APPLICATION OF STRATEGIC INNOVATION ON A WATER TANK COMPANY

1Surya Putro Purnomo, 2Tina Melinda
Ciputra University Surabaya
INDONESIA
Email: 1quadraaria@gmail.com, 2tina.melinda@ciputra.ac.id

ABSTRACT
This research aims to identify the application of strategic innovation for CV. Profil 88.
This research use the qualitative research method, explanatory type with purposive sampling technique.
Interview, Observation and Documentation are the preferred data accumulating technique used.
Analysis tools used are Business Model Canvas (BMC) and Ten Types of Innovation.
According to the ten types of innovation analysis, the recommended strategical innovation for the company is towards Business Model Shift where CV. Profil 88 have the bigger chance to won competitions by changing their production line and how they deliver products to customers, rather than making changes to products.

Keywords: Strategic Innovation, Business Model Canvas, Ten Types of Innovation.

INTRODUCTION
According to data by the Minister of Indonesia’s Ministry of Home Affairs Tjahjo Kumolo, the amount of residence of Indonesia as of 30 June 2016 are 257,912,349 people. While the growth rate of Indonesia is around 1.49%, which means that in a year the populace of Indonesia grow by around 4 million people.
Housings are one of the main basic needs of humans, and with this clean water. The need of water resources keep on increasing as the amount of people grows, especially clean water. Efendi and Makhfudli (2009: 81) said that a healthy family is a family which making sure of the availability of clean water, toilets, house sizes which suited amount of people in the family, and flooring not made of ground.
The source of this waters can be taken from a well, local water company (PDAM) or other sources. In general, this water is stored in a water tank which then distributed to extraction points by using pumps of gravity systems. By volumes, the water tanks vary, depends on the water debit that will fill those water tanks (Denis, 2010)
The usage of this these water tanks are adjusted with the needs of clean water that vary and tied to the number of populace in a region. As is told by Ditjen Cipta Karya DPU in this Table:
Table 1. Indonesians Average needs of water

<table>
<thead>
<tr>
<th>No.</th>
<th>City Category</th>
<th>No. of Populace</th>
<th>Standard needs of water/Person/Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Metropolitans</td>
<td>1.000.000</td>
<td>120 Liters</td>
</tr>
<tr>
<td>2</td>
<td>Big City</td>
<td>500.000 – 1.000.000</td>
<td>100 Liters</td>
</tr>
<tr>
<td>3</td>
<td>Medium City</td>
<td>100.000 – 500.000</td>
<td>90 Liters</td>
</tr>
<tr>
<td>4</td>
<td>Small City</td>
<td>20.000 – 100.000</td>
<td>60 Liters</td>
</tr>
<tr>
<td>5</td>
<td>Urban City</td>
<td>3000 – 20.000</td>
<td>45 Liters</td>
</tr>
</tbody>
</table>

Water tanks are one of the most common ways to secure the needs of water in a household, and accordingly almost every housing hold at least one of their own water tanks and this is where CV. Profil 88 takes the initiative. CV. Profil 88 is a company that moves in the water tanks making industry that first found on 2007 as a fiber-glass company, now made and sells water tanks made of plastic and stainless steel in the metropolitans’ city of Surabaya. In the height of business rivalries and advancement of technology there would be a point where a product is indistinguishable one from the other. And therefore to win competition with other companies, it’s not only product quality and quantities that are required but also strategies that employed by the company. In this case, Market Orientation (Narver and Slater, 1995: 134) and Product Innovation (Han et al., 1998:35)

LITERATURE REVIEW

1. Role of Innovation: Development of Product Quality and Business Performance.
Sri Hartini (2012) write an article about “Role of Innovation: Development of Product Quality and Business Performance”. The main citation of this article is to explain the result of innovation to product quality and business performance at East Java. By using proportional area random sampling and path analysis to show that there is innovation at works against product quality and in that business performance.

2. Innovating Product Appearances in Products Brand.
In a research by Martin Ondra (2017), there’s an exploration of similarity between designed concepts and previous models of brand that count the rate of similarity of features. The aim of this research is to learn the exercise of a brand by using tools available nowadays to find and discuss the relationship between appearances innovation and keeping main design feature.

