

STRATEGIC MANAGEMENT PLANNING OF SOYBEAN STORE HADIJANTO TRISNO WITH THE PURPOSE OF DEVELOPING BUSINESS AND FACING COMPETITION

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Abstract—Every development demand a change, include in business world. Small businesses that are still using traditional management system face a challenge to maintaining the business continuity and facing competition in this modern era. Soybean Store Hadijanto Trisno, a hereditary business is facing some issues in running the business, which are company doesn't have functional division, lack of workers and transport during peak hours, and no database system. Those business issues are explored through internal and external factors. The external factor will be explored by using PEST analysis (Political Economic Social Technological) and Porter's five forces model and internal factor will be explore by using Value Chain Analysis and functional area analysis such as organization structure , Marketing, Operations, Human Resources and Information Technology. All explorations will lead to implementation of strategic management. The recommended solutions for Soybean Store Hadijanto Trisno is to implement strategic management that adopted corporate growth strategy to improving their business, using cost focus business strategy to facing the competition, and implementing functional strategies to increasing performance and reach the efficiency.

Keywords: *strategic management, business strategy, growth strategy.*

1. Introduction

The condition of the high demand for soybeans in Indonesia and the low capacity of Indonesia's productions to meet these needs through local's production, has made the need for imported soybeans increased. The needs for national soybeans in Indonesia in 2012 are 2.4 million tons. The number is adequate to import 70 percent (1.25 million) and the remaining domestic production as much as 779,800 tons of soybeans (kompas.com, 2012). As a result of increasing need of imported soybeans in Indonesia, especially in Jakarta, have rose some opportunities. One of the opportunities is to sell imported soybeans to providing raw material for the manufacture of soybeans food production in Indonesia.

This inclusion of imported soybeans into Indonesia has made the distribution of imported soybeans business in the country increased. As the growth of this business, it was followed by increasing competition and increasing challenges in maintaining business continuity. Soybean Store Hadijanto Trisno as a traditional company that engaged in the distribution of imported soybean business is facing problems both internal and external. In external sides, it is influenced by prices of imported soybeans that are unstable and the government regulations, etc. While in internal sides, as the face of changing times, it required strategic management system that can continue to maintain business continuity because the competitions are increased and the technology is more advance day by day.

A. Company Profile

Soybean Store Hadijanto Trisno is a hereditary company that sells imported soybeans in East Jakarta. The company's name is taken from the owner's name which is Mr. Hadijanto Trisno. It was founded in 1963. At that time, the father of Mr. Hadijanto Trisno has a friend who has an occupation as the

importer of soyabean. They decided to doing collaboration, the father of Mr. Hadijanto Trisno as a seller and his friend as supplier who provide the imported soybeans.

Soybean Store Hadijanto Trisno has a vision and mission in running the company, which are:

Vision: *Become the leading of imported soybeans supplier's company in JABODETABEK*

Mission: *To provide best quality imported soybeans to increase the quality of Indonesian food products.*

The organization structure of Soybean Store Hadijanto Trisno is using simple structure because it still runs a traditional system. The director is the one who give direct order to all part of organization. It doesn't have a management system or any divisions.

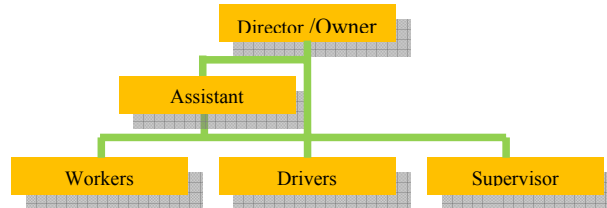


Figure 1.1 Soybean Store Hadijanto Trisno Organization Structures

Soybean Store Hadijanto Trisno sells 7 kinds of imported soybeans which are *Tiga Roda, Super Tahu, BW, MB 74 & 75, GCU (Cap Bola), Pelangi, Gunung*. Each kind of soybeans is came from different importer. Every importer took soybeans from different region in America and Canada, every region has a different quality of soybeans.

B. Business Issue

In order to survive and maintain their business, Soybean Store Hadijanto Trisno must have strategies to face the problems that will rise. The issues that happened in Soybean Store Hadijanto Trisno that being obstructions in its business development are:

- *Difficult to predict the prices of imported soybeans that are unstable.*
- *The owner starts overwhelmed in handle all managerial tasks because the company doesn't have working system.*
- *The company's doesn't have work division while the numbers of employee are increased.*
- *Lack of workers and transport during peak hours or limited facilities and resources made company's work performance to be slow.*
- *There are not recording data activities about all business transactions and the company doesn't have database system.*

All issues that have mentioned above must be solved by formulating strategic management in order to developing the company and facing the competition.

2. Business Issue Exploration

In order to provide business solution, the business issues on the previous chapter should be explored with further analysis. The analysis is used to find the root cause of all those business issues. A conceptual framework of business issue exploration will assist in the analysis of the issues.

C. Conceptual Framework

This conceptual framework is the tools for exploring the business issues of Soybean Store Hadijanto Trisno related with the high competition and changing times while it should perform operational and managerial efficiency to maintain the business continuity. A clear exploration of business situation and business issues could determine the root cause and provide Soybean Store Hadjanto Trisno the business solutions.

