

Country Management Development Programme

A group of four diverse business professionals (two men and two women) are shown from the chest up, smiling broadly and cheering. They are dressed in professional attire. The background is a dark, textured wall on the left and a light-colored wooden wall on the right.

Day 1 Strategic Thinking

PRE-TEST



<https://bit.ly/PreTestCountryMDP>

MODULE 1

Strategic Roles of Leaders in VUCA Era



Current Business Conditions



Volatile : A wide range of changes & dynamics are very fast



Uncertain : Various surprise events & difficult to explain/predict



Complex : Various challenges due to diverse and concurrent factors



Ambiguous : Challenges due to too much conflicting information

Industrial Revolution 4.0



Gilda

Year
1500s-1700s

(Humans & Animals)

- Craftmen's Association
- Ancient agriculture
- Horsepower



Industrial Revolution 1.0

Year
1700s-1850s

(Steam Engine)

- Mass production
 - Agriculture
 - Industry
 - Mining
 - Transportation

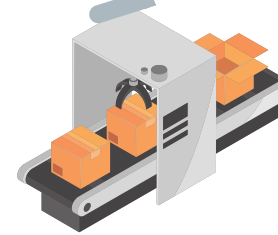


Industrial Revolution 2.0

Year
1850s-1960s

(Electric & Conveyor Running)

- Ford model T
- Aircraft

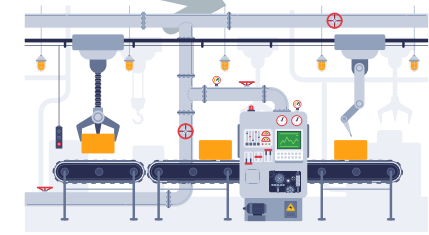


Industrial Revolution 3.0

Year
1960s-1990s

(Internet)

- Computer
- Internet
- Semi conductor
- Robot

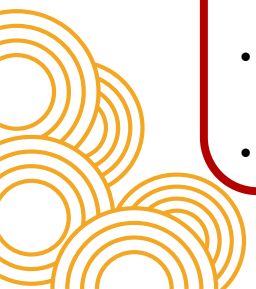


Industrial Revolution 4.0

Year
2015-2025?

(Information Exchange & AI)

- "Really-real time"
- Smart Robotic
- More virtual

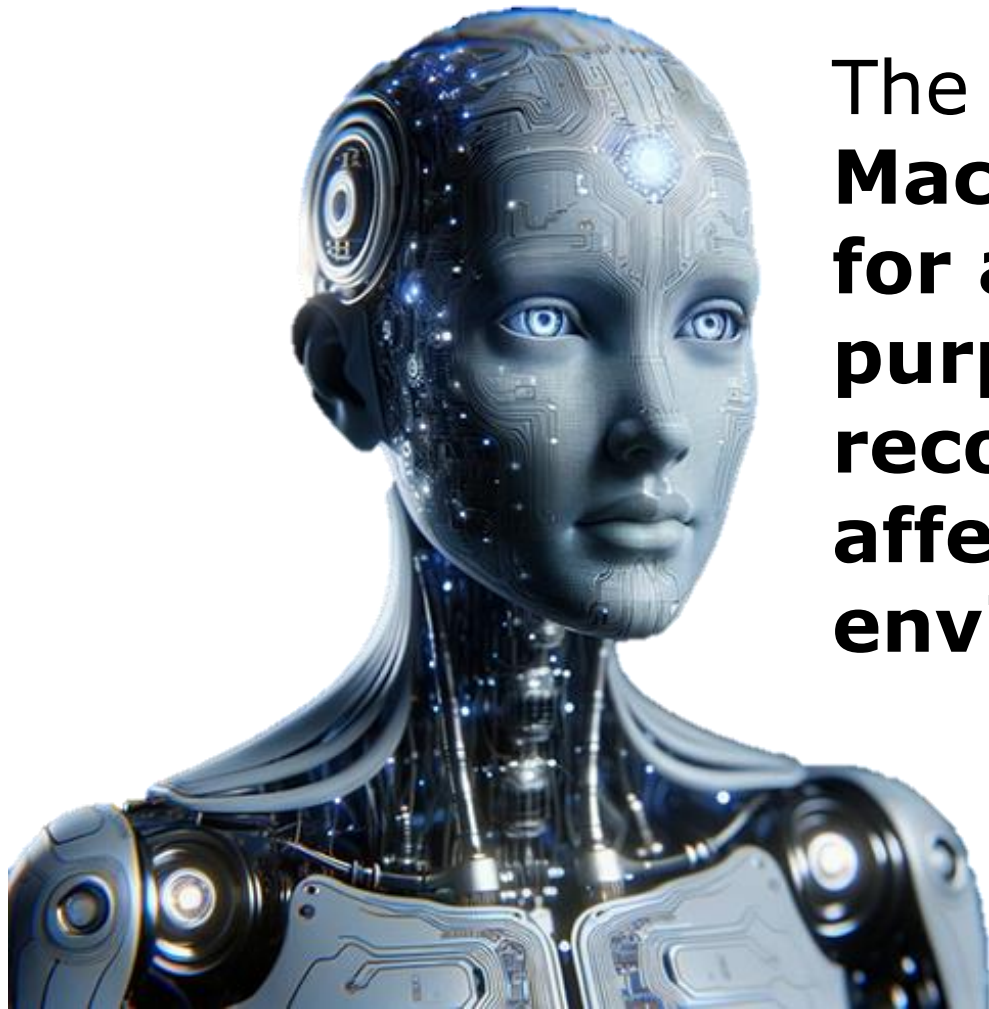




Our Future



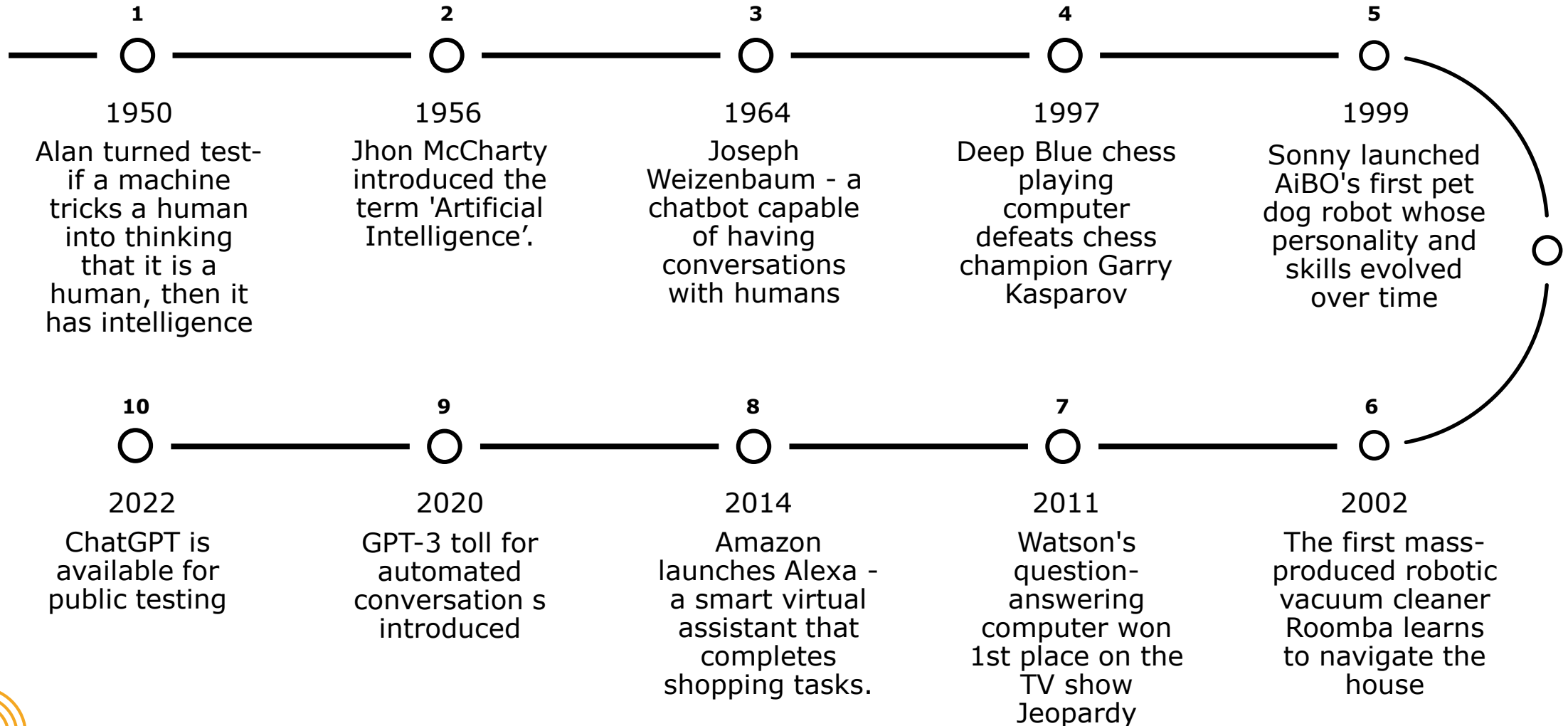
Artificial Intelligence (AI)



The 2020 NAIIA defines it as:
Machine-based systems that can, for a human-defined set of purposes, make predictions, recommendations, or decisions, affecting the real or virtual environment.



