INNOVATION STRATEGY DESIGN FOR CV. X’S HANDICRAFT BUSINESS AT THE LOCAL MARKET

Nina Amalia Kusnanto¹, Christina Whidya Utami²

Universitas of Ciputra Surabaya
INDONESIA
Emails: ¹nina.kusnanto@gmail.com, ²whidyautami@ciputra.ac.id

ABSTRACT

This research is held to design a set of innovation strategy for CV. X which is based in handicraft industry, particularly for its local product division. A qualitative approach is used in accordance with descriptive case study model and inductive data analysis. During the analysis process, analysis tools used were Business Model Canvas, SWOT, Strategy Canvas and ERRC Grid of Blue Ocean Strategy, also Ten Types of Innovation. Business Model Canvas and SWOT function in evaluating existing business condition. Blue Ocean Strategy is then used to illustrate company’s current position in the industry and to suggest how the business model may be changed differently. At last, Ten Types of Innovation takes place to formulate a set of innovation strategy that may be implemented by the company. This research concludes that the company is advised to undertake a combination of platform shift and customer experience shift in innovating, in which the company treasures bigger opportunities to win the competition by creating a unique customer experience quality and developing new platform to connect customers with company’s offers.

Keywords : Innovation strategy, Local market, Business Model Canvas, Blue Ocean Strategy, Ten Types of Innovation

INTRODUCTION

The development of human knowledge and creativity, catalyzed with ease of access towards technology, internet and social media has emerged a significant number of start up businesses within recent years, especially in Asia. According to Ministry of Union and Small Medium Enterprises, the number of SMEs in Indonesia had already reached 57.9 million as per year 2014, having increased by 1.4 million since year 2012 (Latief, 2015). Besides that, based on United Nations’s data, Indonesia’s population ranked biggest fourth in the world after China,
India and United States of America, with relatively young aged citizens. With such demographics, Indonesia becomes a market highly desired and targeted by any overseas companies. Existing local business competition will soon be even crowded with their entrance and construct a reality of Red Ocean as explained by Kim and Mauborgne (2005:4), which with the increasingly congested market, products become commodities and lowest price offer are likely to win customers.

Although having limited resources, SME owners can actually think of smart ways to get out of the industry’s bloody red ocean. A good orchestration of business and innovation strategy shall take a business not only to survive, but also be well-directed and win a market. Otherwise, if businesses today simply do making and selling, it may not last long since new players emerge quickly and drag passive ones into Red Ocean.

Similar struggle was discovered at CV. X, a handicraft family business firstly running in export market but then created a secondary domestic product range (later termed as product A in the paper) intended to overcome occasional vacant operations. Initially treated as a secondary business to the export activities, there was hardly a serious take on product A’s business growth and sales dynamicity.

As shown on Figure 1, at some periods, in May 2014 for instance, product A was intensively demanded by the market, causing intensive working hours. But at other periods in October 2014, January 2015, March 2015, there were barely any job to fulfill. After couple of years, such dynamicity was deemed to be a loss for the company, both financially and emotionally. Some possible causes were the lack of business model strategy, marketing effort, working efficiency, production technical capabilities or maybe just a market seasonal cycle the company has to deal with. This study therefore aims to analyze CV.X’s overall business condition then formulate a
relevant set of innovation strategies for the continuity and expansion of the company at the local market.

**General Objectives**
1. Identifying and analyzing existing business condition of CV. X at the local market.
2. Finding possible business model changes for the company at the local market.
3. Designing a set of business innovation strategies for the company to implement at the local market.

**LITERATURE REVIEW**

**Business Model Canvas (BMC)**

A business model illustrates how an organization creates, delivers and captures values (Osterwalder & Pigneur, 2010), resembling a blueprint to implement strategies through organization structure, process and system. Business Model Canvas is a method tool developed to help entrepreneurs analyzing, designing and transforming strategies and their business model. It consists of nine components, including (1) customer segments, (2) value propositions, (3) channels, (4) customer relationship, (5) revenue streams, (6) key resources, (7) key activities, (8) key partnership and (9) cost structure.

