

DESIGN OF BLUE OCEAN STRATEGY FOR PT. SINARBALI BINAKARYA

Putu Aditya Pratama¹, J. E. Sutanto²

Ciputra University, Surabaya
INDONESIA

Emails: 1putuadityapratama@gmail.com, 2je.sutanto@ciputra.ac.id

ABSTRACT

The research is conducted with the aim to design a new model management strategy called Blue Ocean Strategy Model for construction industrial company. This model is expected to be as a solution for the problems faced by industrial construction services in 2017, such as: intense competition and the earning for stagnant companies.

The company studied in this research is PT. Sinarbali Binakarya (PT. SBBK), along with the coverage of the industry data issued within period of 2017. Data collection method using primary and secondary data. Primary and secondary analysis data using 5 Forces Model Porter, PESTLE Analysis and SWOT. Meanwhile, for the strategy formulation phase analysis using the Blue Ocean Strategy tools, from principle 1 to 4, which are: Strategy Canvas, 4 Action Framework, and ERRC Grid.

The results show that the initial proposed S-T strategy has a gap differ with the PT. Sinarbali Binakarya Current Strategy. At Current Strategy used by PT. Sinarbali Binakarya, has indication of Red Ocean Strategy (ROS), characterized with: competition in existing markets and using the same strategy with other construction service companies. PT. SBBK condition when compared to 1st and 2nd construction services industry, showing that the company is in the Red Ocean Zone. The formation of a new element curve based on the analysis result, generating 7 additional new innovation for the company, which are: Construction activities programming, Design planning, Project manager commitment to the goals, Project team motivation, Project manager technical capabilities and control systems, definition of work and its field.

The result of re-formulating new strategy as a synthesis of TO strategy and BOS Strategy Canvas, generating 11 (eleven) items New Strategies for PT. SBBK, the 11 (eleven) item New Strategies comply with the Blue Ocean Strategy.

As conclusion, this research results a New Strategy Model that is different from the Current Strategy of the company. The New Strategy Model has expectation to push out PT. SBK from the Red Ocean Zone into the Blue Ocean.

Keyword: Blue Ocean Strategy, Industrial Construction Service, SWOT

INTRODUCTION

The construction service industry is an industry that includes all parties involved with the construction process including professional staff, construction executors and also suppliers who jointly meet the needs in construction. Construction services are services that produce

physical infrastructure and facilities. These services include study activities, preparation of technical / design plans, implementation and supervision and maintenance. Considering that physical infrastructure and facilities are the foundation of the country's growth, sectors in national development, construction services also play a role as providers of employment, the construction services are important in national development. The rise of construction projects in Indonesia's major cities today has triggered many new construction companies to emerge, this has led to increased competition in the construction industry. Increased competition is felt to occur in many infrastructure projects in the country.

PT. Sinarbali Binakarya is one of the companies in the construction sector, especially in road and bridge construction as the core business. PT. Sinarbali Binakarya was founded in 1997 by Ir. Wayan Mahardika as Owner and President Director. The establishment of this company originated from the owner working as a private sub-contractor of a BUMN construction company. The main business of PT. Sinarbali Binakarya is a contractor that produces asphalt hotmix, concrete readymix, precast concrete and paving blocks in various specifications according to the needs of consumers. Consumers from PT. Sinarbali Binakarya majority government comes from the Public Works Service, BUMN, private companies, and individuals. Along with the development of the construction industry throughout Indonesia, the government made the Infrastructure sector a priority in the development of government in the era of President Joko Widodo, many emerging new construction companies from year to year. PT. Sinarbali Binakarya has felt that competition complex and tight. This causes the company to begin to realize the many competitors that appear to be a threat and challenge for the company. Construction Company. The number of companies in the construction sector, especially in the Province of Bali, experienced an increase from 2010 to 2016. Competitiveness of the company PT. Sinarbali Binakarya with a strategy that has been carried out by the company is good enough, so the existence of the company continues until now. But the existence of the company which shows the total turnover of the company from 2013 to 2016 experienced a stagnant increase. Even businesses in the future era will face more challenges because consumers need services that are more high-quality and low-cost. and the level of competition between contractors is increasing from year to year. Problems that arise in PT. Sinarbali Binakarya is a stagnation in operating income in recent years, this is due to the many new competitor competitors that emerged with the price slashing strategy regardless of the quality of the work. When bidding on the project, they bid at a low price without considering the aspects of cost, quality, time well, while PT. Sinarbali Binakarya with years of experience in the construction field is more careful and applies risk management in each project it will follow, so that the emergence of this new competitor competitor can be a threat to the business continuity of PT. Sinarbali Binakarya. Based on the description of business competition that has been implemented by PT. Sinarbali Binakarya, the researchers are interested in studying a strategy that makes the company superior and successful in business competition. The tight competition is a strong reason to use the Blue Ocean Strategy (BOS) approach. BOS is a business strategy used to find new space in business that can improve process efficiency and performance. In the theory of Blue Ocean Strategy created by Professor W. Chan Kim and Renee Mauborgne stated that the way to win stiff competition in the Red Ocean zone is to look for a blue ocean or Blue Ocean, which emphasizes the creation of market space that has no competitors, focus on growing demand and moving away from competition. It is expected that the implementation of this strategy can improve the competitiveness of companies by using high technology in the work process, entering a new market with high entry barriers supported by HR and technology that have special qualifications. The concept of the Blue Ocean Strategy theory is to determine in advance the SWOT of PT. Sinarbali Binakarya that will be in the process of becoming a Key Success

