Sesi 2

Strategic Planning Process
Strategic Management

- Set of managerial decisions and actions that determines the long-run performance of a company
- As opposed to “strategic planning”?
Benefits

- Clearer sense of strategic vision for the firm
- Sharper focus on what is strategically important
- Improved understanding of a changing environments
Learning Organization

- An organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect changes in new knowledge.
- Organization adjust defensively to changing environment.
- And, offensively use knowledge to improve organizations position in environment.
- Very critical to gain competitiveness…!
Basic Model of Strategic Management

- Environmental scanning
- Strategy formulation
- Strategy implementation
- Evaluation & control
Strategic Decision Making Process

1(a) Evaluate Current Performance Results
1(b) Examine and Evaluate the Current:
   - Mission
   - Objectives
   - Strategies
   - Policies

2 Review Corporate Governance:
   - Board of Directors
   - Top Management

3(a) Scan and Assess External Environment:
   - Societal
   - Task

3(b) Analyze External Factors:
   - Opportunities
   - Threats

4(a) Scan and Assess Internal Environment:
   - Structure
   - Culture
   - Resources

4(b) Analyze Internal Factors:
   - Strengths
   - Weaknesses

5(a) Select Strategic Factors (SWOT) in Light of Current Situation
5(b) Review and Revise as Necessary:
   - Mission
   - Objectives

6(a) Generate and Evaluate Strategic Alternatives
6(b) Select and Recommend Best Alternative

7 Implement Strategies:
   - Programs
   - Budgets
   - Procedures

8 Evaluate and Control

Strategy Formulation: Steps 1–6
Strategy Implementation: Step 7
Evaluation and Control: Step 8
Environmental Variables

Societal Environment

Task Environment

Internal Environment

Socio-cultural Forces
Governments
Special interest groups
Customers
Political-Legal Forces
Creditors

Shareholders
Suppliers
Labor unions
Trade Associations
Communities
Technological Forces

Governments
Special interest groups
Customers
Creditors

Structure
Culture
Resources
Misi

- What the company does in a long term overall purpose?
- Reason for organization’s existence.
- Not to broad... not to narrow!
Visi

- What will the company look like in the future?
- Example:
  - “To be the world mobile communication leader (VISI), enriching the lives of individuals and business customers in the networked society (MISI)”
Objectives

- Measurable targets that the organization is setting to move towards its vision.

- Characteristics of an objective:
  - unambiguous & result oriented
  - measurable, verifiable and not too numerous
  - relevant, achievable
  - consistent with higher level objectives

- Contoh:
  “Reduce manufacturing cost by 10% each year for the next five years”. 
Strategies

- Corporate strategy
- Business strategy
- Functional strategy
Corporate strategy

- General attitude toward all of its business
- Typically fit in these categories:
  - Stability
  - Growth
  - Retrenchment
Business strategy

- At business unit or product level
- Improvement of competitive positioning in market
- 2 category:
  - competitive strategy
  - cooperative strategy
Functional Strategy

- Taken by functional area (R&D, marketing, IS, HR) to achieve business unit objectives
- Use distinctive competence
- Example:
  - R&D: invent vs innovate vs immitate
  - Marketing: pull by advertising
Trigger Event

Change of strategy may be triggered by:

- New CEO
- External intervention
- Change of ownership
- Performance gap
- Strategic inflection point: when a major change to the environment (technology, regulation, etc.)
Characteristic of Strategic Decision

- Rare: unusual
- Consequential: demand substantiation resource & commitment
- Directive: sets precedents for future decision & actions
Aneka Tools

Perencanaan Strategis
Tools Yang Akan Dipakai

- PEST (O/T)
- Porter Competitive Forces (O/T)
- Porter Value Chain (S/W)
- Industry Value System Chain (O/T)
- Kotter Organizational Model (S/W/O/T)
- Strategy Formulation with SWOT
Societal Environment (PEST)

- Political-Legal
- Economic
- Sociocultural
- Technological
Economic

- GDP trends
- Interest rates
- Inflation rates
- Unemployment levels

- Wage/price controls
- Devaluation
- Energy cost
- Government spending
Technological

- Patent protection
- New products
- New developments from lab to markets

- Telecommunication infrastructure
- Internet
- Productivity improvement through automation
Political-Legal

- Anti-monopoly laws
- Environmental laws
- Tax laws
- Special incentives

- Free trade regulations
- Employment laws
- Government stability
Sociocultural

- Changes in lifestyle
- Consumer activism
- Rate of family formation
- Growth rate of population
- Regional shifts of population
- Age distribution
- Life expectancies
Porter’s Competitive Forces

- Suppliers
- Potential Entrants
- Industry Competitors
- Rivalry Among Existing Firms
- Substitutes
- Buyers
- Other Stakeholders

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Barriers for New Entrants

- Economies of scale
- Product differentiations
- Capital requirements
- Switching cost
Factors contributing to intense rivalry