**Strength, Weakness, Opportunity, Threat (SWOT)**

There are four aspects of SWOT questions: “What are company’s strengths and weaknesses? What opportunities are possessed and what threats are faced?” SWOT analysis is based on an assumption that an effective strategy of a business will maximize and minimize weaknesses and threats (Pearce & Robinson, 2007).

**Blue Ocean Strategy (BOS)**

As market space gets crowded, products become commodities and deadly competition causes a phenomena of the overly crowded business, illustrated as Red Ocean (Kim & Mauborgne, 2005). Blue Ocean, on the other side is a new market space opportunity for a high profit growth that requires a creation of value innovation. Some BOS analysis tools used in this study are Strategy Canvas to illustrate company’s position within the industry and Four Actions Framework together with ERRC Grid to analyze possible ways of reducing cost while maximizing values by eliminating, reducing, raising and creating certain factors.

**Ten Types of Innovation**

Innovation is the implementation of an idea that produces a worthy improvement (Rabe, 2014). This has to be the goal of every part in the organization to think of a new or better way in doing jobs, not only depending on R & D team. Ten Types of Innovation’s left side consists of profit model, network, structure and process that generally focus on company’s internal activities and its business system. The middle part of the diagram focuses on company’s offerings such as product performance and product system. The right part of the diagram focuses on elements that is in direct contact with customers such as service, channel, brand and customer engagement (Keeley et al., 2013).
CONCEPTUAL FRAMEWORK

In the study, the writer discusses about business innovation strategy design that CV.X may undertake in Indonesia’s local market. First analysis is done to illustrate the business’ existing condition, including the overall business model, linkage and performance of each aspect also to find factors that benchmark the industry. A recommendation of business model changes is then proposed for CV.X to elevate and create unique competitive advantages. Finally, a combination of innovation strategy changes is concluded for the company.

RESEARCH METHODS
Qualitative approach is utilized in accordance with descriptive case study model and inductive data analysis. Data is mainly collected by interviewing primary sources including owner (also as marketer), administrator, purchaser, production staff, human resource development staff and three customers, also reviewing secondary sources such as financial report, internal documents and onsite observation. Research was held from July 2015 until March 2016.

DATA ANALYSIS
Analysis of Business Model Canvas
1. CV.X’s customer segment is a mix of business-to-business (B2B) buyer who generally does parcel making and business-to-consumer (B2C) consisting mothers, couples and corporate.
2. Existing value proposition of product A is a service to custom-make gift boxes by any size, model, colour, texture and accessories chosen by customers themselves, with minimum order of 30 pieces.

Figure 2. Analysis Model
3. Instagram is the main medium in promoting product and information online. Customers will then communicate with CV.X’s marketer through Whatsapp and after deal is followed up formally by email. Meanwhile, B2C customers in Surabaya prefer to visit product A’s showroom to directly look at the product, ask questions and negotiate with owner.

4. Based on interviews, main ways to manage relationships with B2C are through hospitality and patience in answering customers’ questions. Whereas relationships with B2B build upon company’s readiness for urgent deadlines, satisfaction guarantee and keeping their business privacy safe.

5. The main revenue streams include pre-order and ready stock product sales, others include souvenir trading sales. In terms of pricing, there is not yet a standard of price list for the diverse products.

6. CV.X’s primary assets are their employees who possess good kinship and live around factory’s neighborhood. Other assets are production machines and building infrastructure.

7. Key activities can be categorized into three groups: pre-production, production and distribution process.

8. Based on interviews, so far there are only a few partnerships with suppliers that are supportive.

9. Based on 2015 financial report, the largest proportion in product A’s cost structure are raw material, labor cost and employees’ wages, each weighs around 20-26% of yearly expenses.

