead of fighting the new entrant, Mr. Feroz Lehri simply abandoned the route. He then diverted his fleet on more profitable existing routes or acquired some hitherto un-served route. This, however, happened on very few routes and that too at a very late stage when his business was already highly well established. Even the abandonment of these few routes was not viewed as permanent and service of Sadabahar resumed on these once situations became conducive.

- Another factor for success of Sadabahar Coaches was the low cost of travel. Mr. Feroz Lehri correctly identified that most of clients would be poor people who would not be attracted to travel on his buses if he charged exorbitantly. He kept fares low and also kept his buses simple so that his profit margins did not suffer unduly. In other words, Sadabahar Coaches believed that more business even at lesser profit margins would give more returns.
- In order to mitigate operations, cost due to long distances and less population, Sadabahar Coaches supplemented passenger transport with limited cargo movement. This innovation helped him cut cost and thereby expand his fleet and routes.
- By incorporating cargo movement Mr. Feroz Lehri also won an important ally at the places his coaches went to. At the time he started his bus service, not many transporters were plying cargo transport vehicles on many of the routes frequented by Sadabahar Coaches. The traders and also the common-folk of these areas faced a lot of hardship for getting commodities and goods to their places of residence. When Sadabahar Coaches offered their services for transport of cargo to the places their vehicles went to, it was welcomed. In a way, Mr. Feroz Lehri enhanced the number of some very influential stakeholders in his business.
- Road conditions were poorer in past as compared to now and wear and tear to his buses was unavoidable. This problem was overcome mainly as Sadabahar Coaches had little competition in the start and buses could be operated with very slow speeds thus mitigating damages of bad roads.

- Feroz Lehri also managed to cut costs of his operation by keeping it in his family, where people were willing to stand by him even during crisis situations.
- As regards to law and order plus security concerns, those were almost nonexistent in Balochistan until very late. The services he was providing were useful for all and sundry; therefore, he was welcome in all areas of province. Though Balochistan had disturbances based on ethnic struggles, those remained localized and did not affect common people on a mass scale.
- This serenity, however, changed to greater chaos and strife around a decade ago. Apart from intensification of ethnic rifts, heretofore unknown element of sectarian violence became a sudden and dominant reality. Targeting of Hazara and settler communities in Balochistan became a norm and travel became highly unsafe for these communities.
- This definitely affected business of Sadabahar Coaches as well as some other smaller companies. Business, however, was not the only casualty and stakes suddenly grew at a grand scale.
- This resulted in proactive response by law enforcement agencies. System of convoys of passenger buses was introduced and check posts and patrolling of various law enforcement agencies increased on vulnerable routes. Transporters were also allowed to employ security guards on their buses with licensed firearms. Although the violence did not stop completely but the incidents reduced to a great degree.

Due to a combination of factors; major ones of which was early start by Sadabahar Coaches, the business expanded slowly but surely both as regards to fleet and also in terms of destinations and products. Sadabahar Coaches of today provide travelling facility in region that still has very limited communication infrastructure but very long distances and sparse population. It still manages limited cargo and courier facilities. Competition has, however, cropped up and nowadays many passenger transport companies are operating in Balochistan including Sadabahar. Other companies, however, are smaller in size as well as limited in their routes and Sadabahar Coach Service is still considered to be the best and biggest business earning entity which is owned by single owner.

It employs more than 10000 workforce in all over Pakistan including the jobs of labor and management under the ownership of a single family. Today the company has a fleet of 355 approx. buses and serves on different destinations while linking many more small cities, towns and villages enroute in all corners of Pakistan. The company is also in process of internationalizing its operation by linking Pakistan with neighboring Iran. In recent past, with the construction of national highways and motorways, the trend of coaches and buses has become a convenient and affordable way of transportation.