Factor. According to Duncan (2007: 142), analyzing the internal and external environment is important in the strategy planning process. Internal environmental factors within the company can usually be classified as Strength (S) or Weakness (W), and the external environment of the company can be classified as Opportunities (O) or Threat (T). The results of the business analysis resulting from the BOS will be adjusted to the business activities that exist in the company, it is expected to support management strategies in achieving the company's goals in the face of existing competition.

LITERATURE REVIEW

As a reference for this study, the author uses several similar studies that are used as references, as follows:

The first research used as a reference was carried out by Wang Zhao and Yang Jinwei (2012) in "Application of Blue Ocean Strategy to Chinese 3G Mobile Telecom Industry.", Said the Blue Ocean Strategy application could be applied to the China Mobile Telecom industry.

The second study was "A blue ocean strategy explanation of the IMAX Move to Hollywood" by Hilary M. Becker (2014). This study discusses the steps from IMAX from the education film market to the Hollywood film market and evaluates the Blue Ocean Strategy framework. The author observes that the growth and development of the home entertainment industry creates changes in market dynamics and attracts audiences away from educational entertainment such as museums and zoos, which were initially targeted by the IMAX market. IMAX makes an important step to enter the Hollywood film market. The author has interpreted this step using the BOS framework and tools such as the Six Paths Framework, ERRC Framework, and canvas strategies and concludes that with this strategic step IMAX did create a blue ocean with a satisfying market and financial results.

The third research is "Designing the Blue Ocean Strategy model at PT. Saptaindra Sejati - Adaro Energy Group "by Tengku Shahindra (2013). This study aims to design a Blue Ocean Strategy model at PT. Saptaindra Sejati which aims to provide strategic direction for corporate management.

The fourth research "Blue Ocean Strategy Evaluation on Television Stations" by Asima Oktavia Sitanggang (2012). The purpose of this study is to describe market structure, market conduct, and performance in the Indonesian television broadcasting market.

The fifth study "Blue Ocean Strategy Approach to Improving Drug Service Strategies at K-24 Pharmacy (K-24 Antapani Pharmacy Case Study)". This study aims to create a new corporate strategy design that meets the three characteristics of blue ocean strategy in creating market space that is not contested, namely focus, divergence, and an enchanting motto.

The conclusion of the above research is to provide strategic direction for company management by implementing Blue Ocean Strategy, and to develop Blue Ocean Strategy, tools such as BOS framework, Framework, ERRC Framework and canvas strategy are needed. From the results of Sitanggang research, described the structure, market conduct, and performance of the market.