**SWOT Analysis**

Based on interviews with company representatives, evaluated on Table 1 are points of strengths and weaknesses of CV. X:

**Table 1. Internal Factor Evaluation (IFE) Matrix**

<table>
<thead>
<tr>
<th>Determining Factor</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>Total</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>CV.X earns ready stock sales income, not only through pre-order sales</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>14</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>Relationship with customer is treated well so far</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>17</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>Key resource and key activities are not easy to imitate</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>9</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Value preposition is optimally strived</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>21</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>Pre-production relatively takes longer time than production activities</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>18</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>Product models are diverse, pricing strategy lacks simplification</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>15</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>High operational cost</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>20</td>
<td>0.14</td>
<td></td>
</tr>
<tr>
<td>There are not yet any distribution and marketing strategies</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>14</td>
<td>0.10</td>
<td></td>
</tr>
</tbody>
</table>
The risk of production failure, mistake & revision.  

<table>
<thead>
<tr>
<th>Determining Factor</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
<th>H</th>
<th>I</th>
<th>Total</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Better strategic use of branding.</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>14</td>
<td></td>
<td></td>
<td>0.10</td>
</tr>
<tr>
<td>B Secondary product offer besides gift boxes.</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>15</td>
<td></td>
<td></td>
<td>0.11</td>
</tr>
<tr>
<td>C Opportunity to switch from craftmaking service to ready stock product offer.</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>18</td>
<td></td>
<td></td>
<td>0.13</td>
</tr>
<tr>
<td>D Automated IT system for efficient key activities</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>20</td>
<td></td>
<td></td>
<td>0.14</td>
</tr>
<tr>
<td>E Opportunity for production outsourcing.</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>16</td>
<td></td>
<td></td>
<td>0.11</td>
</tr>
<tr>
<td>F Development of social media marketing.</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>19</td>
<td></td>
<td></td>
<td>0.14</td>
</tr>
<tr>
<td>G Issues at supplier influence company’s activities.</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>13</td>
<td></td>
<td></td>
<td>0.09</td>
</tr>
<tr>
<td>H Market competition easily tensed, product model gets imitated fast.</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>11</td>
<td></td>
<td>0.08</td>
</tr>
<tr>
<td>I Customers’ bargaining power, especially women.</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>14</td>
<td></td>
<td></td>
<td>0.10</td>
</tr>
</tbody>
</table>

Source: Analysed data, 2015

Based on IFE and EFE analysis above, later made is a SWOT table of product A’s business:

<table>
<thead>
<tr>
<th>Internal Factor</th>
<th>Elements</th>
<th>Weight</th>
<th>Rating</th>
<th>Marking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength</td>
<td>CV.X earns ready stock sales income, not only through pre-order sales</td>
<td>0.10</td>
<td>3</td>
<td>0.30</td>
</tr>
<tr>
<td></td>
<td>Relationship with customer is treated well so far.</td>
<td>0.12</td>
<td>3</td>
<td>0.36</td>
</tr>
<tr>
<td></td>
<td>Key resource and key activities are not easy to imitate.</td>
<td>0.06</td>
<td>2</td>
<td>0.12</td>
</tr>
<tr>
<td></td>
<td>Value preposition is optimally strived.</td>
<td>0.14</td>
<td>3</td>
<td>0.42</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td>1.20</td>
<td></td>
</tr>
</tbody>
</table>

Source: Analysed data, 2015
Table 3 shows that strength of CV.X is dominated by its value proposition that has resulted good relationship with existing B2B customers. As seen through weakness factors, it was found that high operational cost, relatively long pre-production duration and probability of production issues shows a weak internal condition in the company. Opportunities such as IT system, social media development and secondary packaging products are quite potential. At last, it was found that threat factors such as customers bargaining power and market competition are not a significant obstacle for the company.