The business of Sadabahar Coaches, however, still faces a number of challenges, most of which are mitigated to an extent by sheer hard work and unique solutions. Bureaucratic stagnation and archaic procedures create a lot of impediments for this business which inherently has a highly dynamic nature of operation. Poor quality of road infrastructure is still a cause of premature wear and tear to the fleet of Sadabahar Coaches. Being a very large operator in this business, Sadabahar Coaches are now better positioned to overcome losses caused by poor roads. The business does not enjoy as much financial support of loans and leases as it is available to other forms of industries. Due to the associated risks, insurance options are also not available as there is no such proper system of leasing or loan from financial institutions. These issues are tackled by the company by benefitting from the traditional lending facilities and also by recycling portion of his profits into new investment. The business has potential of internationalized operations but lack of governmental support had been causing inordinate delays in this venture. This issue, however, is near solution as most of the hurdles had been overcome.

Off late, Mr. Feroz Lehri has realized another of his major dreams; establishment of a grand terminal in Quetta. He had envisioned long ago about a terminal for his business in Quetta, which he considers as the capital of his transportation empire. Despite lot of opposition, he did not lose faith and had finally been able to get a decision in his favor from Supreme Court of Pakistan in 2014 after provincial government started litigations in 2008. His dream terminal was now a reality and had all facilities necessary to run his business. Details of assets of Sadabahar Coaches, along with destinations served, fares and related data is illustrated in Annex A

Feroz Lehri – An Eternal Optimist

The journey by Mr. Feroz Lehri started as a herdsman who grazed his flock of sheep and goats in the pastures of Balochistan. He now owns a huge company that is providing a uniquely valuable service to,

not only people of his province but throughout Pakistan. Like other businessmen, he too faced hardships at different points of his enterprise, however, all this had taught him that losing heart is not for the brave and hardy people like him. He also knows that his success lies in striving for improvement; not just for sake of greed but to maintain the success he has now been accustomed with.

The situation in his home province and the base of his business are not conducive even at this moment. Pakistan's active role in CPEC, a multinational enterprise that is termed as a game-changer, had attracted lot of positive as well as negative attention. On one side, huge communication infrastructure projects are coming up that are likely to enhance transport business. The same project, however, had also become cause of strife, mainly due to negative interventions by the regional antagonists of this project. Mr. Feroz Lehri has been through similar situations in the past and is thus better placed to identify the silver lining in the dark clouds of the current horizon.

He knows that he is already a very important stakeholder in the business of passenger transport. He also has already done spadework for internationalizing his operations by acquiring permissions for extending his bus services to Mashad in neighboring Iran. With the fleet at his disposal and the experience of huge operations since more than fifty years, Mr. Feroz Lehri is already fine tuning his plans for becoming an active collaborator on the upcoming CPEC related routes. To this end, he knows that he would have to diversify his bus service as regards to quality due to involvement of varying target segments on these routes. He thus acquired twenty-seven luxury buses that he plans to use on Mashad Route. More such acquisitions are in pipeline to reenter Quetta Karachi route that he once abandoned due to enhanced competition and opposition. With the improved security situation on that particular route, Mr. Feroz Lehri is confident that he would be able to compete in a fair manner with other passenger coach businesses.

With CPEC coming up, he intends to make Karachi another important terminal for his business on already functional Coastal Highway in the south of Pakistan. The new highways being constructed to link Quetta with Gawadar, he would also be able to operate to Gawadar and other coastal towns. At the moment these plans are waiting for some more consolidation of development ventures in Gawadar and the route leading to it. All these plans, and strive involved therein, are enough to rejuvenate energies for an aging but energetic and alert Feroz Lehri.

