

Country Management Development Programme



Day 1 Strategic Thinking

MODULE 1

Strategic Roles of Leaders in VUCA Era



Current Business Conditions

 V

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

 U

Uncertain : Various surprise events & difficult to explain/predict

 C

Complex : Various challenges due to diverse and concurrent factors

 A

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

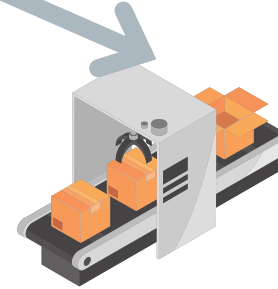


Industrial Revolution 2.0

Year
1850s-1960s

(Electric & Conveyor Running)

- Ford model T
- Aircraft

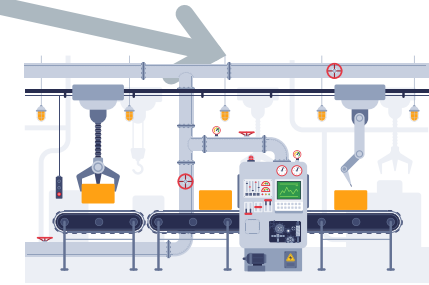


Industrial Revolution 3.0

Year
1960s-1990s

(Internet)

- Computer
- Internet
- Semi conductor
- Robot

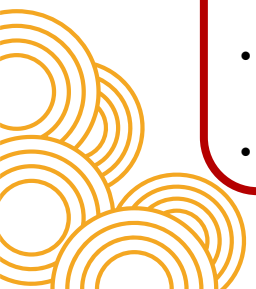


Industrial Revolution 4.0

Year
2015-2025?

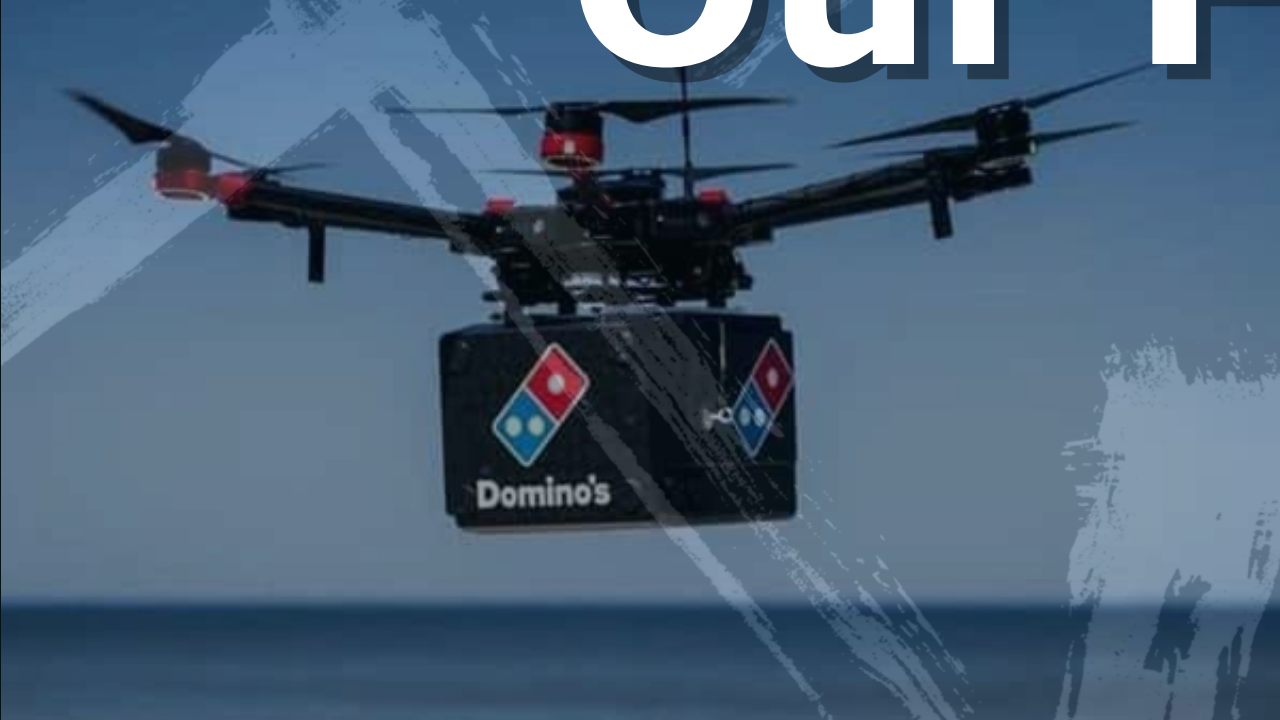
(Information Exchange & AI)