The Development of AI Over Time



What is Strategy?



Definition of Strategy



strat·e·gy

/ˈstrədʒəj/

noun

a plan of action or policy designed to achieve a major or overall aim.

"time to develop a coherent economic strategy"

Similar:

master plan

grand design

game plan

plan of action

plan

policy



- the art of planning and directing overall military operations and movements in a war or battle.

Similar:

the art of war

military science

military tactics

generalship

- a plan for military operations and movements during a war or battle.

"nonprovocative defense strategies"

Strategic Scenario Test #1



Bucket contents : 100 balls

Red Ball : 75

Black Ball : 25

Investment:

IDR 400,000 to be paid in advance
for 40 ball retrievals (without looking)

Chance:

Getting IDR 20,000 for each red ball
acquisition



Strategic Scenario Test #2



Bucket contents : 100 balls

unknown composition between red and black balls

Investment:

IDR 5,000 for each collection
(maximum intake : 50) without seeing

Chance:

Getting IDR 20,000 for each red ball acquisition





Strategic Scenario Test #3



- **Bucket contents: Unknown for sure**
- **Possibilities:** Red/black/other colored balls, banknotes, coins, diamonds, garbage, gems, snakes, etc.

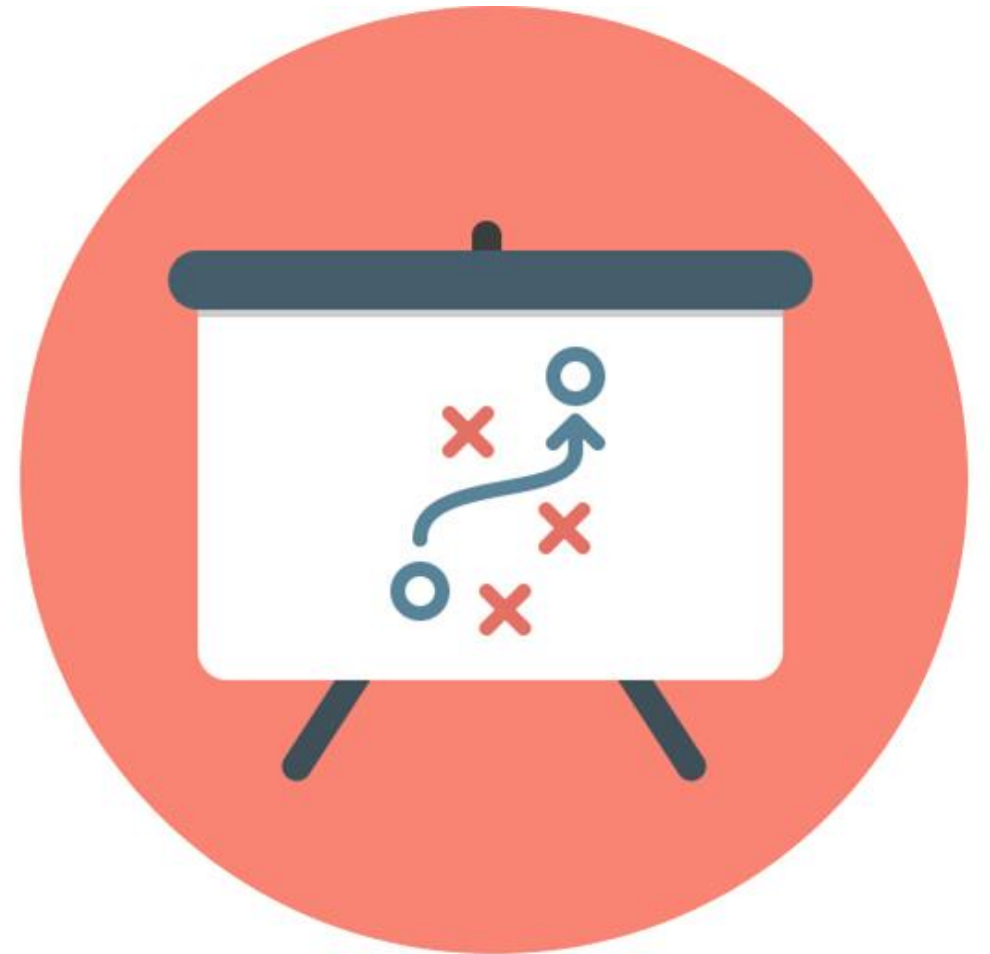
Investment: IDR 2,500 for each pickup
(no maximum limit of retrieval) without looking

Opportunity: Getting whatever you get



Strategic Thinking

Incorporating elements of the future into your decision-making process now by thinking **BROADER, DEEPER** and **further FORWARD**



THINK BROADER



Do we understand how we relate and interact with other organizations and our external environment?



THINK DEEPER



- **How deeply do we analyze the way we operate?**
- **Is the way we operate based on our interpretation of the past, or on our anticipation of the future?**
- **Are our assumptions still valid for the future?**



THINKING FURTHER FORWARD

- **How far ahead do we see?**
- **Do we understand alternative options for the future of our organization?**



TIPS FOR STRATEGIC THINKING

- Acting in anticipation
- Critical thinking
- Interpretive
- Reviewing all alternative results
- Unifying all the elements of the future picture
- Learning from all aspects of life
- Avoid assumption barriers



Assumption 1: It's impossible



Assumption 2: I'm too busy

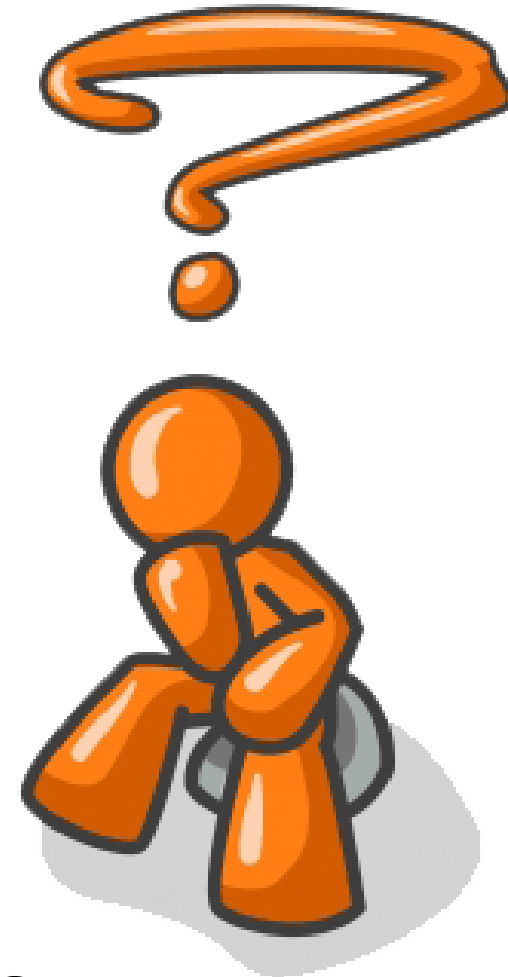


Assumption 3: It's irrelevant



Characteristics of Strategic Thinkers

- **Open-minded**
- **Systemic thinking**
- **Embracing diversity**
- **Thinking "outside the box"**
- **Dare to take risks**
- **Curious**
- **Optimistic in creating the future**
- **Challenging assumptions**
- **Aware of his personal views**
- **Being considerate of others**
- **Seek out and nurture team aspirations**





MODULE 2

Driving Change on Modern Era





V
U
C
A

E
R
A

Complex

Characteristic:

Broad
Multi variable
Interconnection
The main reasons and their impact are vague

Example:

Global market
Unique
Dedicated environment

Approach

Restructuring
Specialist
Expert panel

Volatile

Characteristic:

Unexpected
Unstable
Dynamic
It's unclear when
Can be distracting

Example:

Can be distracting
Price Fluctuations
Natural Disasters

Approach

Set up resources
Rational
suggestions
Risk-adjusted

Ambiguous

Characteristic:

Difficult to predict
Something new
Lack of
information/symptoms

Example:

New market
products/policies
Outside the field

Approach

Hypothesis & Testing
Brainstorming
cases/scenarios

Uncertain

Characteristic:

Surprise
Lack of information
Causal Influence
Internal/external causes

Example:

New policies
Uncertainty of the future of the market,
reaction of business actors etc.