**Strategy Canvas Analysis**

In drawing CV.X’s strategy canvas, data was collected through interviews with five employees and three B2C customers in Surabaya regarding competitors they know, factors that are perceived important in the industry also comparison of each. It was found that competitors can generally be grouped into (a) premium, (b) mid-class and (c) standard. Based on interviews and observation also, it was concluded that factors considered important in benchmarking the industry includes price, product trend and appearance, number of models, product and brand recognition, customizability, and service.
The Third International Conference on Entrepreneurship

The strategy canvas on Figure 3 shows that CV.X carry a slightly different curve compared to competitors in B2C market at certain factors. Some of the differences are related to CV.X’s business model that performs as manufacturer and seller, whereas competitors are mostly earning profits through service of designing, organizing and reselling gift box with its content. Overall, competitors propose similar values; they offer product appearance, quality and customization proportional to its price whether premium, mid-class or budget. CV. X though offers mid-price products with quality similar to premium products, are not well-known in Surabaya yet. Its products are not as consumable as competitors’. Strategy Canvas shows that the company has no dominant and unique offer yet to win the competition and therefore needs to reconstruct the canvas through Four Actions Framework.

Four Actions Framework

<table>
<thead>
<tr>
<th>Eliminate</th>
<th>Raise</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Customisability</td>
<td>- Product trend and appearance</td>
</tr>
<tr>
<td>- Models with complicated specification</td>
<td>- Pricing strategy</td>
</tr>
<tr>
<td></td>
<td>- Service competence</td>
</tr>
<tr>
<td></td>
<td>- Brand and product recognition</td>
</tr>
<tr>
<td></td>
<td><em>(Customer satisfaction &amp; words-of-mouth)</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduce</th>
<th>Create</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Number of product models</td>
<td>- Customer’s personal experience</td>
</tr>
<tr>
<td>- Communication intensity</td>
<td>- Ease of choice and ordering</td>
</tr>
<tr>
<td>- Distribution intensity</td>
<td>- IT system for operational activities</td>
</tr>
</tbody>
</table>

By combining Blue Ocean Strategy and Business Model Canvas together with interview and observation results, some factors shall be adjusted as below:

1. Main factor to eliminate in the company is customizability access for B2C customer. This value was found to be ineffective for existing B2C mid-class customers that it
tends to confuse them in making decision and slow down overall company’s working flow.

2. Quantity and sizes of Product A’s model needs reduction to ease customers’ visualization and preference. Such a wide range has also become a threat to production continuity as it requires high mastery skill and interchangeable production flow.

3. Some factors to improve in the business are the variation or accessories of chosen models set in seasonal trends, marketing and service competence, also brand and product recognition.

4. One of the main factors that need to be created is building good B2C customer’s personal experience during every process in arranging their own parcel. A platform like e-catalogue and a website will sustain customers’ ease of browsing and ordering preferred products. Internally, IT system is crucial to build for the efficiency of operational activities and minimizing issues in any working flow.

![Figure 4. Strategy Canvas Recommendation for CV. X vs Parcel Industry](image)

The adjusts are drawn into a recommended strategy canvas as on Figure 4, showing that CV.X may have a significantly different curve in the industry by eliminating customizability, reducing the number of models, raising product appearance and brand recognition, also level of service competence. Differencing factors shall be the creation of customers’ personal experience, ease of choice and process and the implementation of IT system.

**Ten Types of Innovation Analysis**

To win in an industry, companies need more than common product performance innovation strategy as it tends to be easily imitated in a very short time (Keeley *et al.*., 2013). A combination of several innovations is necessary to create a stronger competitive advantage for the company. Ten Types of Innovation tool is finally used to analyze CV. X’s existing action towards each innovation type and how they can be utilized better.

1. **Profit Model**

   Based on interviews with employees, CV.X’s ready stock retail sales is one advantage over its competitors which rely on pre-order mass quantity solely. Company’s existing
showroom building therefore has the opportunity to function and be developed better as offline store. E-store shall be created as well to ease and fasten purchase transaction, therefore runs higher financial income.

2. Network
   It was found through interview that the company has not owned a good networking with any business partner yet. Due to the tendency of most suppliers’ quality inconsistency and weak after-service, network innovation shall not be adopted as company’s main innovation strategy yet.