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





Our Future

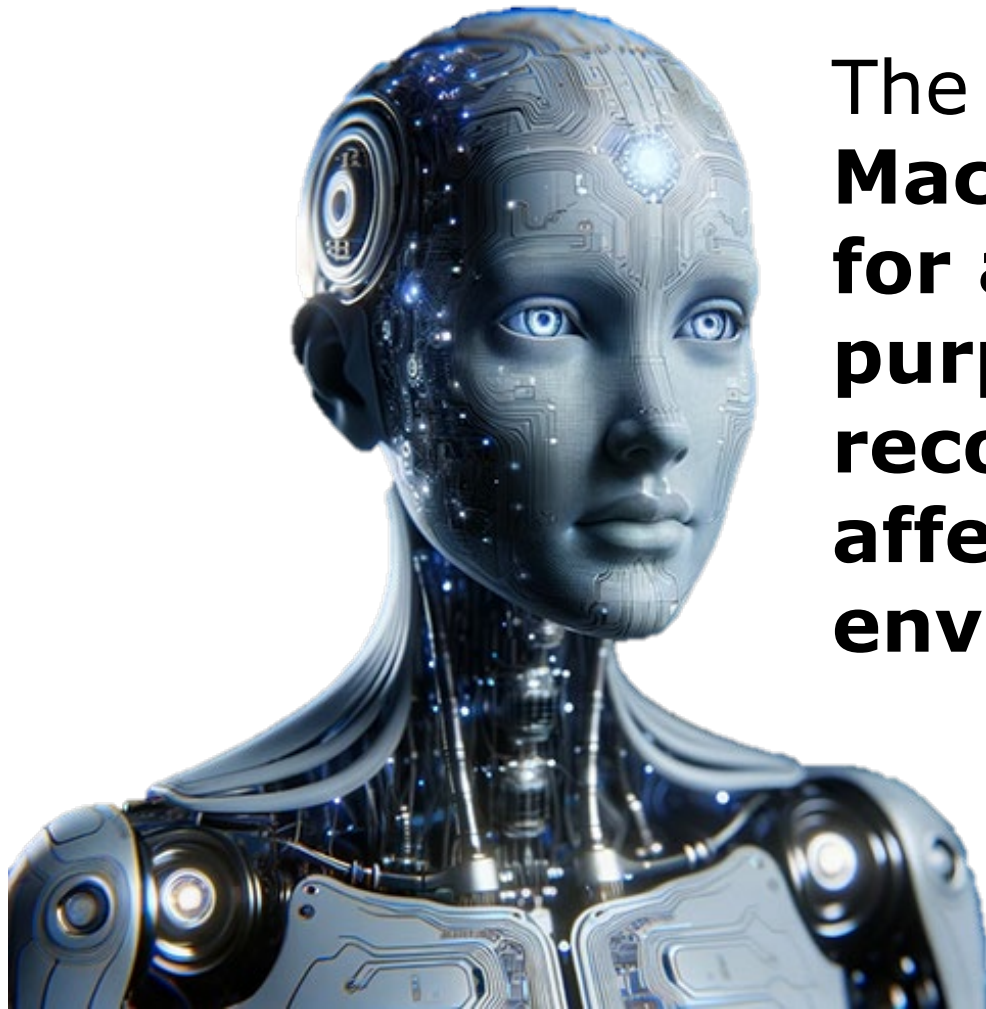


The Paradox of the Labor Market

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.