The research will start by analyzing the internal factors and external factors. The external factor will be analyzed by using PEST analysis (Political Economic Social Technological) and Porter's five forces model. While the internal factor will be analyzed by using Value Chain Analysis, Organizational Analysis, Marketing Analysis, Operations Analysis, Human Resources Analysis and Information Technology Analysis. After obtaining a clear exploration of the internal and external factor of business and company situation, then than we can fins the root cause of the business issues. From that business issue, we can generate business solution especially in proposing a new business strategic management.

D. Method of Data Collection and Analysis

Based on company's internal and external factors, the business will be explored using the Internal and External Factor Summary (IFAS & EFAS), Strategic Factors Analysis Summary (SFAS), Grand Strategy (SWOT) Matrix. In addition, in order to find a deeper solution regarding business strategy, company's factors will be explored using the corporate strategy, business strategy, and TOWS Matrix. Beside those, most of information is collected through interview with the assistant director to support the analysis.

E. Analysis of Business Situation

The business situation will be analyzed both internal and external environments in order to understand the firm's own capability and business environments. With this business situation analysis, it expected Soybean Store Hadijanto Trisno can found the right strategic management to conquer the business issue and maintain the business continuity.

a. External Factors

External factors are factors from outside the company, outside the structure of the organization and operation of companies that have implications for all companies but have no effect on the setting of an organization.

(1)PEST Analysis

Political – legal, Indonesia became a member of the World Trade Organization (WTO) since 1995, which is the organization which deals with regulation of trade between nations. On the one hand, Indonesia has opportunities to markets their products in International market. But in the other hand, Indonesia has not been able to fully compete with foreign products that have a high standards, so Indonesia is only be a target market for another countries. It is characterized by Indonesian people started to like imported products than domestic products. In the face of growing turmoil in imports activities, the government sets the regulations in soybean imports. Government issued the minister of finance regulations number 213/PMK.011/2011 which set import tariffs in the amount of 5% for imported goods such as soybeans..

Economic, According to Warren Hogan, Chief Economist ANZ, Indonesia's economic growth this year could be higher than last year in 2012. Indonesia in the year 2013 He was projected to grow about 6.5%, and he thinks about 6.2% to 6.5%. By looking at the Indonesian success story in recent years, he has reason to be optimistic. He said that keep growing in domestic demand and private consumption will still be a catalyst for economic growth (whatindonews.com). According to a new report by The Boston Consulting Group (BCG), Indonesia is at the early stages of a period of strong economic growth, creating a wave of new middle-class and affluent consumers (MACs) that will grow in both size and purchasing power through 2020.

Sociocultural, Indonesian culture has been shaped by interaction between indigenous customs and multiple foreign influences. Nowadays, Indonesian people are more liberal and open minded, they began influenced by foreign cultures such as lifestyle, way of thinking, way of life etc. Since Indonesia join the free trade, it Indonesian people start to accept and choose imported products than domestic products, they start believing that imported products have so much better quality than the domestic

one. According to statistical center institution, in January-February 2013, Indonesia's import value reached U.S \$ 30.77 billion or has increased about 4.57% compared to the same period imports in the previous year which are in the amount of U.S. \$29.42 billion (bps.go.id). The impacts of free trade make Indonesian people tend to be more consumptive especially in imported products. More or less globalization especially the free trade has given many challenges and opportunities for Indonesian people.

Technological, Advances in information technology and telecommunications in Indonesia is growing rapidly, there are a lot of new ways to make the production, distribution, and consumption of goods and services more efficient. Application of information and technology led to a change in habits or new habits in the business field. For example utilization of E-commerce as a trade media using internet which currently are not difficult to reach by all people. Nowadays all people can market their product to the internet and meet and bargain directly with the customer through it. Workplace or business today also requires a hardware device or software to support all its activities. The rapid development of technology today demands modern humans to act very quickly as well. If we cannot follow the rapid motion of the development of this technology, we could have been left behind.

(2) Porter's 5 Forces Model

Threat of New Entrants

The threat of new entrants in this business are **low**, because only the people who have strength and wide connection with the importer which can enter the field, beside that it needs large capital with readiness for facing losses if the price is not stable. The threats of new entrant which are possible to appear in this business are:

- New stores that owned by leading retail brands seems which is more attractive to consumers because of its prominent name, price, and attractive building appearance.
- Cooperative enterprises which are supported by government subsidies that can provide imported soybeans with cheaper price.
- Importer subsidiary that engaged in the same retail business, which can directly sell to customers.

Rivalry Among Existing Firm

The rivalry among existing firm in this business is **high** because there are a lot of competitors with provide the same product and service characteristic. Things that affect this competitive situation are:

- A competitive price, in the distribution of soybean business, the consumers are very sensitive about price. The competition among competitors that is happening during this time is price competition. The company which can offers good price, will win the competition.
- Variation of the products, the store which provide a complete variety of soybean types, will have a competitive advantage among the competitor.
- Good services, the store which can provide best services are also good options for the costumers.

Threat of Substitute Products or Services

Threats of substitute products in this business are **low** because there are no substitute items that can match with the quality of imported soybeans. Substitution products which can be threats for this business are:

- Local soybean which have same quality with imported soybeans.
- Other types of food that have the same or less prices, same taste and the same nutrient such as corn, potatoes, etc.