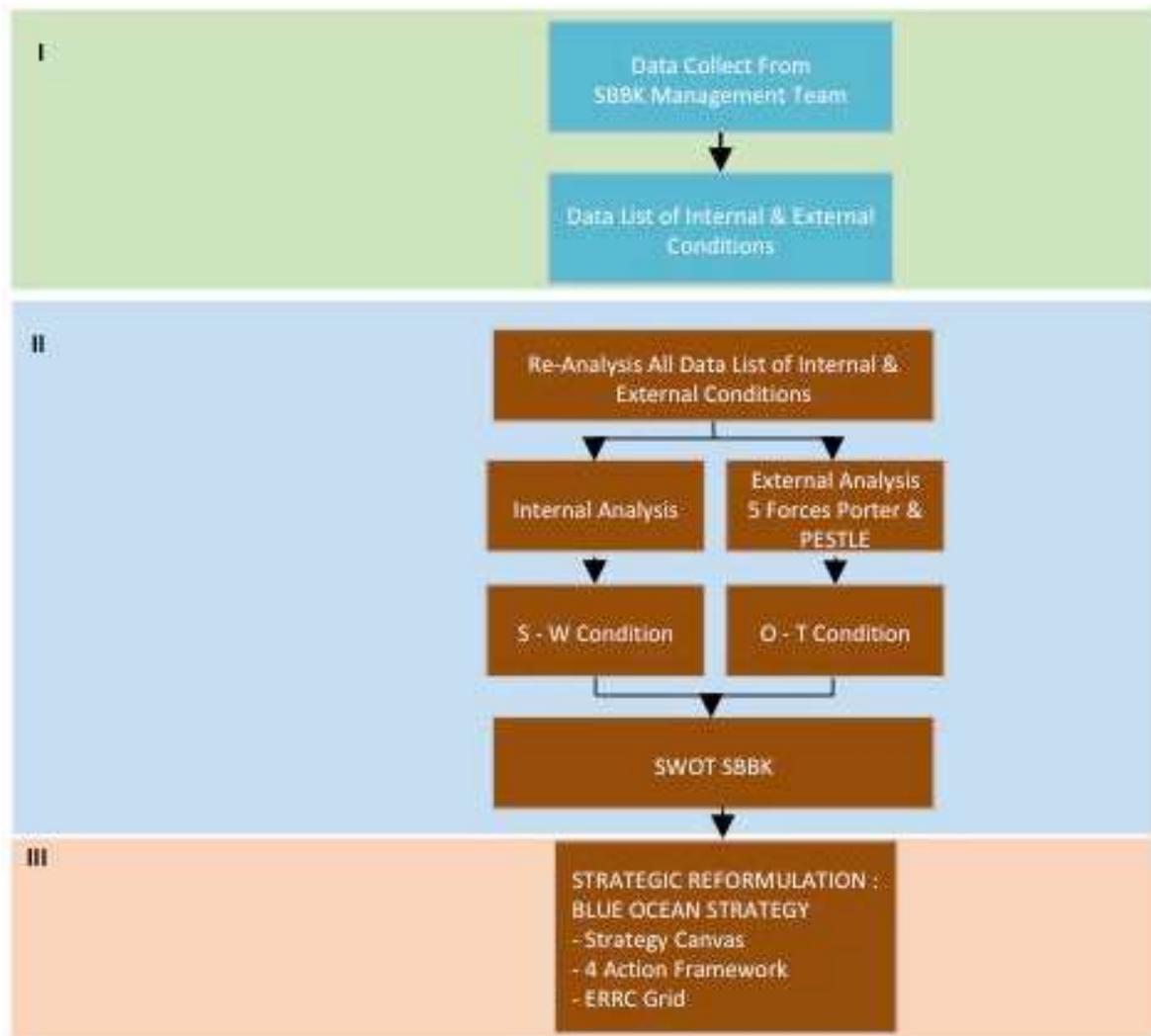


Figure 1. Analytical Framework

The above analytical framework can be explained through the following discussion topics:

Part I

In this section is the initial data analysis in the form of PT. Sinarbali Binakarya and its industrial scope are the construction services industry, including analysis of external conditions, analysis of internal conditions of the company. Because before formulating Blue Ocean Strategy which is the initial stage of strategic management, companies must know and understand correctly where they are and what they are. Is it true in the red ocean or already in the blue ocean without realizing it? Most companies today misinterpret their own positions and conditions. In this section all management data in the form of external (macro and industrial) and internal (SWOT) analysis including the identification of any key success factors that currently apply in the industry will be the material for analysis of the authors in part II.

Part II

In this section all data on the condition of the company will be re-tested in descriptive analysis - qualitative using 5 Forces Models, and PESTLE Analysis to produce the SWOT Strategy of PT. SBBK

Part III

In this section, the formulation of the Blue Ocean Strategy began using three analytical tools: canvas strategy, four-step framework, and also ERRC scheme. In doing this formulation also must follow the Blue Ocean Strategy number one to four which is the principle of strategy formulation.

In this section will be obtained the Key Success Factor from PT. Sinarbali Binakarya and which will be identified which must be eliminated, reduced, enhanced and created. Several factors that determine the success of the Blue Ocean Strategy formulation are:

- a. The selected respondents have a broad understanding of the internal and external conditions of the company, so they are able to provide input or input data based on the BOS analysis and concept tools.
- b. The flow of the analysis process runs systematically, starting from the formation of TOWS Strategy, Canvas Strategy, 4 Actions Framework, ERRC Grid, and TOWS Strategy synthesis with New Strategy Canvas.
- c. Internal and external condition data are factual to analyze, meaning that the data is the most up-to-date and up-to-date data.