Approach

Investment information
Interpretation, analysis
& communication



Discussion: “Changes Around Us”

	Changes	Benefits	Fears
People 			
Company 			
Market 			

The Paradox of the Labor Market

Organizations are looking for people with **high skills**, and have **trouble finding** them in the labor market. Meanwhile, educated **newcomers** have **difficulty entering** the labor market with their competencies.



The Influence of VUCA Conditions on Leadership

- 1. Volatility:** Leaders must be able to deal with rapid and unexpected changes. They need to have the **flexibility to adjust strategies** and decisions to stay relevant in changing situations.
- 2. Uncertainty:** Uncertainty requires leaders to have strong analytical skills and make decisions based on limited data. They must also be able to **provide clarity to the team** despite the uncertain situation.
- 3. Complexity:** Leaders must be able to manage a variety of interrelated and complex challenges. This requires the ability to think systematically and **solve problems creatively**.
- 4. Ambiguity:** In the face of ambiguity, leaders need to develop innovation and think critically to overcome unclear situations. They must also be able to inspire the team to **stay focused on the goal** despite the uncertainty.

Why Do Organizations Need to Change?

Organizational changes can be caused by both internal and external factors. Some external factors that can cause organizational change are:



- Competition
- Economic factors
- Technological changes
- Environmental changes and social trends
- Politics
- Globalization
- Workforce diversity

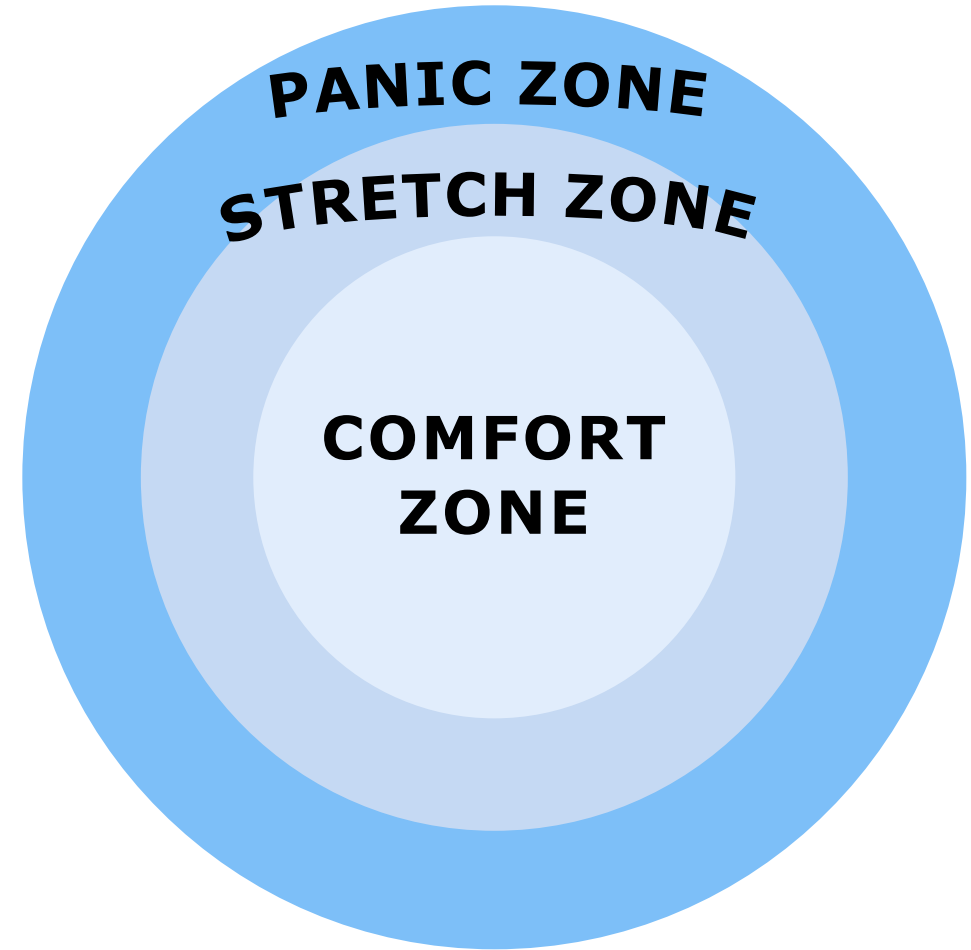
Why Are Humans 'Difficult' to Change?

It is difficult for humans to change because of their strong instilled habits, mindsets, and comfort zones. In addition, change can also cause fear and self-doubt. Here are some reasons why humans are difficult to change:

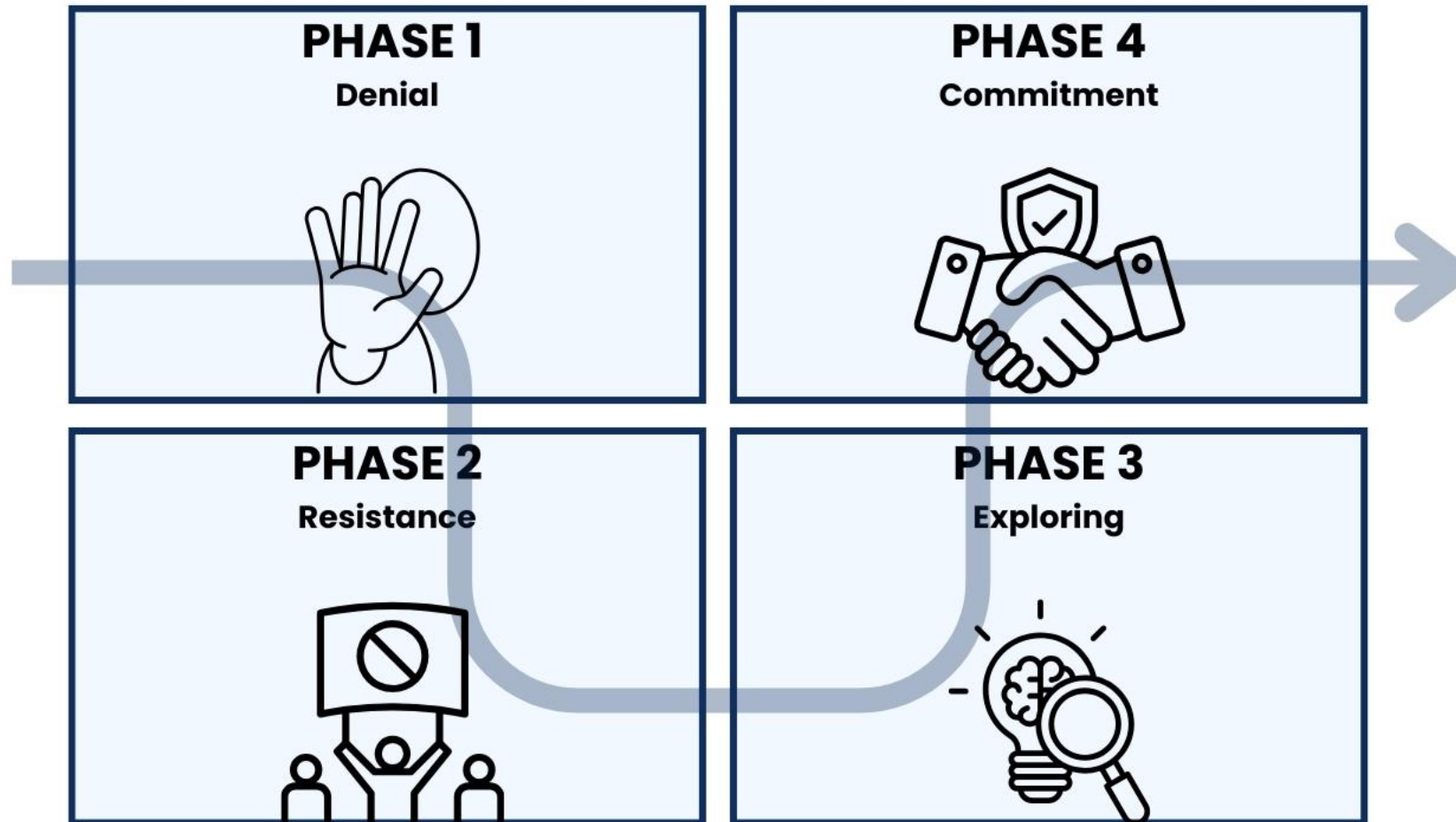
- **Habit**
Repetitive behaviors create strong neural pathways in the brain, making them automatic.
- **Mental map**
A way of thinking that has been proven to be successful in the past will make a person feel comfortable.
- **Weak trigger**
Change requires triggers, for example for health.
- **Fear of starting**
A person may be afraid to initiate a change because they have never tried.
- **Fear of failure**
A person may be afraid of failure or feel insecure to overcome challenges in change.
- **Lack of social support**
A lack of support from family, friends, or close people can make a person feel lonely and isolated.