3. Structure
   One superior value found in the company relies on the quality and commitment of its employees. Still, production capacity remains limited and insufficient for peak seasons. To increase the capacity, structure innovation is to be employed through production outsourcing alternative.

4. Process
   Based on interview with employees, the ongoing coordinated key activities flow between departments is perceived unique. Separated pre-production and production base location requires all man activities to be orchestrated and communicated well to each other. However, such manual process flow can sometimes be difficult to organize and coordinate in peak seasons. Process innovation is essential to strengthen this existing flow, minimize mistakes and improve efficiency.

5. Product performance
   CV.X’s product performance should be improved by eliminating customizability function for B2C and preserving it for B2B. Besides, product fashion and trends needs to be created seasonally.

6. Product system
   Different to competitors in parcel-making industry, CV.X has been offering add-on price system based on customer’s desired customization. In regards to B2C, company is advised to create a product bundled menu between models, accessories and its personalization to ease customer’s decision making.

7. Service
   Based on interview results, it was discovered that end-users commonly find it hard to visualize their desired model and understand how to creatively function a gift box. Therefore, CV. X has the opportunity to develop a website that presents a set of product appealing images with helpful information for customers. Existing customer support should also be equipped with better product knowledge and personal preference.

8. Channel
   So far, product A’s sales has been forced only through its Instagram account, transacted online through Whatsapp. Showroom was mainly used as samples presentation and ready stock product storage. Channel innovation can be improved through website, e-catalogue and e-store development. Current showroom building should be programmed as an active trading store rather as inactive samples’ shelves.

9. Brand
   Interviewed customers mentioned that product A’s brand is weakly known in the market, although having a quality above the average, with reasonable price. Based on interviews and observation in the industry, CV.X may better amplify its position i.e.: “Get personal, give different.” This concept may be adopted to persuade and help customers in arranging their very own parcels with reasonable price.

10. Customer engagement
It was also observed that company’s relationship with B2C tends to be transactional-based, lacking heart-to-heart bound. In the future, besides utilizing social media and website to offer products, the company needs to explicitly show the personality and characters of the team which has been serving hospitality, family-ness and commitment.

<table>
<thead>
<tr>
<th>Profit Model</th>
<th>Network</th>
<th>Structure</th>
<th>Process</th>
<th>Product Performance</th>
<th>Product System</th>
<th>Service</th>
<th>Channel</th>
<th>Brand</th>
<th>Customer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sediaan Pecelan</td>
<td>In-house</td>
<td>Koordinasi verbal</td>
<td>Flexible</td>
<td>Reaktif</td>
<td>Instagram</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ecoan secdiaya</td>
<td></td>
<td>Koordinasi verbal</td>
<td>Flexible</td>
<td>Reaktif</td>
<td>Whatsapp</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Figure 5. CV.X’s Existing Ten Types of Innovation**  
Source: Analysed data, 2015

<table>
<thead>
<tr>
<th>Profit Model</th>
<th>Network</th>
<th>Structure</th>
<th>Process</th>
<th>Product Performance</th>
<th>Product System</th>
<th>Service</th>
<th>Channel</th>
<th>Brand</th>
<th>Customer Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made-by-order</td>
<td>In-house</td>
<td>Koordinasi verbal</td>
<td>Fashionable &amp; seasonal modes</td>
<td>E-catalogue</td>
<td>Customer Support</td>
<td>Website</td>
<td>Shop Environment</td>
<td>Brand</td>
<td></td>
</tr>
<tr>
<td>E-store (ready stock)</td>
<td></td>
<td>Koordinasi verbal</td>
<td>Fashionable &amp; seasonal modes</td>
<td>E-catalogue</td>
<td>Customer Support</td>
<td>Website</td>
<td>Shop Environment</td>
<td>Brand</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 6. Ten Types of Innovation Recommendation for CV.X**  
Source: Analysed data, 2015