Bargaining Power of Buyer

The bargaining power of buyer in this business is **low** because:

- There are not substitution products which have the same quality with the products.
- The customers choose to not buying the products and stop their production if the product's price is going high.

Bargaining Power of Suppliers

The bargaining power of supplier in this business is **high** because:

- The supplier industry is dominated by a few companies, but they sell to many distributors.
- Substitutes are not readily available
- Suppliers are able to integrate forward and compete directly with their present customers.

(3) External Factor Analysis Summary (EFAS)

External factors are obtained from the result of analysis using PEST analysis (Political Economic Social Technological) and Porter’s five forces model. The determination of weight and rating are done by personal interview and discussion method with the owner, Mr Hadijanto Trisno and his son, Mr. Riski wilujaya who officiate as assistant director. Weight each factor from 1.0 (Most Important) to 0.0 (Not Important) in the Weight column based on that factor’s probable effect on the firm’s strategic position. The total weight must sum to 1.00. Rate each factor from 5 (Outstanding) to 1 (Poor) in the Rating column based on the firm’s response to that factor. The IFAS table for Soybean Store Hadijanto Trisno is presented below:

Table 1.1 EFAS Soybean Store Hadijanto Trisno

External Factors	Weight	Rating	Weighted Score
Opportunities			
• Indonesia as WTO membership	0.10	5.0	0.50
• Increasing in economic growth in Indonesia	0.15	4.0	0.60
• Trend of “imported product”	0.10	3.0	0.30
• Advancement of technology that can make the business run effectively	0.10	1.5	0.15
• E-commerce trend	0.05	1.0	0.05
Score	0.50		1.60
Threats			
• Strong competition	0.10	3.5	0.35
• Government regulations	0.10	3.0	0.30
• Development of substitution products	0.05	2.5	0.125
• Cooperative enterprise with government subsidized	0.10	1.0	0.10
• The dependence on suppliers	0.15	4.0	0.60
Score	0.50		1.475
Total Scores	1.00		3.075

b. Internal Factors

Internal factors are factors from inside the company, strengths and weakness of the organizations that give an organization certain advantages or disadvantages in meeting the needs of its customer.

(1) Value Chain Analysis

Primary Activities-Primary activities are activities inside the company which relate to the product creations, sales and support of a product and services. The activities consist of this following area:

- **Inbound logistics**-First, in the morning, the director checks quantity of the stocks in the warehouse. If the warehouse's stock didn't meet the standard quantity, he will call the supplier to order the goods. After the supplier prepares the goods, the director sends a truck to take the order. When the truck has come back to the warehouse, the director checks the quality of the goods. The goods which have met the standard quality are directly put in the warehouse, the goods which didn't meet the standard quality (such as soybeans which has mixed with the sand or ashes) are reprocessed, but the goods which have damaged are discarded.
- **Operations**-This business doesn't have standard operations system, all the activities are done with "just in time" system. After the goods are checked by the director, he set the selling price. There 2 kinds of selling process, which are customer order by phone and customer who directly come to the store
- **Outbound logistic**-After the workers prepare the goods which have been ordered by the customers, the director checks the quantity of the orders in the truck. There are not distribution schedule in this activities. So if there are ordering from customer who is in outer Jakarta and having far mileage, the owner will call all another the customers who are in the same area and asking if they want to order too.
- **Marketing and Sales**-There are not special marketing strategies in this business. The customers who purchase the goods come most of because recommendations from their friends. So what is happened in this process is the "word of mouth" marketing strategy which is never planned.
- **Service**-The services in Soybean Store Hadijanto Trisno are delivery services and warranty replacement products if the products are arriving faulty..

Support Activities-Support activities are activities that support the primary functions. The activities consist of this following area:

- **Procurement (Purchasing)**-This company provides 7 kinds of imported soybeans for 7 different vendors, all the vendors is an importer, they took the goods straight from the producing country. When the owner wants to purchasing the products, he called the vendors then asks the availability of the goods and the price. He bargains the price with the vendors, until they reach price deal. Because of there are 7 vendors, so the ordering time takes up time, moreover the vendors who play as an importer in Indonesia is measly so if the vendors disappear or they cannot provide the goods, the owner cannot find the replacements.
- **Human Resources Management**- There are no special training, all employees will eventually get use to the procedures by experiences. All the employees are paid daily, if they had done a good work, the owner will give bonuses by supplementing their salaries. This payments system didn't bind the workers, so some worker usually do not come to work if they still have money and they don't want to work. It makes the company often lack of workers during the peak time.
- **Technological Development**-This company still runs the traditional system. It doesn't use a technological device in managing and processing information inside the company. All the transactions only noted in a paper, sometimes it just only to remember and not recorded. This ways of working led to many opportunities for error, moreover they cannot assess the performance of the company that company needed for developing the company.
- **Firm Infrastructure**-It doesn't have special financial strategy or properly accounting system. The yearly tax is done by the owner based on the counting of his assets. Since the cash flow is very high, they do the daily control to avoid great loss and they need to depositing money 2 or 3 times to the bank, because it's too risky to saving money in the store. It don't have a specific staff needs

to cover the financing area, so the assistant director must count the cash money every day, it takes times up and energy for him, while he can do another managerial job.