RESEARCH METHODS

Research design

This research will be a type of strategic design. This research is directed to arrive at managerial strategy decision design in a company that is supported by clear and logical analysis and argumentation. The decision of the managerial strategy in this study is in the scope of Strategic Business which is Blue Ocean Strategy. That way the approach used by this research to extract information data in the field is a qualitative approach and research.

Object and Time of Research

The object of this research will be PT. Sinarbali Binakarya, one of the companies engaged in the construction sector specifically in the Road and Bridge infrastructure construction services as the core business that is run, headquartered in Bali. The selection of the object of this research was carried out intentionally (purposive) based on consideration of the ability of personnel, costs, resources, and time owned by the author. In addition, the understanding that the author has about the internal conditions of the company and its industry can facilitate the depth of analysis and accuracy of recommendations produced.

When the research will be conducted starting in May 2017. After that, the thesis writing process is continued.

Research Subject

In this study we use interview methods and sampling methods. The method is a method with sample collection involving all members of the population as research samples. This method aims to be able to obtain data effectively and accurately in accordance with the requirements needed, so that the data obtained is truly accurate and useful. In this study we will conduct an interview to Mr. Ir. Wayan Mahardika as the owner and President Director of PT. Sinarbali Binakarya, Mr. Wahyu Nayaka as Operational Manager of PT. Sinarbali Binakarya, Mr. Nyoman Budi Muliawan as Marketing Manager of PT. Sinarbali Binakarya, and Mrs. Putu Laksmi Hendarti Giri as Finance Manager of PT. Sinarbali Binakarya.

Based on the interview with the company above, it can be reformed with the Canvas Strategy of PT. SBBK: Clear it: 1. The excessive amount of daily workforce in it burdens the company's operating costs (sustainability, quality of project operations). 2. The centralized workshop concept for repairs and maintenance is now converted into a Mobile workshop, in order to be able to reduce waiting times for operational efficiency, maintenance and repair of tools (sustainability, operational quality of the project) Increase: 3. Product knowledge of new precast concrete materials circulating in the market (competitiveness, growth). 4. Competence of employees at PT. SBBK needs to be improved to be able to be done well and excel in competing with competitors. 5. Market penetration into precast concrete segments (growth, sustainability). Reduce: 6. Reduce weekly meetings for time efficiency (profitability, operational quality of the project). 7. Reduce manual jobs that are already competitive (competitiveness). Create: 8. Creating a reward and remuneration system that brings pride in the results of operations or operational benefits (profitability, growth, competitiveness). 9. The use of the GPS system is applied to the dump truck fleet and heavy equipment to be able to carry out operations and increase productivity and reduce fuel leakage (profitability, sustainability, competitiveness) Collaborate with consultants to develop new product innovations (profitability, growth, competitiveness). 11. Creating relationships with concrete material and technology research centers (growth, sustainability).

CONCLUSION

Based on the results of the research and discussion that has been done about Blue Ocean Strategy Model at PT. Sinarbali Binakarya , the conclusion is as follows:

1. Based on the results of the analysis, it was concluded that 10 (ten) Key Success Factors at PT. Sinarbali Binakarya is:

- a. The amount of daily workforce is ineffective, weighing on the company's operating costs. (sustainability, project operational quality).
- b. The concept of a centralized workshop for repair and maintenance is now converted into a Mobile workshop, with a low investment cost, namely storing operational vehicles, able to reduce waiting times for operational efficiency, maintenance and tool repair (sustainability, project operational quality)
- c. Product knowledge of new precast concrete materials that are circulating in the market (competitiveness, growth).
- d. Market penetration into precast concrete segments (growth, sustainability).
- e. Reduce weekly meetings for time efficiency (profitability, project operational quality).
- f. Reducing manual jobs that have many competitors (competitiveness).
- g. Creating a reward and remuneration system that is directly linked to the achievement of project outcome pride and operational efficiency (profitability, growth, competitiveness).
- h. Using the GPS system needs to be applied to the dump truck fleet and heavy equipment in order to be able to perform operational efficiency and increase productivity and reduce leakage, especially fuel (profitability, sustainability, competitiveness)
- i. Collaborate with consultant planners to develop new product innovations (profitability, growth, competitiveness).
- j. Creating relationships with centers of concrete material and technology research (growth, sustainability).

2. Identification of PT. SBBK from the part that must be eliminated and reduce the factors of business failure and customer value that must be created are as follows:

1. Eliminated:

- a. The amount of daily labor that is too much burden on the company's operational costs is replaced by subcontractors.