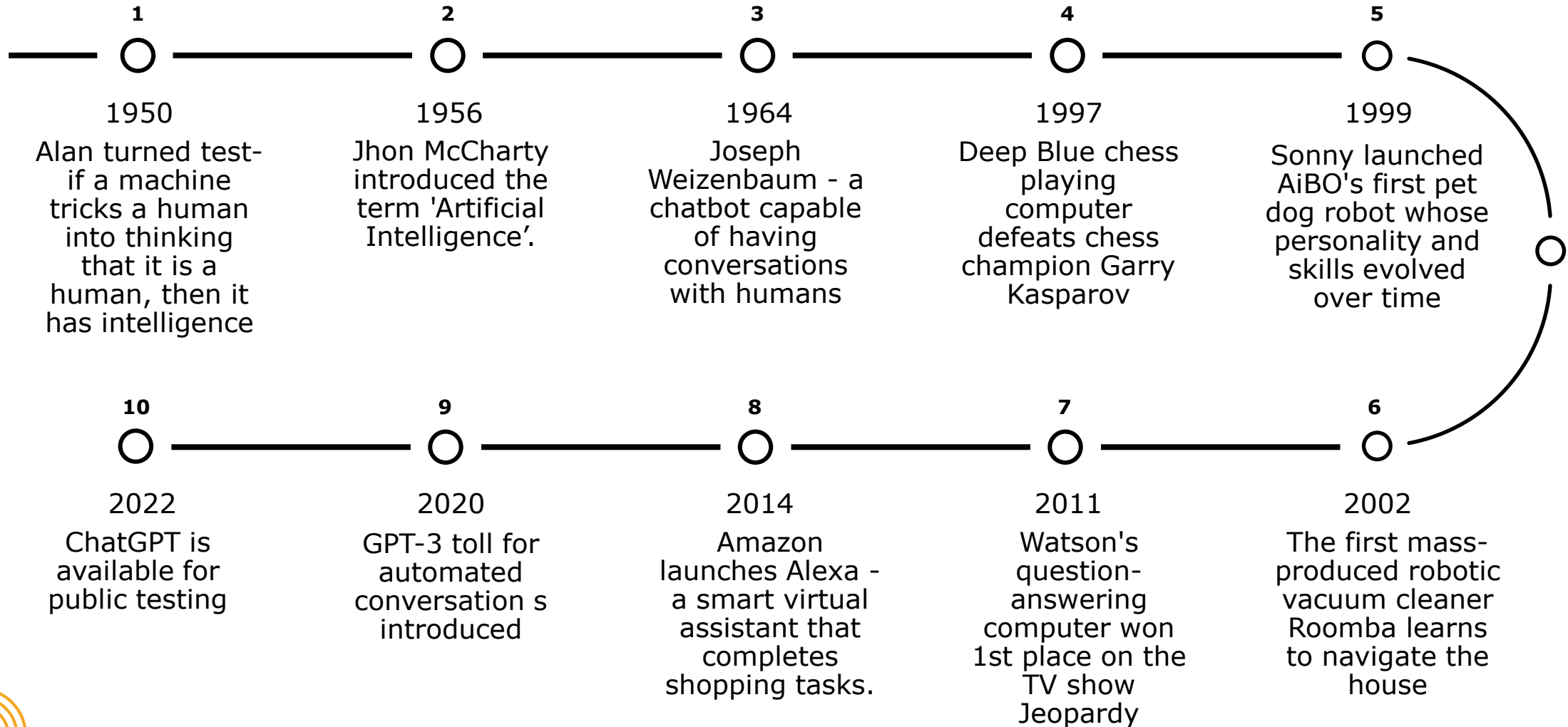
Artificial Intelligence (AI)