- Number of competitors
- Rate of industry growth
- Product characteristics
- Amount of fixed cost
- High exit barrier
Bargaining Power of Buyers

- A buyer purchases a large portion of seller’s product
- A buyer has the chance for backward integration
- Low switching cost
- Commodity products
- Buyer has a very low profits, therefore sensitive to price changes
Bargaining Powers of Suppliers

- Supplier dominated by few, but sells to many
- Suppliers may integrate forward
- Has high switching cost
- Buyer only buys a tiny fraction of supplier’s products, thus seen as unimportant
Porter Value Chain

Firm Infrastructure
(general management, accounting, finance, strategic planning)

Human Resources Management
(recruiting, training, development)

Technology Development
(R&D, product and process improvement)

Procurement
(purchasing of raw materials, machines, supplies)

Primary Activities
Inbound Logistics
(raw materials handling and warehousing)
Operations
(machining, assembling, testing)
Outbound Logistics
(warehousing and distribution of finished product)
Marketing and Sales
(advertising, promotion, pricing, channel relations)
Service
(installation, repair, parts)

Profit Margin

Strength & Weakness?
Industry Value Chain
Contoh Industry Value Chain

Opportunity?
Threat?
Kotter’s Organizational Modeling
# TOWS Matrix

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Strengths (S)</th>
<th>Weaknesses (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td>External Factors</td>
<td>List of strengths</td>
<td>List of weaknesses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities (O)</th>
<th>SO Strategies</th>
<th>WO Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of opportunities</td>
<td>Use strengths to take advantage of opportunities</td>
<td>Take advantage of opportunities by overcoming weaknesses</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Threats (T)</th>
<th>ST Strategies</th>
<th>WT Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>List of threats</td>
<td>Use strengths to avoid threats</td>
<td>Generate strategies that minimize weaknesses and avoid threats</td>
</tr>
</tbody>
</table>
Beberapa Model & Teori Lainnya
Generic Strategy Model

<table>
<thead>
<tr>
<th>Competitive Scope</th>
<th>Competitive Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broad Target</td>
<td>1. Cost Leadership Strategy</td>
</tr>
<tr>
<td></td>
<td>2. Differentiation Strategy</td>
</tr>
<tr>
<td>Narrow Target</td>
<td>3a. Cost Focus Strategy</td>
</tr>
<tr>
<td></td>
<td>3b. Differentiation Focus Strategy</td>
</tr>
</tbody>
</table>
Strategic Groups

- Set of business units / company that pursue similar strategies with similar resource
- Usefull to understand competitive position
- How to plot:
  - Select 2 broad characteristics
  - Plot the firms using the 2 characteristics as the dimensions
  - Draw circles of each company proportional to the group’s share of the market
Example: Price vs Product-Line

- McDonalds
- KFC
- Ichiban
- Lotus
- Kantin UI
- Warteg
- Mie Ayam

Price vs Product-Line:
- Limited menu variety vs More menu variety
- Low Price vs High Price

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Tools yang Digunakan untuk Situation Analysis
Strategic Types (Miles & Snow)

- **Defenders**
  - Focus on improving efficiency of their existing operations

- **Prospectors**
  - Focus on product innovation & market opportunities

- **Analyzers**
  - Operates in 1 stable (efficient) and 1 variable (innovate)

- **Reactors**
  - Lack of consistent strategy – structure – culture
Pemimpin pasar harus memiliki satu ceruk pendorong tertentu sebagai dasar semua pengambilan kepuasan bisnis.
Operational Excellence

- Business process focused
- Standardized & automated process
- Low prices
- Focus on costs, removing waste
- Examples:
  - FedEx, Dell
  - General Electric “Direct Connect”
Kasus General Electric

- GE tidak menjual partai besar kepada dealer
- Dealer hanya diberikan model untuk demonstrasi
- GE menyimpan stok, tapi dealer bisa memesan produk (atas nama klien) secara online
- Keuntungan:
  - Customer memilih model terbaru
  - Memenuhi demand dari customer dgn baik
  - Sehingga menurunkan finished goods (stocks) sebanyak 12%
Customer Intimacy

- Customer driven, strong relationship with customer
- Customer satisfaction is critical
- Provides solution for customers
Kasus Home Depot

“Solve customers problem” – bukan “jualan hardware”
Menyediakan aneka macam produk untuk berbagai jenis pelanggan
Product offer tergantung pada lokasi penjualan: “micro-merchandising” programs
Sistem informasi akan mempengaruhi product range, promosi, pricing dan juga layout toko
Tidak hanya mengambil data penjualan, tapi juga feedback pada karakter produk dan juga layanan.
Ini memungkinkan segmentasi yang lebih cepat → tidak memamerkan barang mahal di toko yang penduduknya sensitif harga
Product Leadership

- Fast delivery of new product, short product lifecycles
- Future driven
- Risk taking & decisive actions
- Flexible organization

*Microsoft Xbox 360*  
*Apple i-Pod*