(2) Organization Structure

Soybean Store Hadijanto Trisno doesn't have subdivision of work, all workers can be assigned with different jobs, depend on the owner instructions. Because Soybean Hadijanto Trisno doesn't subdivide their work, it can reduce possibility in job specialization, where job specialization can increase work efficiency because it can master their task quickly and it easier to match workers with specific attitude or skill for which their suited. The owner coordinated work activities with informal communication because it is easiest in small firms.

Soybean Store Hadijanto Trisno is using *narrow span control* because the owner wants to closely monitor and coach employees. But since the company grows bigger and the owner is getting old, it is hard to monitor and coach all employees so they should wide they span control. In the decision making, Soybean Store Hadijanto Trisno is using *centralization*, the high authority in every decision making is in the owner. They don't want to change it because they want every single decision is in his hand, but they still accept feedback and suggestions from the employees. Soybean Store Hadijanto Trisno didn't standardize their behavior through rules. In this company the rules are come from the owner, and he delivers it through informal communication to the employees. Formalization may increase efficiency and compliance but reduce flexibility. So Soybean Hadijanto Trisno should analyze which behavior that can be formalized and not. So they can increase efficiency and still have flexibility.

Soybean Store Hadijanto Trisno is using *Simple Structure*, because this store has no functional division and it still classified to small or entrepreneur-dominated company. But since the store had 20 workers and continues to grow along with increasing customers, this structure is less suitable to be applied in this company because it start to be a problem when the owner must supervise and control more than 20 employees by himself. So the organization structure should be changed to be more functional.

(3) Marketing Strategy Analysis

Product- Soybean Store Hadijanto Trisno sells high quality imported soybean which consist of 7 kinds of different soybean. Every kind of soybeans has a different brand, quality and for different used.

Price- The price of every brand of the products is different but the selling prices are about Rp.7000 – Rp.8000 / kg, under normal circumstances, but if there are any fluctuations in international market, it can reach over Rp.8000,-.

Place- Soybean Store Hadijanto Trisno has 2 places,

- Store: Jl. Pasar Lama Utara no.23, Jatinegara, East Jakarta.
- Warehouse: Jl. Cipinang Jaya Raya no.364, Cipinang, East Jakarta.

But since the store affected by floods last January 2013, the store never been used again, and all activities are move to the warehouse. But strangely, since they moved to the warehouse, it attracts new customer and increasing sales. It because the warehouse located on a large and easy to reach, while the store located inside traditional market which have a little parking area and a lot of people passing / in the crowded area.

Promotion- Soybean Store Hadijanto Trisno never makes a special promotion such as using advertisement, pamphlet, banner, etc. All promotions things are done using "word of mouth". The owner promote to give a cheaper price for new customer and offering special price or no delivery cost for the customer who order in large quantities

Product Life Cycle- Soybean Store Hadijanto Trisno is in the *Growth Stage*, because this store still has rapid climb in sales and they still attract new customer.

(4) Financial Strategy Analysis

Soybean Store Hadijanto Trisno never uses a debt to increase the earning available, so its debt ratio is 0%. All the funds are derived from owner's capital. The owner never records completely all the

flow of funds in the operations of an organization and he doesn't have strategy in manage his financial also. He faces an obstruction in deciding where part of his company that he must invest first to developing his business. All financial activities are done by using traditional way, only based on income and expenditure and all decision of investment are done by the owner intuition.

(5) Operation Strategic Analysis

Soybean Store Hadijanto Trisno doesn't have operation system, all operation are organized just in time by the owner. The numbers of orders in the peak time that must be served by limited resources are making the delivery process lasted until evening. Beside that the unstable prices of imported soybean cannot be predicted, so the owner must be smart in arranging the inventory, so he can minimize the possibility of loss.

Inventory-Soybean Store Hadijanto Trisno doesn't have system in ordering products and arranging their inventory, they will order goods when they feel their inventory is almost empty. They run the operation system based on feeling.

Transportation-For the transportation Soybean Store Hadijanto trisno is using private truck because it low cost and have flexibility, they are able to operate on a variety of roadways. Based on Supply Chain Logistic Management book by Donald J. Bowersox, David J. Closs and M. Bixby Cooper, the key of transportation management from operational perspective are:

- *Equipment Scheduling and Yard Management*-Equipment scheduling and yard management is one major responsibility of the traffic department. Scheduling is an important process in both common carrier and private transportation. Soybean Store Hadijanto Trisno doesn't have equipment scheduling, they used the truck based on availability. So this condition must be change, for example it could be organized by using assignment method to maximize utilization and maintenance the trucks. So this equipment can be used in operation process properly.
- *Load Planning*-How effectively load planning is performed will directly impact overall logistical efficiency. The load planning of Soybean Store Hadijanto Trisno is planned based on Longest Processing Time (LPT) priority, the truck that will do delivery to far place is loaded first, every truck usually being loaded by 2 workers. But sometimes it still makes their logistic activity takes a lot of times. The options for making an effective load planning in Soybean Store Hadijanto Trisno are increasing the numbers of workers who load the goods, change the developing alternative facilities layout.
- *Routing and Advance Shipment Notification (ASN)*-An important part of achieving transportation efficiency is shipment routing. How deliveries are planned must take into consideration special requirements of customers in terms of time, location, and special unloading services. Soybean Store Hadijanto Trisno is planned their delivery routing by based on area, but it is organized traditionally. Soybean Store Hadijanto Trisno should develop their shipment routing by using Transportation Model. Transportation Model is to determine the best pattern of shipments from several points of supply (sources) to several points of demand (destinations) so as to minimize total production and transportation costs.
- *Movement administration*-Effective administration requires continuous carrier performance measurement and evaluation. Soybean Store Hadijanto Trisno always comply the government regulations by providing permit letter for all their transportations. But for administration, they don't have typical procedure, they never records time and condition of arrival. All process is based on trust. This company should develop their administration to measure their carrier performance.

Scheduling-For compose the delivery schedule for Soybean Store Hadijanto Trisno, there are 2 techniques in scheduling which are:

- *Forward Scheduling* – starts the schedule as soon as the job requirements are known.
- *Backward Scheduling* – begins with the due date, scheduling the operation first.

From these 2 techniques, Soybeand Store Hadijanto Trisno is more suitable to use forward scheduling because the jobs are performed to customer order and deliver is often requested as soon as possible. Based on Operation Management books by Jay Heizer and Barry Render, there are some stages in determining the way for making schedule, which are:

Loading Jobs

In this stage, the jobs assign to work centre. This stage is where all orders from customer are accepted in Soybean Store Hadijanto Trisno. *First*, we examine loading from the perspective of capacity via Input-Output Control technique that allows operations personnel to manage facility work flow. The benefit of this technique is improving customer service level because the availability of the products is always in control. *Second*, there are 2 approaches can be used in loading jobs, which are:

- Gantt Charts – it shows the loading and idle times of several departments, machines or facilities.
- Assignment Method – it assign task to resources for example jobs to machines, contracts to bidders, people to projects, etc.

For Soybeans Store Hadijanto Trisno which is still using traditional system to delegate the jobs and the main business process is just only delivery products, it preferable to use Assignment Method Approach to maximize the utilization of resources.

Sequencing Jobs

Sequencing is specifies the order in which jobs should be done at each centre. There are some methods in sequencing jobs, which are:

- Priority Rules for Dispatching Jobs- Provide guidelines for the sequence in which jobs should be worked. The most popular priority rules are:
 - FCFS : First come, first served
 - SPT : Shortest processing time
 - EDD : Earliest due date
 - LPT : Longest processing time

Soybeans Store Hadijanto Trisno is using LPT method in sequencing jobs, the order that have far distance delivery should be worked first. The rest of orders are sequenced again by FCFS.

- Critical Ratio-It is an index number computed by dividing the time remaining until due date by the work time remaining. A job with low critical ratio (less than 1.00) is one that is falling behind schedule.

$$CR = \text{Time remaining} : \text{Workdays remaining}$$

Soybean Store Hadijanto Trisno should use these critical ratio methods to predict the priority accurately.

- Johnson Rule-It can be used to minimize the processing time for sequencing a group of jobs through 2 works centre. This method is cannot used by Soybean Store Hadijanto Trisno because it use one work centre to one jobs, not 2 work centers.

Theory of Constraints

This is a body of knowledge that deals with anything that limits an organization's ability to achieve its goals. Constrains can be physical such as personnel availability, supplies, etc or non physical such as procedures, moral, and training. Soybeans Store Hadijanto Trisno's constraint of delivery orders to customer is trucks and workers availability. Bottleneck work centers are constrains that limit the output of production, Bottlenecks have less capacity than preceding or following work centers. This bottleneck's long term solution is to add capacity, but the owner doesn't want to buy a new truck right now because the frequency of the problems is not often. The technique for Soybean Store Hadijanto Trisno that can be used for dealing with this bottleneck is developing alternative routing, processing procedures such as giving additional products or special discounts for customers who

taking the goods by themselves or not using the delivery services from Soybean Store Hadijanto Trisno.

(6) Human Resources Strategy Analysis

Soybean Store Hadijanto Trisno is using 2 kinds of resources to recruit new employee, which are:

- *Internal Resources*-Internal resources are used when the company need employee to fill the higher position such as supervisor. The last supervisor is once the worker who has been worked for 15 years in Soybean Store Hadijanto Trisno and he has known as a worker who has a good work. They use internal resources because the internal sources are relatively knowledgeable about the company's, the owner has already known about the competences and the process of recruitment is faster.
- *Direct Applicant and Referrals*-Direct Applicant and Referral are used when the company needs workers, because it doesn't need workers who are high educated people and need to fill the vacancies faster, so the owner asks the referrals from his initial workers. Most of new workers are not tested, and the owner never evaluates their attitude, so sometimes they got a bad attitude worker. Sometimes, it raises some problem in the work. When they cannot handle the bad attitude worker anymore, the owner must fire him and do the re-hiring.