Zone of Change

- **Comfort Zone** or comfort zone, is the zone where individuals tend to feel unwilling to change. Things that we do every day and become routines.
- **Panic Zone** is the opposite zone. This zone is full of many new things, coming simultaneously and exhausting.
- **Stretch Zone** or the flexible zone is in the middle. This zone attracts individuals from things that make us too comfortable and encourages us to think and try something new.



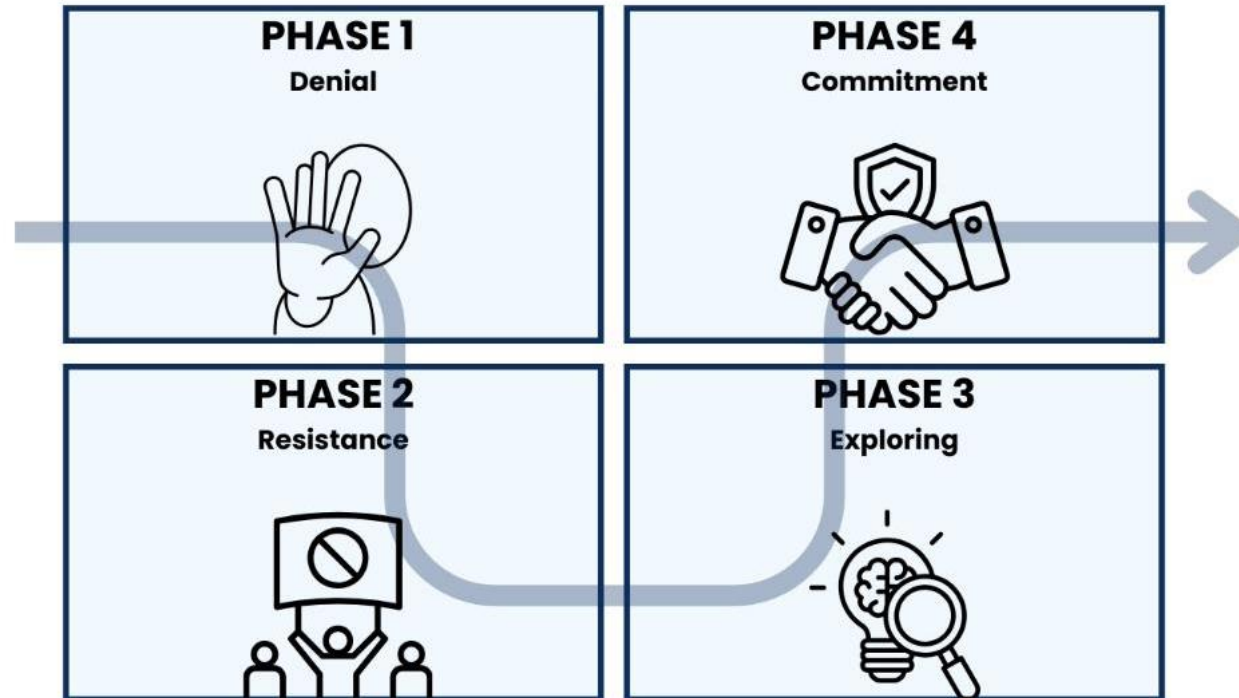
ME AND THE CHANGES



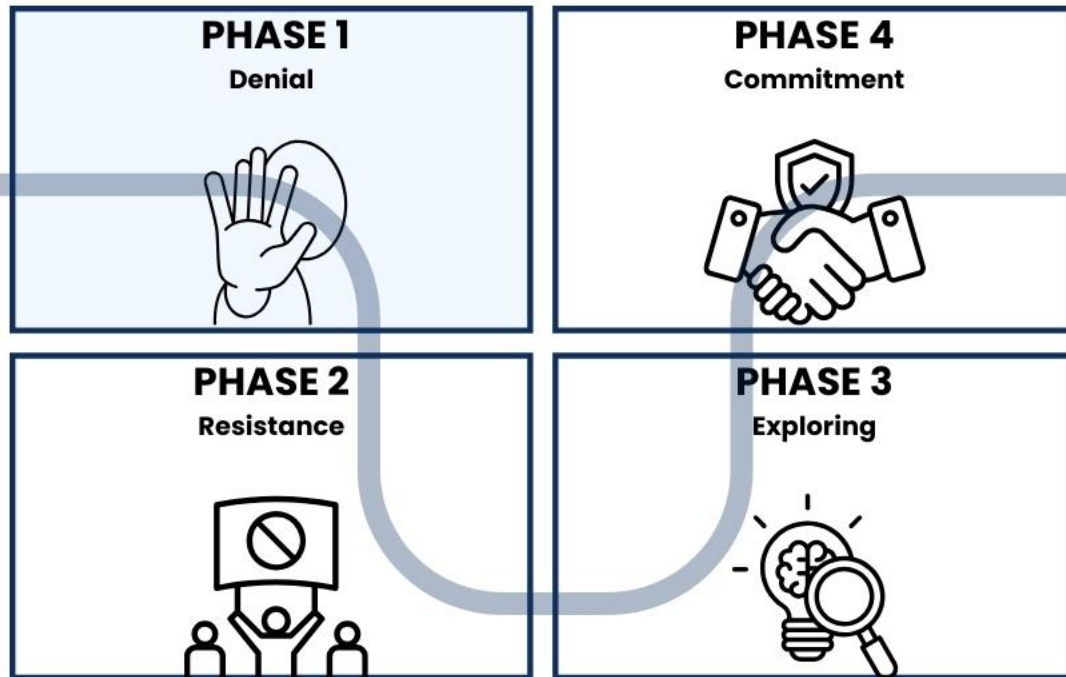
Change Curve Model
Mastering the Change Curve
- Dennis T. Jaffe and Cynthia P Scott

PHASE OF CHANGE MAPPING?

What might a person **feel, say, and do** (in an organizational context) in each phase of change?