Mitch Beaumont (2017), explain that breakthrough innovation – innovation that aim to create a new market rooms or step of changes in product, process or business model performance. An Agile approach for product development, a self-managed team to make a quick innovation by involving consumers at each step that have been widely used by software’s industries.

RESEARCH METHODS
This research is a qualitative research; it is a research method which its data is not received through statistical procedure or any other calculation (Strauss & Juliet, 2003). Qualitative research is a research which resulted in data in the form of words or pictures, as opposed to numbers and diagrams in a quantitative research. Research method used are explanatory research, which used purposive sampling technique. Purposive procedure is one of the most common method to determine informant in a
qualitative research in accordance to the criteria of the research (Bungin, 2012: 107). It is determined by this that the informant would be the owner and some of the department heads of CV. Profil 88.

Data collection in this research is primary and secondary data. Primary data is information gathering from the subject of research directly by using measuring apparatus or direct approach (Interview) (Azwar, 2007: 91). Secondary data is obtained by indirect approaches such as documents or literature study.

Data collecting procedures in this research are Observations (where researchers come to research objects in order to observe without interfering), Interview (where a field research is conducted by directly doing question and answers with the informants), and Documentations (documenting of research such us profile of the informants or documentation photograph).

Data analysis of this research is through the use of Business Model Canvas (BMC) to determine current business model of the company and Ten Types of Innovation to determine the most suitable innovation to conduct.

![Figure 1. BMC templates by Osterwalder and Pigneur (2010)](image-url)
RESULT AND DISCUSSION
This section will analyze qualitatively the results of data collected through interviews and documents previously by using BMC as shown in Figures 2 and Ten Types of Innovation as shown in Figure 3.

Figure 2. Ten Types of Innovation, Keeley et al., 2013: 16-17

Figure 3. CV. Profil 88 BMC Analysis
Based on Figure 3, the current business models of the company can be identified and that most possible innovation could be translated to 10 Types of Innovations ‘Process’, ‘Service’, and ‘Channel’.

As mentioned before and further explained in Figure 4, it is determined that most viable innovations are within the Process, Service and Channel as in accordance of Ten Types of Innovation.

Process innovation refers to a drastic changes that could allow company to adapt rapidly in accordance to market value. Process is the activity of producing the product or services of the company. In accordance to this, technological advancement from the current roto moulding to the new blow moulding is deemed necessary.

Service innovation refers to the improvement of utility, performance and the company’s product values or services. This innovation is intended to make the intended product to become easier to try, use, and enjoy. In this case the company is needed to improve their after sales services in order to secure a better relationship with customers.

Channel innovation refers to all practices that connects the company and their customers (Keeley et al., 2013: 46). This innovation is intended to ensure that customers can get their products whatever, whenever, and however they wanted while ensuring minimum costs and maximum satisfaction. In this case the company improve their sales process, payment systems, buying orders, and more on-ground salesman.

Table 2. Simplified Before and After Research Table

<table>
<thead>
<tr>
<th>Process</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roto Moulding Technology</td>
<td>Blow Moulding Technology</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>After Sales Services : 5 years warranty, allowing feedbacks on product quality</td>
<td>5-10 years warranty, ensuring of maximum customer satisfaction by responding to feedback and complains until there is none.</td>
</tr>
<tr>
<td>Channel</td>
<td>Consumer comes directly to the factory, salesman comes to construction sites, building materials stores, factories.</td>
<td>Order can be made through LINE/whatsapp, payment can be made through COD, payment, paypal, more online methods. More salesman on the ground.</td>
</tr>
</tbody>
</table>
In accordance to Table 2, the company is expected to do a business model shift strategy. In this case to change how company deliver products to consumer rather than making changes to the products itself.

CONCLUSION


2. Based on Ten Types of Innovation analysis, the most suitable strategic innovation for company is Business Model Shift. Where CV. Profil 88 focused on Process, Service and Channel. So that company have bigger chances to win competitions by changing way of production and product delivery to consumer, rather then creating changes to the product itself.

REFERENCES

Denis Reca 2010, Kualitas dan Kuantitas Air Bersih Untuk Pemenuhan Kebutuhan Manusia, Jakarta