Soybean Store Hadijanto Trisno gave compensation in the form of cash compensation. That cash compensations consist of base wage that are paid per day and incentives if they do work beyond working hours such as overtime hours. Soybean Store Hadijanto Trisno also gave long term incentives that called THR every once a year when Eid Feast coming. The problem that rose in human resources area is unruly workers. They only do the job that they want to do and even they don't come to work if they don't want to work. It happened because there is not performance appraisal such as absence & working hour data for every worker. This condition takes effect in work performance.

(7) Strategic Information System Analysis

An information system can organized combination of people, hardware, software, communication network, and data resources that collect, transform, and disseminates information in an organization. Based on Management Information System: Managing Information Technology in The Business Enterprise book by James A. O'Brien, there are 3 major roles in the business applications of information systems, which are:

- *Support Business Process* – It helps in record customer purchases, keep track inventory, pay employees, evaluates sales trends, etc.
- *Support Decision Making* – It helps store manager and other business professionals make better decisions and attempt to gain competitive advantage.
- *Support Competitive Advantage* – Gaining a strategic advantage over competitors requires innovate use information technology.

Soybean Store Hadijanto Trisno don't have an information management system because the company still run in a traditional way, so it obstructs the company to developing business process, make more accurate decisions, and increasing their competitive advantage. To implementing information system, it needs resources. The information system resources consist of 5 elements, which are People resources, Hardware resources, Software resources, Data resources, Network resources. Soybean Store Hadijanto Trisno doesn't have all resources that are needed to implementing information management system. The company doesn't have good manual data recording system. The company records some business transactions using paper and pencil and distributes it through informal communication, even the records are also incomplete. If they remember to record, their record it, if don't, they didn't record it. So they don't have data to support their information management system.

(8) SWOT Analysis

- **Strength:** Good relationship with suppliers, Employees relation, Competitive price, Experienced Director, Flexibility in service customers.
- **Weakness:** No database & information system, Limited facilities, Low education labor, Low operation management system, Non divisional organization structure.
- **Opportunities:** Indonesia as WTO membership, Increased in economic growth in Indonesia, Trend of “imported product”, Advancement of technology that can make the business run effectively, E-Commerce trends.
- **Threats:** Strong competition, Government regulations, Development of substitution products, Cooperative enterprise with government subsidized.

(9) Internal Factors Analysis Summary (IFAS)

Internal factors are obtained from the result of analysis using Value Chain Analysis, Organizational Analysis, Marketing Analysis, Operations Analysis, Human Resources Analysis and Information Technology Analysis.

The determination of weight and rating are done by personal interview and discussion method with the owner, Mr Hadijanto Trisno and his son, Mr. Riski wilujaya who officiate as assistant director. Weight each factor from 1.0 (Most Important) to 0.0 (Not Important) in the Weight column based on that factor’s probable effect on the firm’s strategic position. The total weight must sum to 1.00. Rate each factor from 5 (Outstanding) to 1 (Poor) in the Rating column based on the firm’s response to that factor. The IFAS table for Soybean Store Hadijanto Trisno is presented below:

Table 2.1 IFAS Soybean Store Hadijanto Trisno

Internal Factors	Weight	Rating	Weighted Score
Strength			
• Good relationship with suppliers	0.15	5.0	0.75
• Employees relation	0.10	3.0	0.30
• Competitive price	0.10	4.5	0.45
• Experienced Director	0.05	2.0	0.10
• Flexibility in service customers	0.10	3.5	0.35
Score	0.50		1.95
Weakness			
• No database & information system	0.15	1.5	0.225
• Limited facilities	0.10	2.5	0.25
• Low education labor	0.10	3.0	0.30
• Low operation management system	0.10	2.0	0.20
• Non divisional organization structure	0.05	2.0	0.10
Score	0.50		1.075
Total Score	1.00		3.025

(10) Strategic Factors Analysis Summary (SFAS)

Strategic factors are obtained from combining the internal and external factors that have been analyzed in IFAS and EFAS based on the greatest weight.

Weight each factor from 1.0 (Most Important) to 0.0 (Not Important) in the Weight column based on that factor's probable effect on the firm's strategic position. The total weight must sum to 1.00. Rate each factor from 5 (Outstanding) to 1 (Poor) in the Rating column based on the firm's response to that factor. The SFAS table for Soybean Store Hadijanto Trisno is presented below:

Table 2.2 SFAS Soybean Store Hadijanto Trisno

Strategic Factor	Weight	Rating	Weighted Score
• Good relationship with suppliers (S)	0.15	5.0	0.75
• Competitive price (S)	0.10	4.5	0.45
• No database & information system (W)	0.15	1.5	0.225
• Low of operation management system (W)	0.10	2.0	0.20
• Indonesia as WTO membership (O)	0.10	5.0	0.50
• Increasing in economic growth in Indonesia (O)	0.15	4.0	0.60
• Government regulations (T)	0.10	3.0	0.30
• The dependence on suppliers (T)	0.15	4.0	0.60
Total Score	1.00		3.625