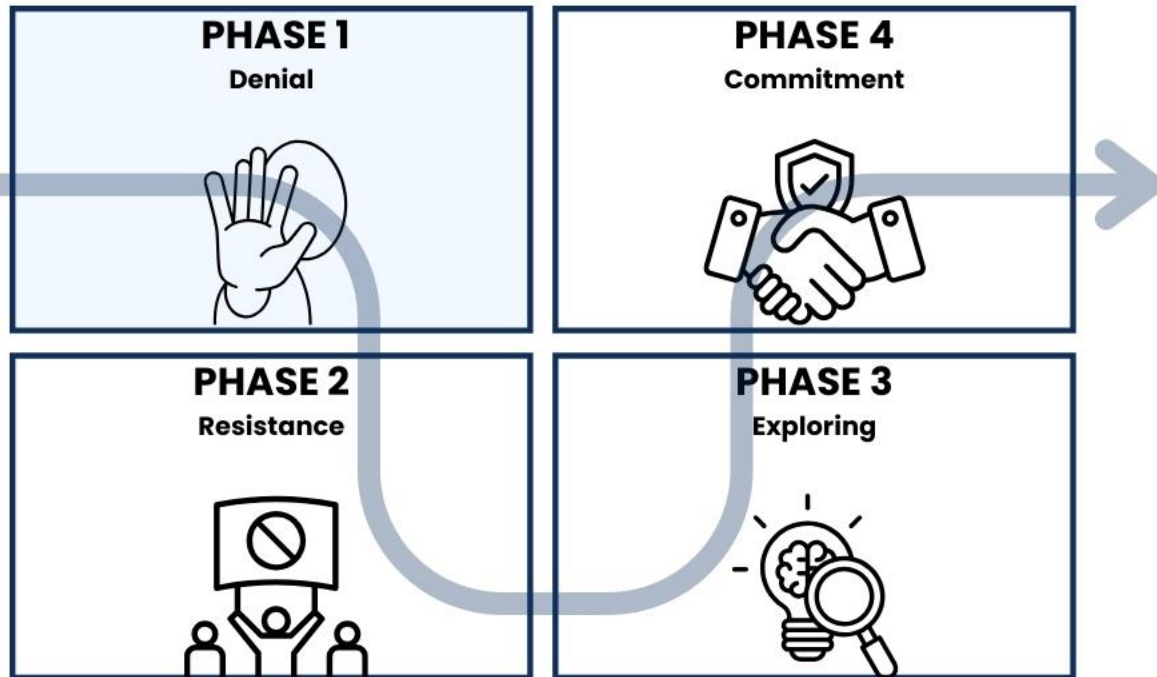


PHASE 1 - DENIAL



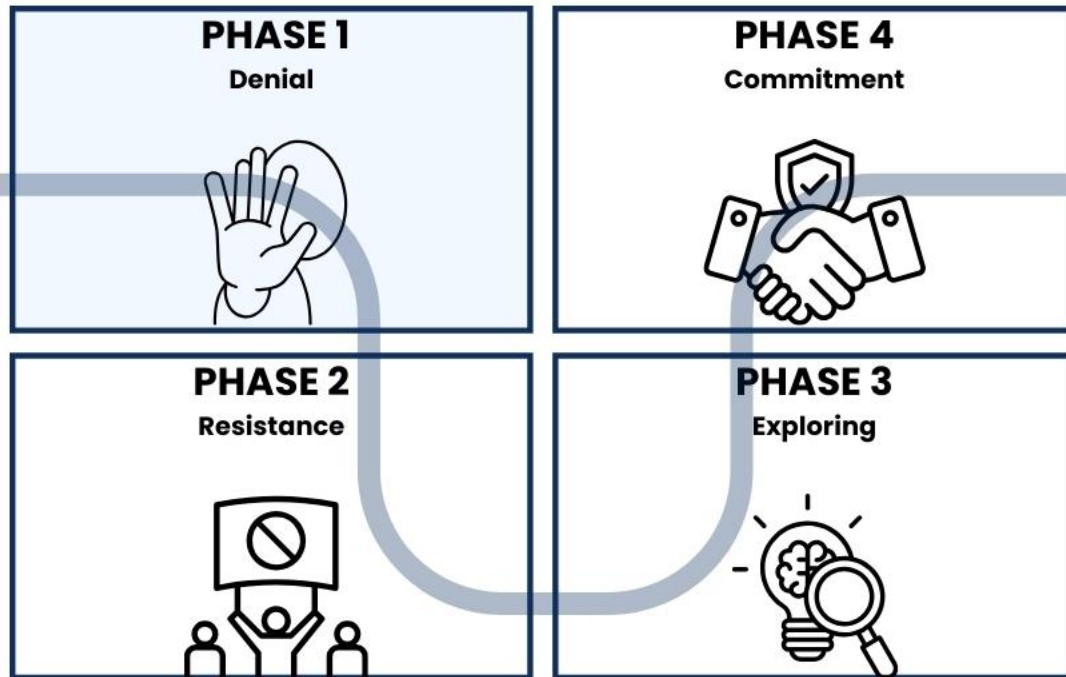
- "This change has nothing to do with me".
- "The process of change has not yet started".
- "I will not spend time worrying about this change."
- "I don't have an opinion on this change."
- "Change? I don't know, I'm just doing what I have to do."
- "I am sure this commotion will end soon".
- "I don't have time to think about change."
- "The changes won't affect my work; I will work the same way".

PHASE 2 -



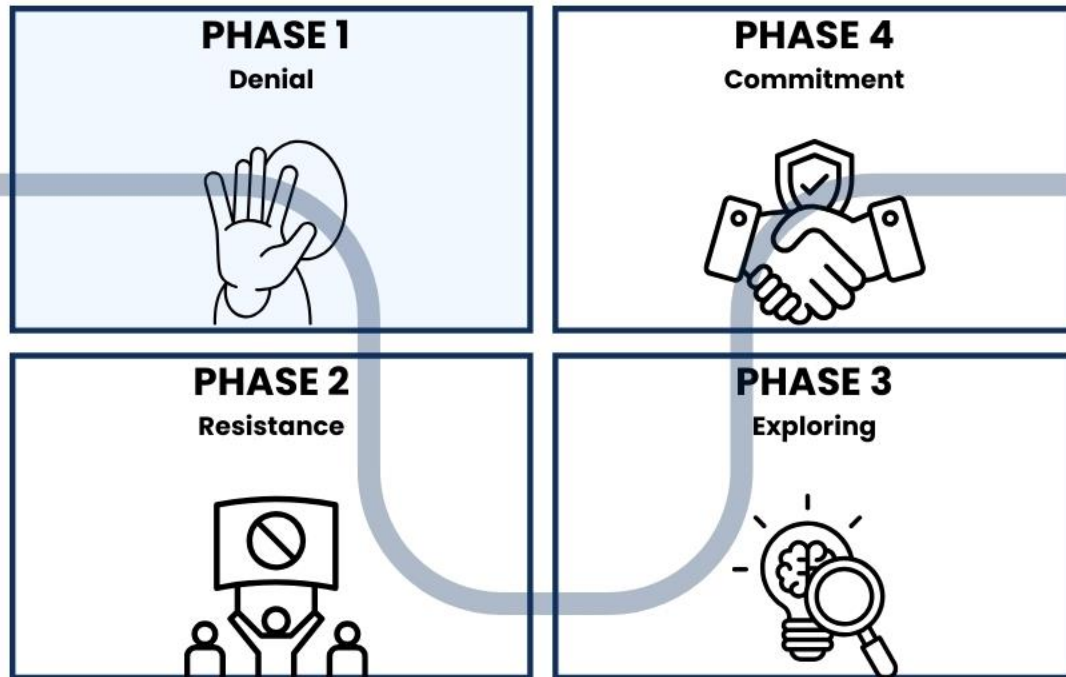
- "I think it's better that everything is as it is"
- "There is nothing I can say about this change".
- "This change was introduced at the wrong time in the wrong way".
- "I take into account the changes have a bad impact on the company".
- "Everything that has happened here makes me feel uncomfortable".
- "I can't focus on my task".
- "The way the change is introduced is very annoying".

PHASE 3 -



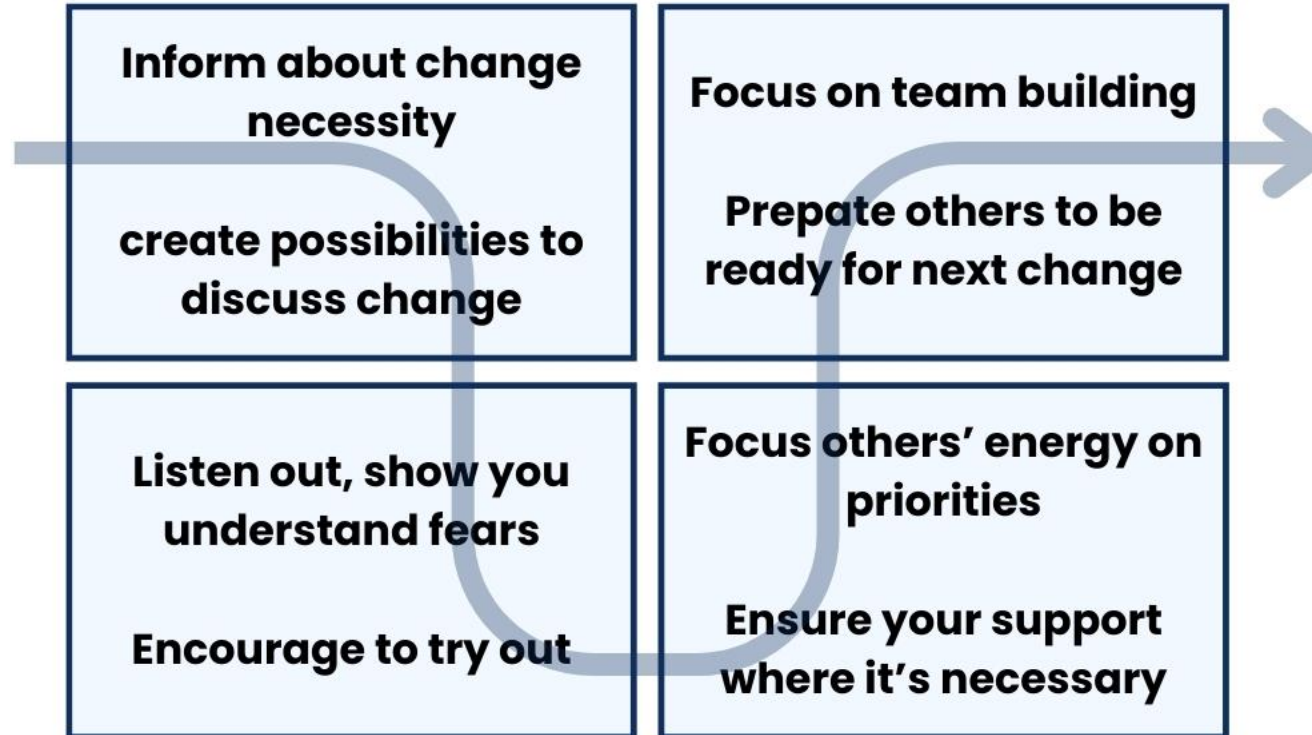
- "I could see the positive aspects of the change and I started to like it".
- "I started to accept the fact that working on new things was fun – I was learning all the time".
- "Change can create a lot of new opportunities".
- "I think I have more energy to deal with change"
- "I get the impression that the worst part of the change we have gone through"

PHASE 4 -



- "I can't imagine going back to the way it used to be".
- "We've been through a lot".
- "The new solution works very well".
- "This experience has taught me a lot".
- "This has been a real lesson for the company".
- "I think we can congratulate each other".
- "My job has become so much more fun than it used to be".