Likely opportunities and challenges of future

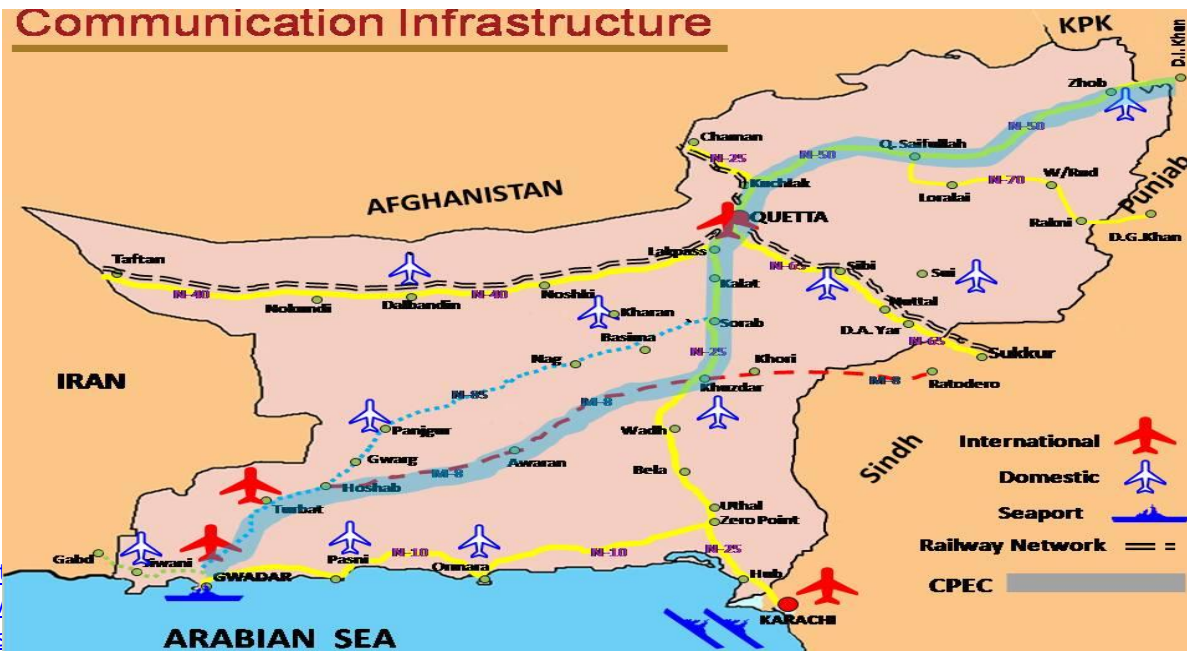
The opportunities in the form of mashed route and CPEC in backdrop of challenges faced by entrepreneurs, one of the major challenges would be security of transporters and passengers. Other issues would be about upgradation of service both in terms of quantity and quality to cater for future challenges. New operations, particularly on routes relevant to CPEC would also be a challenge. Summation of previous discussion, all it is to mention that Sadabahar has managed to meet the challenges and issues with an entrepreneurial will.

ANNEX A

**INVESTMENT/ DEVELOPMENT POTENTIALS – BALOCHISTAN
(SOURCE – BALOCHISTAN BOARD OF INVESTMENT³)**

Balochistan Province

Geographical Position = South West of the Country
Area = 347, 190 KM² (24/KM²)
Population = 9.00 Million (45% below 16 Yrs of age)