(11)Root Cause

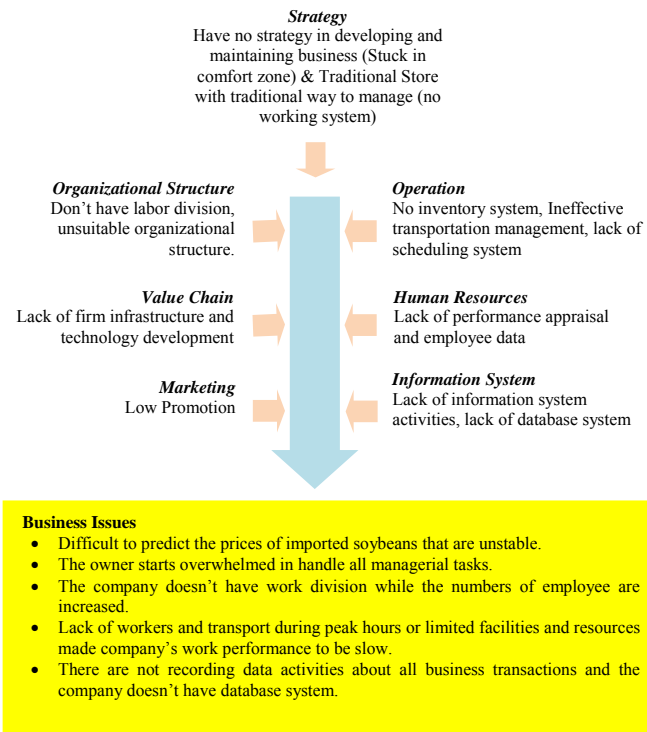


Figure 2.1 Root Cause

3. Business Solution

The steps that will take in this chapter to generate business solution for Soybean Store Hadijanto Trisno are start from vision, mission and objective formulation review, after that followed by determining the corporate strategy, then business strategy and the last step is determine functional strategy by using TOWS matrix.

F. Vision, Mission, and Objective Formulation Review

The construction of vision, mission and objectives are done by discussion method with the owner, Mr Hadijanto Trisno and his son, Mr. Riski wilujaya who officiate as assistant director. The discussion results declare that Soybean Store Hadijanto Trisno's vision and mission still match with Soybean Store Hadijanto Trisno's current and future SWOT, but the objective is made in the middle of discussion. So Soybean Store Hadijanto Trisno's vision, mission and objective are:

- **Vision:** Become the leading of imported soybeans supplier's company in JABODETABEK area.
- **Mission:** Providing best quality imported soybeans to increase the quality of Indonesian food products.
- **Objectives:** Achieve sales growth at 25% annually.

G. Corporate Strategy

Corporate strategy is about the choice of direction for a firm as a whole and the management of its business or product portfolio.

1. Directional Strategy

In order to formulating Soybean Store Hadijanto Trisno corporate strategy, the position of Soybean Store Hadijanto Trisno in the grand strategy (SWOT) matrix coordinate need to be determined first. From IFAS and EFAS, the coordinate position of Soybean Store Hadijanto Trisno can be calculated:

- **The X axis position**
 Total of Strength weighted score ($\sum S$) = 1.95
 Total of Weakness weighted score ($\sum W$) = 1.075
 The X axis position ($\sum S - \sum W$) = 0.875
- **The Y axis position**
 Total of Opportunities weighted score ($\sum O$) = 1.60
 Total of Threats weighted score ($\sum T$) = 1.475
 The Y axis position ($\sum O - \sum T$) = 0.125

The value of X ($\sum S - \sum W$) and Y ($\sum O - \sum T$) axis are put in the grand strategy (SWOT) matrix, and the position of Soybean Store Hadijanto Trisno in the grand strategy matrix is:

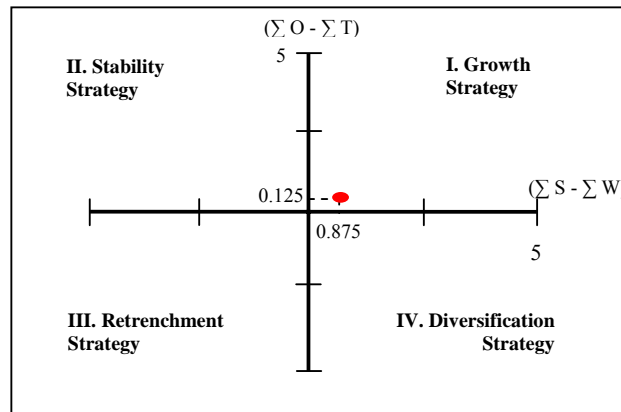


Figure 3.1 Grand Strategy Matrix

Based on the Grand Strategy Matrix, the position of Soybean Store Hadijanto Trisno is on the quadrant I "Growth" with the coordinate $(\sum S - \sum W)$ at 0.875 and the coordinate $(\sum O - \sum T)$ at 0.125. It means, in facing current external environment situations and internal condition, the best corporate strategy that Soybean Store Hadijanto Trisno should follow is **growth strategy**. The growth strategy that match with Soybean Store Hadijanto Trisno current situation is **Concentration growth Strategy** because:

- Distributing imported soybean business that Soybean Store Hadijanto Trisno operates still has high potential to grow. It shown by the total of $(\sum O - \sum T)$ has positive value at 0.125.
- The internal conditions of Soybean Store Hadijanto Trisno are supportive to grow means that it can use its strength and overcome its weakness to grab the opportunities. It shown by the total of $(\sum S - \sum W)$ has positive value at 0.875.