Managing Others in Change

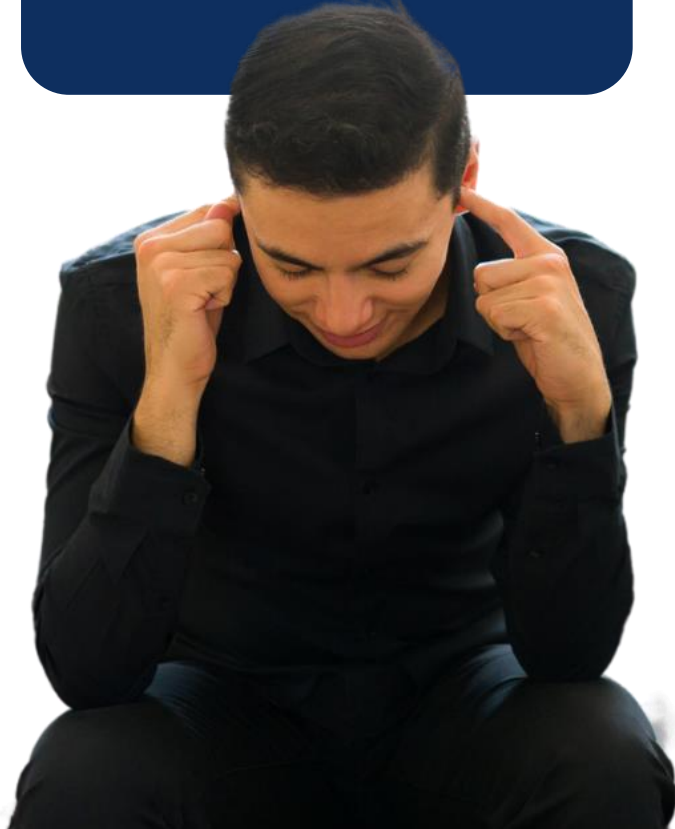


"Change management is a continuous process of adding supporters"

Peter F. Drucker

Moving Others Through the Phase of Change

Denial - Resistance



- 1 Try to describe the consequences of the change for them.
- 2 Inform their role in change.
- 3 Treat negative reactions as a sign you're on the right track.

Moving Others Through the Phase of Change

Resistance - Exploring



- 1 Allow them to express their feelings and try not to dominate the conversation.
- 2 **Accept rejection. If you know more clearly what the problem is, you will be able to solve it.**
- 3 Show understanding of rejection.
- 4 Gather information on the aspects that trigger the most anxiety

Moving Others Through the Phase of Change

Resistance - Exploring



- 5 Ask questions that refer to the future.
- 6 Help them discover the positive aspects of change
- 7 Try to describe success in easy language
- 8 Help them feel safe in a changing situation.
- 9 Encourage them to at least "try".

Moving Others Through the Phase of Change

Exploring - Commitment



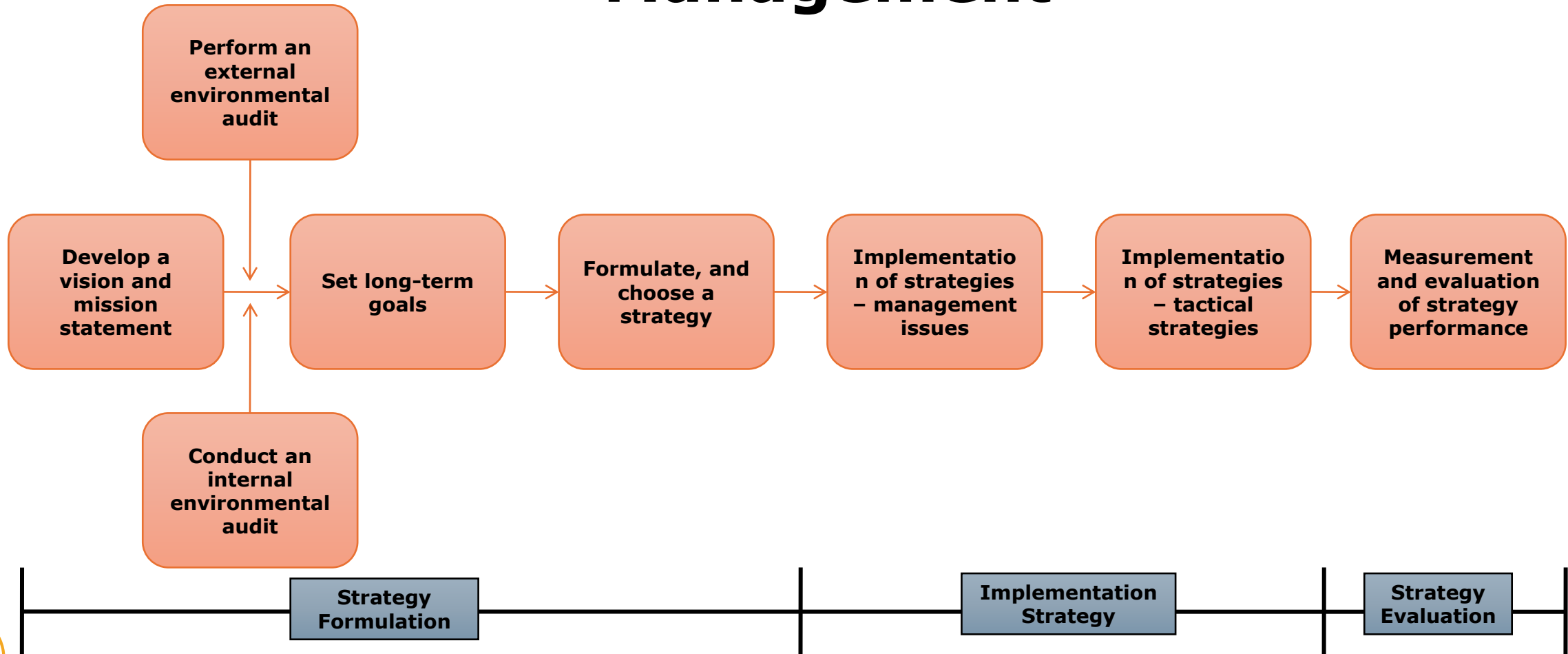
- 1 Drive confidence that they can work in a new role.
- 2 Determine what tasks need your help and that they can do on their own.
- 3 Determine the method and time of learning.
- 4 Show understanding for possible errors.
- 5 Show that the results of their development are the result of change

MODULE 3

Strategic Analysis: External & Internal



Comprehensive Model of Strategic Management





Approach in Business Environment Analysis

INTERNAL Environmental Analysis	EXTERNAL Environmental Analysis
Functional Approach	Macro analysis (PEST)
The McKinsey 7S Approach	Competitive analysis (Porter's 5 Forces of Competition)



INTERNAL ENVIRONMENTAL ANALYSIS

Functional Approach	The McKinsey 7S Approach
Finance	Shared Values
Marketing	Strategy
Operation	Structure
Human Resources	Skills
Information Technology	Style
	Staff
	System



GROUP ACTIVITIES

Within your group, analyze the **internal business environment.**

The goal is to identify business strengths and weaknesses.

Consult to facilitator if you need further assistance.



EXTERNAL ENVIRONMENT ANALYSIS

MACRO ANALYSIS (PEST)