- b. The concept of a centralized workshop for repair and maintenance is now converted into a mobile workshop with investment costs that are minimal, only operational car workshops, so as to reduce waiting time for operational efficiency, maintenance and repair of equipment.
- 2. Reduced / Reduced:
 - a. Reduce weekly meetings for time efficiency (profitability, project operational quality).
 - b. Reducing manual jobs that have many competitors (competitiveness).
- 2. Enhanced / Raise:
 - a. Product knowledge of new precast concrete materials that are circulating in the market (competitiveness, growth).
 - b. Market penetration into precast concrete segments (growth, sustainability).
- 3. Created / Create:
 - Collaboration with planner consultants to develop new product innovations. (profitability, growth, competitiveness)
 - Relations with concrete material and technology research centers. (profitability, growth, competitiveness)

Based on the data and research results and conclusions made, the suggestions given are as follows: 1. Advice for companies: a. The results of this study should be used as a tool in determining the decision making for the company's operations so that it can support the objectives of the establishment of the company. b. The company should implement a strategy from the results of the Four Action Framework analysis of Key Success Factors that have been identified in PT Strategy Canvas. SBBK, because there are fundamental differences that need to be improved between PT. SBBK and 2 (two) competitors, namely on the factors of Profitability, Growth, and Competitiveness. 2. Suggestions for further research: a. Need for further research on Blue Ocean Strategy modeling studies that have been discussed by researchers to get more perfect results and conclusions. For example designing a new Strategy Canvas that has been analyzed through 4 Action Frameworks and ERRC Grid. b. Further research is needed to identify new value elements obtained from the new Strategy Canvas. c. Subsequent research should carry out a more complete and valid data collection process, so that the data obtained can better reflect real conditions and each analysis is carried out more accurately.

REFERENCES

- Becker, Hilary M. 2014. *A blue ocean strategy explanation of the IMAX Move to Hollywood*. Journal of International Management Studies.
- David, Fred. R. 2006. *Manajemen Strategi. Buku 1, Edisi kesepuluh*. Salemba Empat.
- IBM. (2005) *Strategic Innovation: Strategic Canvas & 4 Action Framework*. Ibm Executive Development Program Business Institute Report.
- Internet: bisniskeuangan.kompas.com
- Internet: www.bin.go.id
- Internet: www.bps.go.id
- Internet: www.datastatistik-indonesia.go.id
- Internet: www.presidenri.go.id
- Kim, W. Chan & Mauborgne, Renee. (2005). *Blue Ocean Strategy*. Harvard Business Publishing, USA.
- Pearce, John A. dan Robinson, Richard B. 2013. *Manajemen Strategis: Formulasi, Implementasi, dan Pengendalian*. Salemba Empat. Jakarta
- Porter, Michael. (1980). *Competitive Strategy : Techniques for analyzing Industries & Competitors*. Harvard Business Review.

- Porter, Michael. (1996). *What is Strategy*. Harvard Business Review, Nov-Dec issue page 61-68
- Rangkuti, Freddy. 1997. *Analisis SWOT Teknik Membedah Kasus Bisnis*. PT. Gramedia Pustaka Utama.
- Robert W. Bradford, Peter Duncan, dan Brian Tarcy, *Simplified Strategic Planning : A Nonsense Guide for Busy People Who Want Result Fast* McGraw Hill.
- Thompson, (2008), *Crafting & Executing Strategy; The Quest for Competitive advantage*, sixteenth edition, McGraw-Hill International Edition.
- Weirich, Heinz. (2010). *TOWS Matrix – A tool for situational analysis*. USFCA Publishing.
- Zhao, Wang (2010). *Application of Blue Ocean Strategy to Chinese 3G Mobile Telecom Industry*. Master of Business Administration Thesis. Blekinge Institute. Swedia.
- Parasuraman, A., V. A, Zeithaml., and L.L, Berry. 1988. A Multiple-Item Scale For Measuring Consumer Perceptions Of Service Quality. *Journal of Retailing*. 64 (1): 12–40.
- Sernovitz, A. 2006. *Word of mouth Marketing, How smart Companies, get people talking*. Chicago: Kaplan Publishing
- Solomon, M. 2011. *Consumen Behaviour: Buying, Having And Being*. Pearson-Prentice Hall. New Jersey.
- Tjiptono, F. 2008. *Pemasaran Strategik*. Andi Ofset. Yogyakarta.
- Zeithaml, V. Bitner, dan Gremler. 2002. *Service Marketing*. Mc Graw-Hill Companies Inc. Singapore.