**Implementation Program**

<table>
<thead>
<tr>
<th>Implementation Stage</th>
<th>Brand Innovation</th>
<th>Channel Innovation</th>
</tr>
</thead>
</table>
| “Get personal, give different.” | • Designing brand identity  
• Socializing company’s brand and motto through social media platforms  
• Short promotion video to illustrate company’s offers & service | • Discussing & deciding website’s name  
• Brainstorming website’s structure (also as e-store)  
• Designing website appearance through web programmer & designer  
• Website (e-store) launch  
• Monthly website maintenance by web programmer  
• Advertising on internet |

|                      | Website  
|----------------------|---------|
| Setting budget on shop renovation  
<p>| Designing interior &amp; exterior plan to |</p>
<table>
<thead>
<tr>
<th>Service Innovation</th>
<th>Product Performance Innovation</th>
<th>Profit Model Innovation</th>
<th>Process Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• E-catalogue</td>
<td>• Fashionable &amp; seasonal</td>
<td>• Made-by-order</td>
<td>• IT System</td>
</tr>
<tr>
<td>• Customer support</td>
<td></td>
<td>• E-store (ready stock)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Offering pre-order pricing in quantity of 30/50/100/100+ pcs altogether with lesser price for larger quantity</td>
<td>Appropriate internet connection installation at shop and factory</td>
</tr>
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<td>• Evaluating store (ready stock) transaction history to request specific re-stocks from factory</td>
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- keep shop’s authenticity and its function as shop and showcase
- Executing & finishing renovation project
- Product collection photography to offer to end-users
- Designing e-catalogue containing choices of products, dimensions with mix & match demonstration
- Arranging bundled price of product models and appearance variation
- Composing Standard Operating Procedure and equality in product knowledge
- Cultivating hospitality and familiness in customer support staff
- Practicing customer support techniques
- Routine briefing, performance evaluation and resolving customer support staff difficulties
- Gathering models at showroom and discontinuing models that are too complicated to produce
- Classifying products based on shapes
- Generalizing product sizes that are commonly ordered and establishing size choices for end-users
- Recruiting new member in the team for Research & Development
- Mapping out moodboard and colour palette for yearly trend guidance
- Visiting supplier and markets to find newest materials
- Releasing one collection every 3 months and taking back one older collection
- Naming each product collection
- Appropriate internet connection installation at shop and factory
- Designing IT system to connect main activities between shop and factory
- Monitor screen and responsive button installation at the factory
- PO, sample approval, special request/changes, stock database and delivery confirmation are arranged through IT system

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<tr>
<th>Structure Innovation</th>
<th>In-house</th>
<th>Outsourcing</th>
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</table>
|                       |          | - Delegating craftsmen to socialize about outsourcing opportunities for residents around factory
|                       |          | - Establishing simplified production stages to outsource
|                       |          | - Delivering materials to outsourcing labour homes
|                       |          | - Training outsourcing skills
|                       |          | - Delegating senior craftsmen to control outsourcing production quality and progress
|                       |          | - Staff is responsible for outsourcing finished goods handover

**RESEARCH CONCLUSION, LIMITATION AND RECOMMENDATION**

a. Based on BMC and SWOT analysis, CV. X was found to have emphasized much on value preposition, customer relationship, key activities and key resources but less on customer segment, channels, key partners, cost structure and revenue structure. Some weaknesses in the company include relatively high operational cost, time-consuming pre-production activities and chances of production issues.

b. Based on Four Actions Framework and ERRC Grid, some factors to eliminate at CV. X include customizability feature for end-users and product models with complicated specification. Number of product models shall be reduced. Factors such as product trend and appearance, service capability, product and brand recognition shall be raised. Factors such as personal experience, ease of choice, ease of ordering process, also IT system shall be created outside industry’s common standard.

c. Ten Types of Innovation analysis shows that the company has better chances in becoming superior in the competition through moving towards platform shift and customer shift by creating a unique customer experience. It can be made real through a good strategy of branding, visualization, choices, product knowledge and ease up every process in contact with customers, also through a new website platform to connect customers with company’s offers.

**REFERENCES**