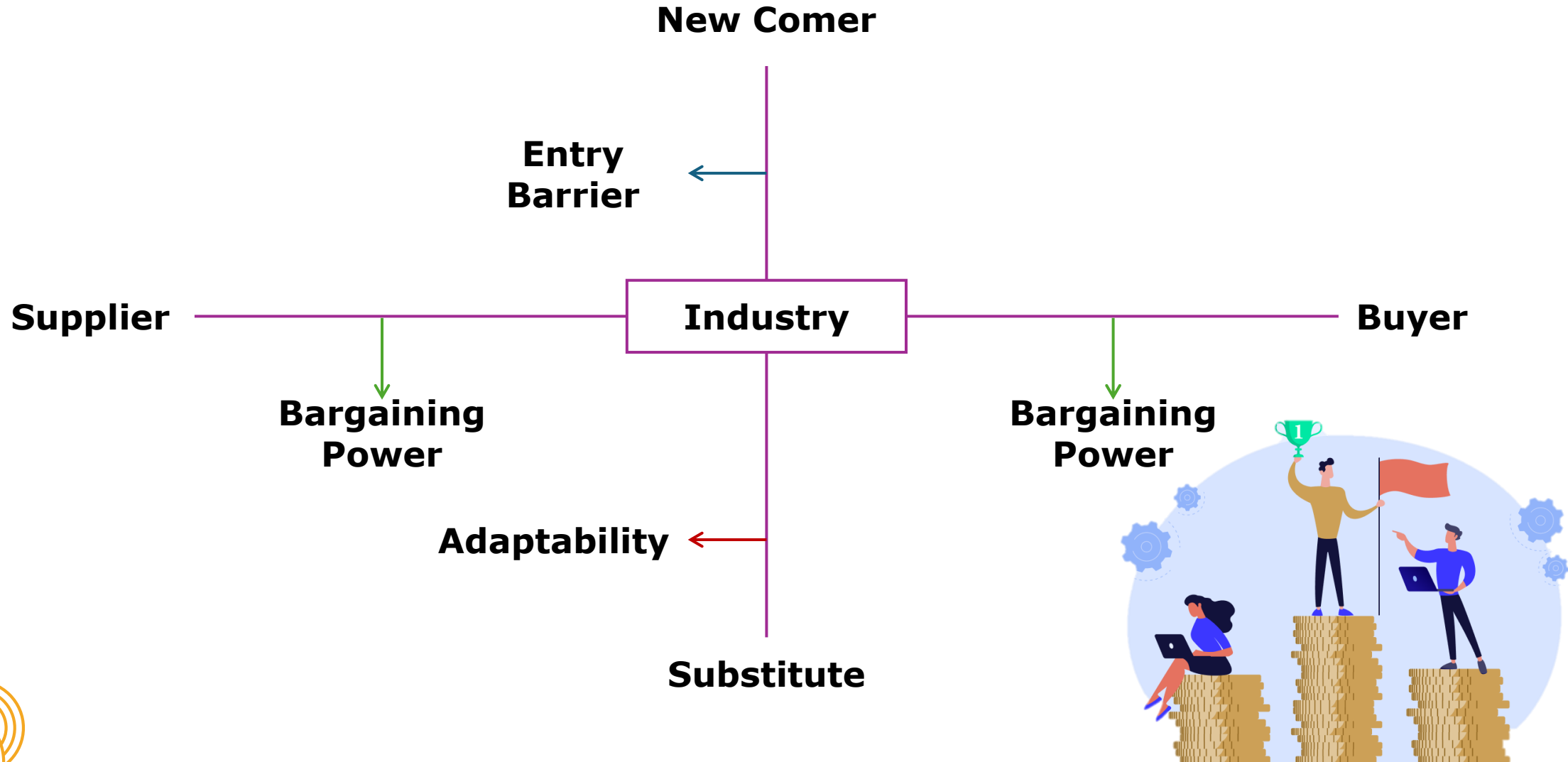
- **Political Factors** (*Government stability, tax system, environmental and labor laws*)
- **Economic Factors** (*Business Cycle, Energy Availability, Inflation & Interest Rates*)
- **Social Factors** (*Lifestyle, Customs, Habits, Trends, etc.*)
- **Technology Factors** (*How the transfer speed is carried out, How is the technology obsolescence time, How is the price of the technology to be adopted*)





EXTERNAL ENVIRONMENT ANALYSIS

Competitive Analysis(Porter's 5 Forces of Competition)



GROUP ACTIVITIES

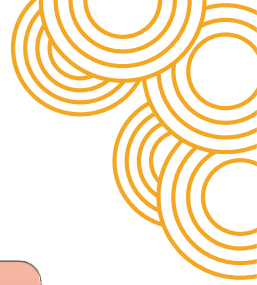
Within your group, analyze the **external business environment.**

The goal is to identify external opportunities and threats.

Consult to facilitator if you need further assistance.



Strategy Formulation Tools



SWOT Matrix

- Strength, Weakness, Opportunity, Threat Matrix

SPACE Matrix

- Strategic Position and Action Evaluation Matrix

BCG Matrix

- Boston Consulting Group Matrix

IE Matrix

- Internal External Matrix

GS Matrix

- Grand Strategy Matrix



MODULE 4

Strategic Decision Making



Some strategy name terms:

Forward integration

- Acquiring distributors/retailers

Backward integration

- Acquiring suppliers

Horizontal integration

- Acquiring competitors

Market penetration

- Increase market share with existing products/services

Market development

- Introducing existing products/services to new geographic areas

Product development

- Increase sales by upgrading existing products/services or creating new ones

Related diversification

- Adding new products/services that are still relevant

Unrelated diversification

- Adding new products/services that are not related

Retrenchment

- Reduce costs & assets to cover sales decline

Divestiture

- Selling a division or part of an organization

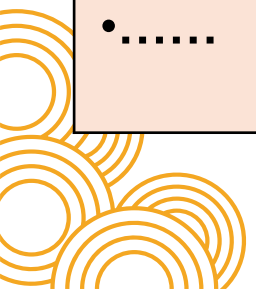
Liquidation

- Selling company assets for tangible results



SWOT Matrix

<p style="text-align: right;">External Environment</p> <p>Internal Environment</p>	<p>Opportunities:</p> <ul style="list-style-type: none"> • • • 	<p>Threats:</p> <ul style="list-style-type: none"> • • •
<p>Strengths:</p> <ul style="list-style-type: none"> • • • 	<p style="text-align: center;">S – O Strategy</p>	<p style="text-align: center;">S – T Strategy</p>
<p>Weaknesses:</p> <ul style="list-style-type: none"> • • • 	<p style="text-align: center;">W – O Strategy</p>	<p style="text-align: center;">W – T Strategy</p>



GROUP ACTIVITIES

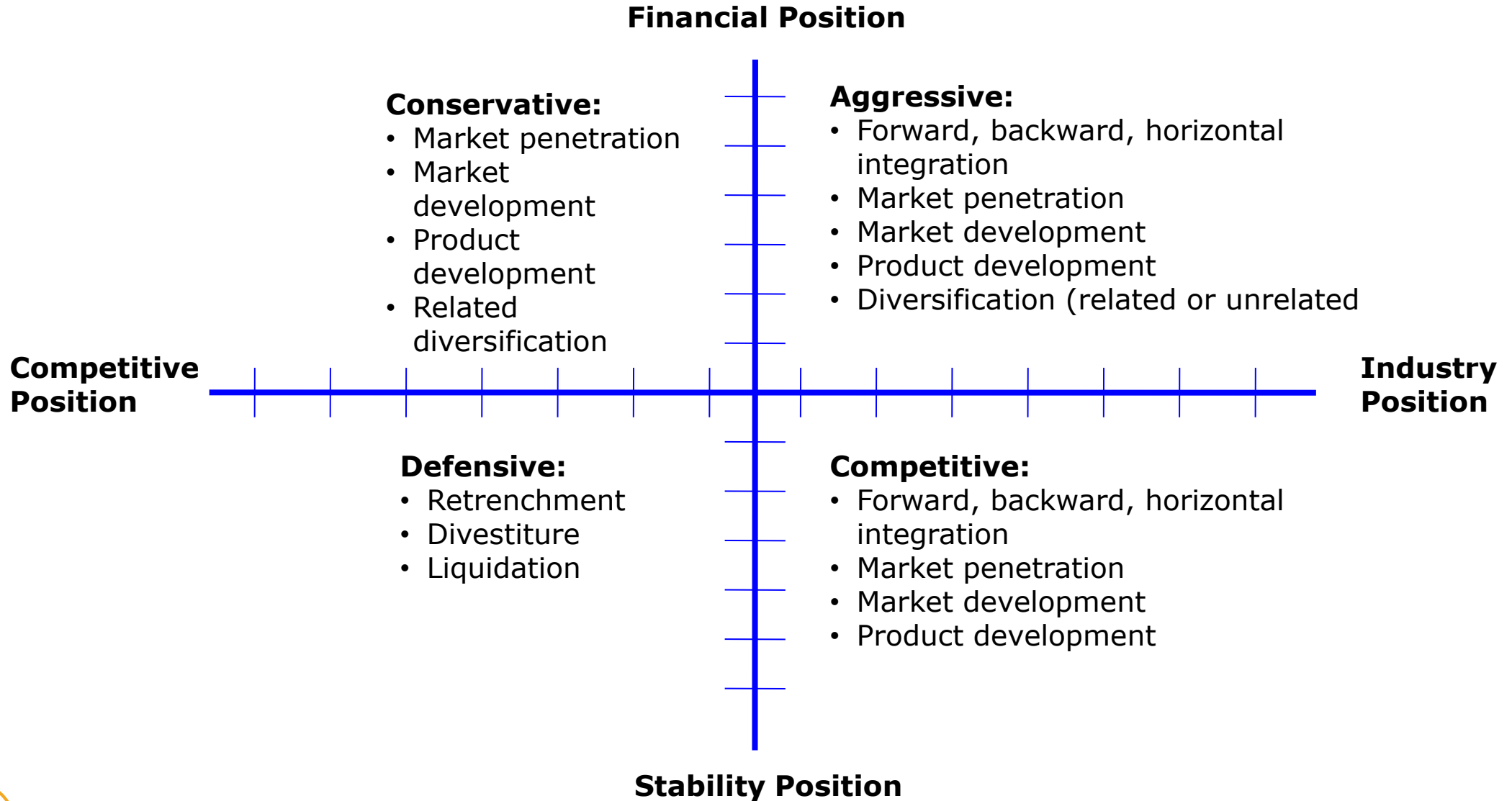
Within your group, practice the SWOT matrix. The goal is to **generate strategies at least 2 strategies** for each quadrant.