The concentration strategy that should take by Soybean Store Hadijanto Trisno in current situation is **Vertical Growth** (backward integration) because this strategy can give Soybean Store Hadijanto Trisno more control to reduce costs, gain control over a scarce resource, guarantee quality of key input, so they didn't have high dependency to suppliers anymore.

H. Business Strategy

(1) Porter's Competitive strategy

The best strategy that will fit with Soybean Store Hadijanto Trisno is **Cost Focus**. *Cost focus* strategy for Soybean Store Hadijanto Trisno is focusing target market or buyer group only for Soybeans food manufacturer especially tempe and tofu manufacturer and also focuses on particular geographic markets that are only in JABODETABEK area. By focusing its effort to serve narrow strategic target market, the company able to serves more efficiently that its competitors.

(2) Diamond and 5 Elements of Strategy

Diamond or 5 elements strategy for Soybean Store Hadijanto Trisno are:

- *Arena*-Soybean Store Hadijanto Trisno should focus only in JABODETABEK area because it has less cost and less risk in delivery time.
- *Differentiator*-The different Soybean Store Hadijanto Trisno compare to other company is opening hours of Store (Open Every day) with flexibility services and free delivery services.
- *Vehicles*-Soybean Store Hadijanto Trisno's vehicles to win the market place are giving competitive prices and best services.
- *Staging*-Step that should be taken by Soybean Store Hadijanto Trisno is doing investments in expanding facilities to improving efficiency because the customers is still growing and the competition is getting tougher. So the company should improve their ability to always give the best products and best services.
- *Economic Logic*-Soybean Store Hadijanto Trisno make money by lowest its cost structure. So it still can give a competitive price to customer while the company gains profits.

(3) Functional Strategies by Using TOWS Matrix

SO Strategies: Developing the business by invest funds for increasing capacity (S1, O1, O2), Rearrangement Organization Structure (S2, O2), Creating E-marketing to increase promotion and company's positioning (S5, O3, O5).

WO Strategies: Establish facilities and database system to support information system activities (W1, W5, O4).

ST Strategies: Expand company's presence by increasing quality and services (S3, S5, T1), Increasing business level by looking opportunities to become importer (S4, T2, T5), Establishing customer relationship (S5, T1, T3).

WT Strategies: Employee development (W3, T1, T4), Establish efficient business operation (W2, W4, T1).

(4) Functional Strategy

Organization Structure

Soybean Store Hadijanto Trisno should change their organization structure form **simple structure** into **functional structure** to increase their efficiency in activities.

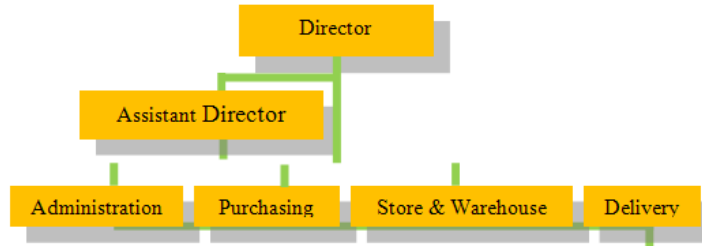


Figure 3.2 New Organizational Structure

Based on TOWS matrix, the strategy for functional areas are:

Table 3.1 Functional Strategy

Function	Functional Strategy
ORGANIZATION STRUCTURE	Rearrangement Organization Structure (S2, O2)
MARKETING	Creating E-marketing to increase promotion and company's positioning (S5, O3, O5)
	Establishing customer relationship (S5, T1, T3)
OPERATION	Establish efficient business operation (W2, W4, T1)
	Expand company's presence by increasing quality and services (S3, S5, T1)
FINANCE	Develop the business by investing funds for increasing capacity and facilities (S1, O1, O2)
	Increasing business level by looking opportunities to become importer (S4, T2, T5)
HUMAN RESOURCES	Employee development (W3, T1, T4)
INFORMATION SYSTEM	Establish facilities and database system to support information system activities (W1, W5, O4)

4. Implementation Plan

I. Implementation Plan

Implementation of business strategy is linked to the functional level strategy that can lead Soybean Store Hadijanto Trisno business to reach growth strategy. Growth strategy can be implemented by the following programs:

- **Organization Structure:** Form the division of labor, Changing working model.
- **Marketing:** Make a website, Record customer data, Make program for customer relationship.
- **Finance:** Record all business transaction, Invest funds in expanding warehouse, Invest funds in buying truck, Increasing capital by adding more funds to doing import

- *Operation*: Record suppliers data, Record purchasing activities data, Making purchasing working system, Making purchasing working system, Record warehouse activities data, Making warehouse working system, Update warehouse system, Record delivery activities data, Making delivery working system, Update delivery system, Review all operation working system, Checking warehouse condition.
- *Human Resources*: Recruiting employee, Record employee date, Record employee performance, developing salary system.
- *Information system*: Buy hardware, Install software, Input all business data, Maintaining hardware and software.

J. Human Resources Plan

Soybean Store Hadijanto Trisno must hire 6 employees that consist of 2 employees for administration division, 2 supervisors, 1 for purchasing division, 1 for delivery division, and 2 workers for the warehouse.

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