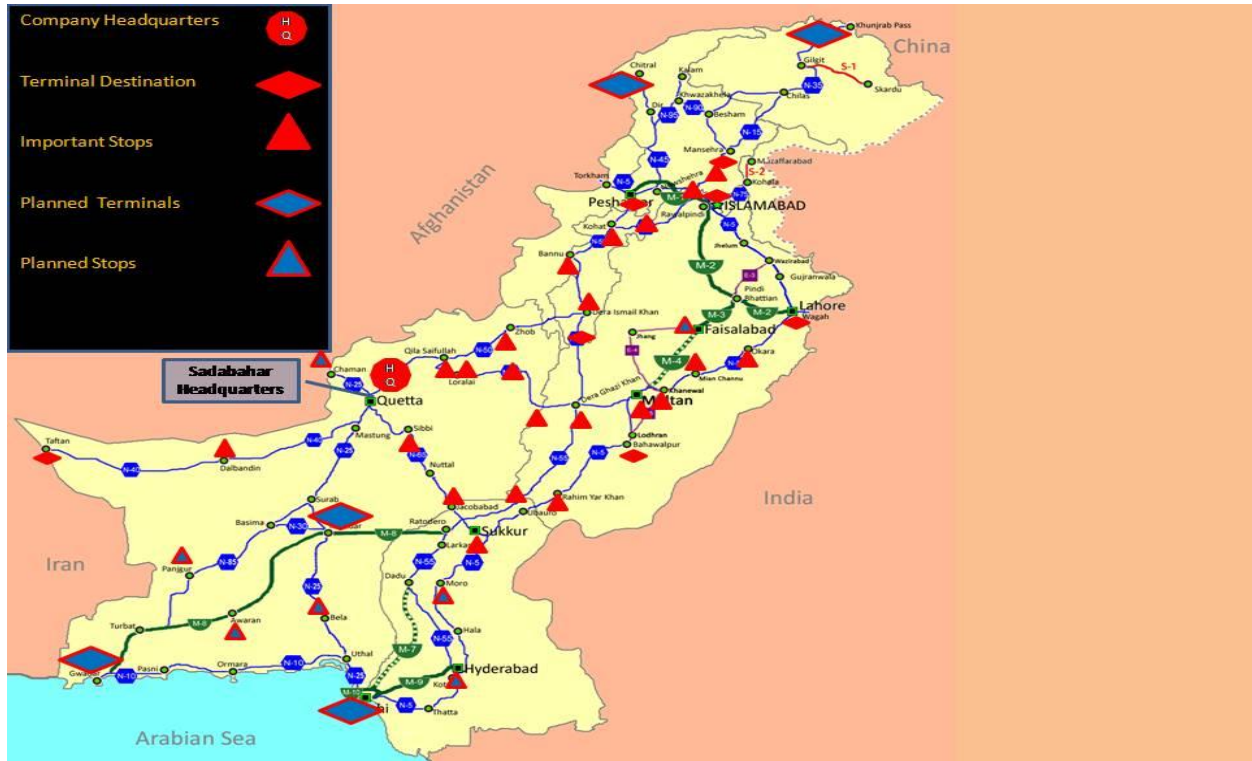


ANNEX B**Appendix 1****SADABAHAR COACHES – ASSETS**

Total Number of Buses		355approx.
Fleet Age		
0 to 2 Year Old	2 to 10 Year Old	Beyond 10 Years Old
Around 160 (Including 27 luxury buses recently acquired)	135	60
Estimated Cost of Fleet		
Buses < 2 Year Old		
(New luxury buses cost Rs 25-35 million apiece)		
Buses 2 to 10 Year Old and Buses > 10 Year Old		
The buses in these categories have different values after depreciation.		

Note: *Apart from the cost of brand-new units, other prices are estimated as owners were reluctant to divulge these details. Moreover, cost estimation of whole fleet accurately would require a deliberate pricing system which is beyond scope of this case study.*

SADABAHAR COACHES – MAJOR DESTINATIONS SERVED



DESTINATIONS/ TERMINALS		
Abbottabad	Khanewal	Okara
Ahmedpur	Khanpur	Peshawar
Bahawalpur	Karak	Rahim Yar Khan
Bannu	Kohat	Rajanpur
Chichawatni	Lahore	Rakhni
Dera Ghazi Khan	Liaquatpur	Rawalpindi
Dera Ismail Khan	Mansehra	Sadiqabad
Dalbandin	Mian Channu	Sahiwal
Hasanabdal	Mianwali	Talagang
Haripur	Multan	Taunsa
Havelian	Muzaffargarh	Wahva
Jampur	Nokundi	Zhob

Note: Only important terminals and stops are mentioned here. Intervening stops are also served on the routes.

PLANNED DESTINATIONS/ TERMINALS		
Awaran	Karachi	Pasni
Bela	Kharan	Qandhar (Afghanistan)
Chitral	Khuzdar	Sialkot
Faisalabad	Larkana	Skardu
Gawadar	Mand	Sust
Gilgit	Mashad (Iran)	Swat
Hyderabad	Musakhel	Uthal
Jiwani	Panjgur	Wana
Note: Only important terminals and stops are mentioned here. Intervening stops will also be served on the routes.		

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