Consult to facilitator if you need further assistance.





SPACE Matrix





BCG Matrix

RELATIVE MARKET SHARE POSITION

**INDUSTRY SALES GROWTH RATE
(IN PERCENTAGE)**



Relative Market Share: Your market share (%) divided by the largest market share. If your market share is the largest, then RMS = 1.0



Conditions & Treatments In BCG Matrix

Star

- **Income:** High, stable, growing
- **Cashflow:** Neutral
- **Strategy:** Invest for growth

Question Mark

- **Revenue:** Low, unstable, growing
- **Cashflow:** Negative
- **Strategy:** Analyze whether the business can grow into a star or descend into a dog

Dog

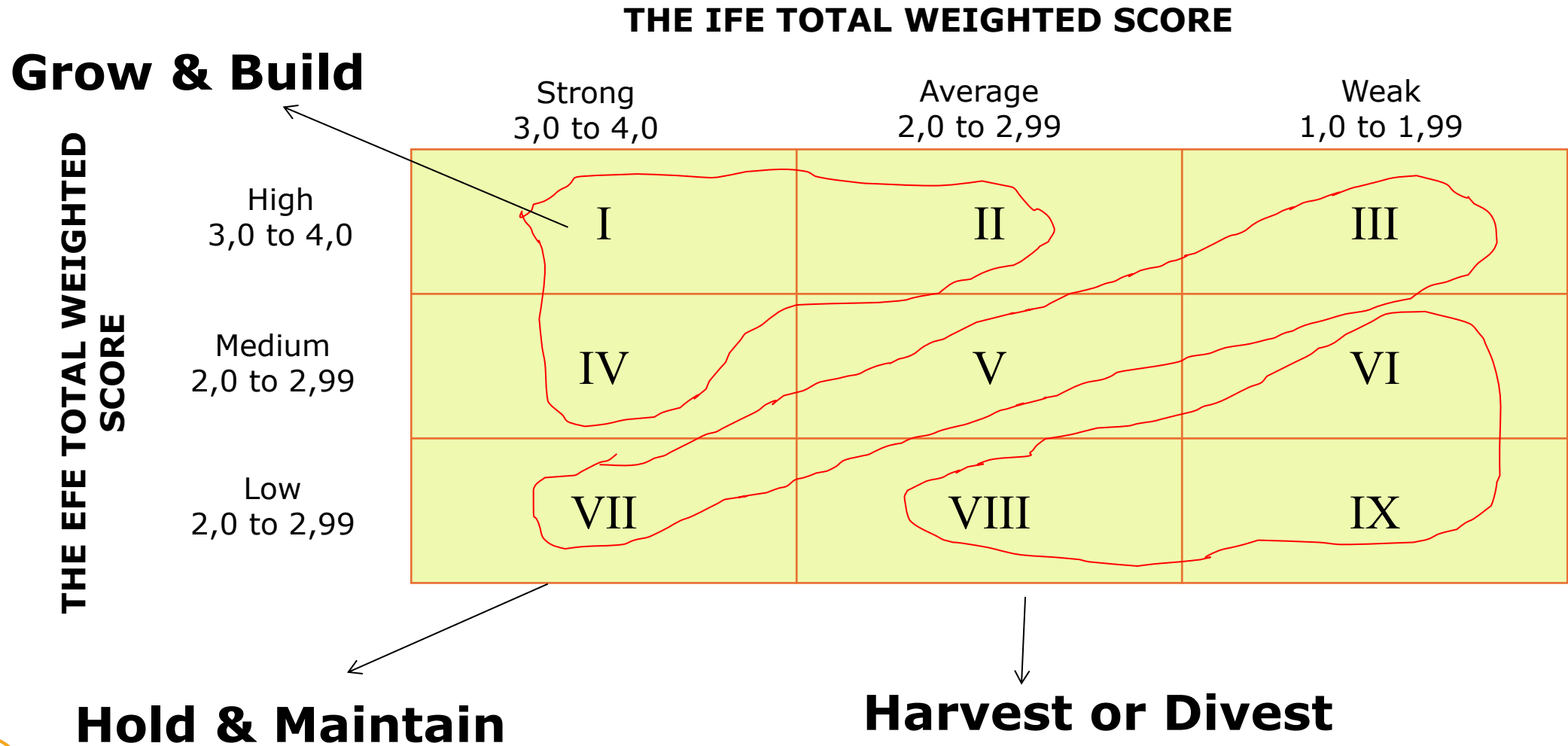
- **Income:** Low, unstable
- **Cashflow:** Neutral, or negative
- **Strategy:** Divest (detached)

Cash Cow

- **Income:** High, stable
- **Cashflow:** High, stable
- **Strategy:** Harvest



Internal – External Matrix



Pilihan Strategi Dari Internal – External Matrix

Grow & Build

- Upstream, downstream, and horizontal integration
- Market penetration
- Market development
- Product development

Hold & Maintain

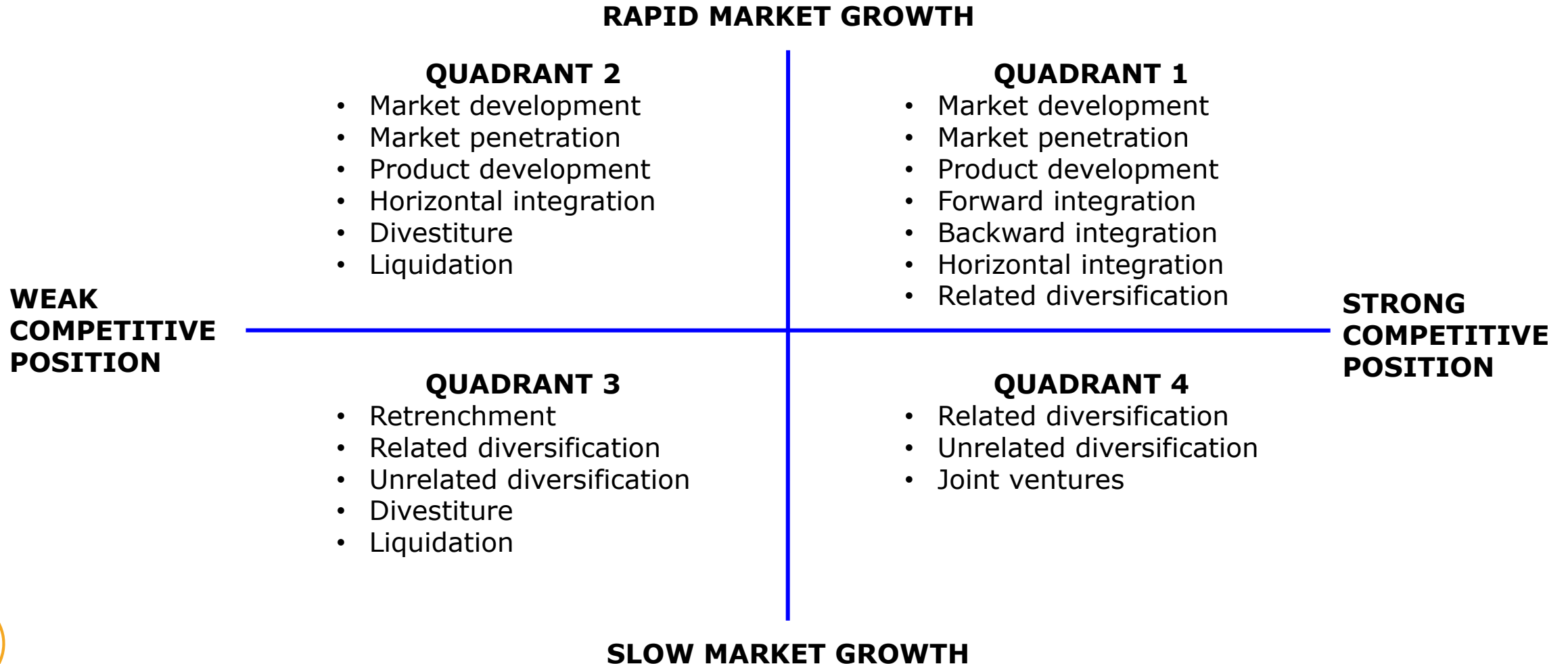
- Market penetration
- Product development

Harvest or Divest

- Efficiency
- Diversify into other businesses



Grand Strategy Matrix



EVALUASI



<https://bit.ly/EvaluasiST-MDP>



Reflection Journal and Leadership Action Plan





LINK AIRI:

<https://wa.me/message/HLFYGL4QAWYUL1>