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

/ˈstrədʒəjē/

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

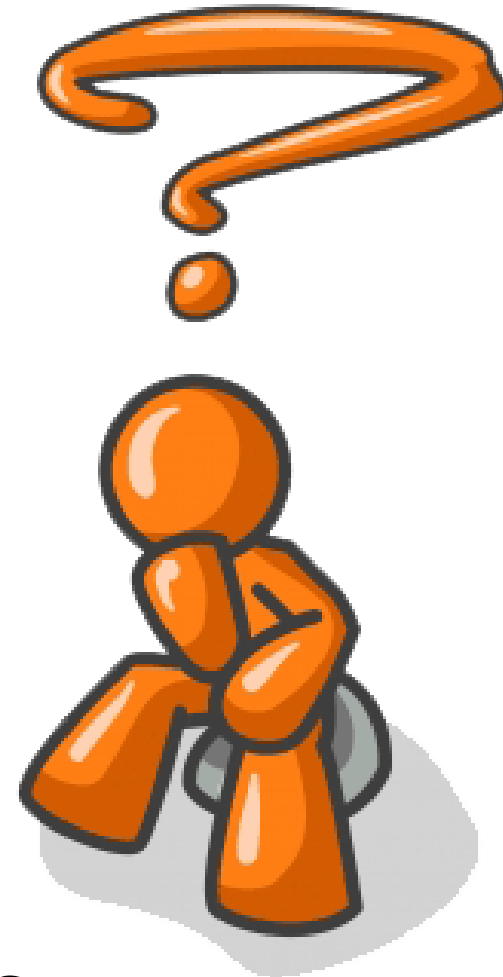


Assumption 3: It's irrelevant

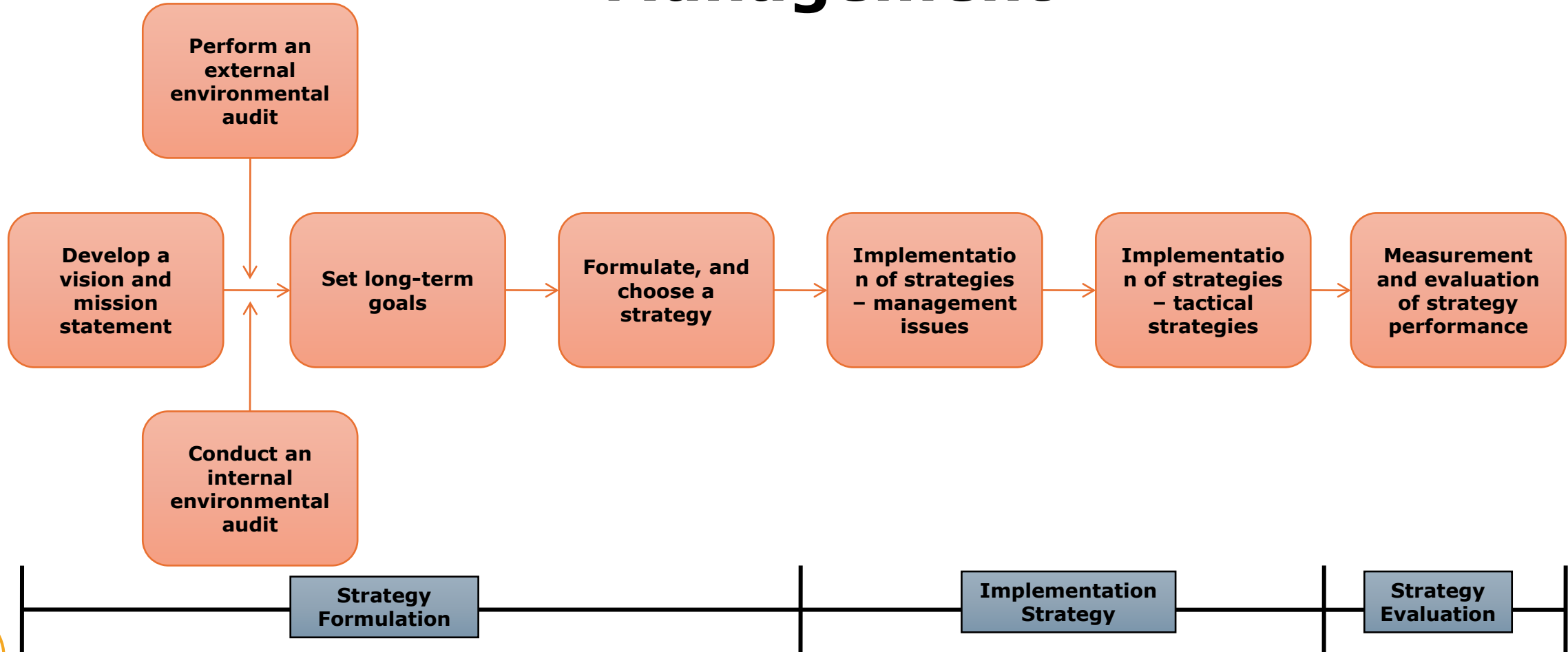


Characteristics of Strategic Thinkers

- **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**



Comprehensive Model of Strategic Management



MODULE 2

Strategic Analysis – Internal & External





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

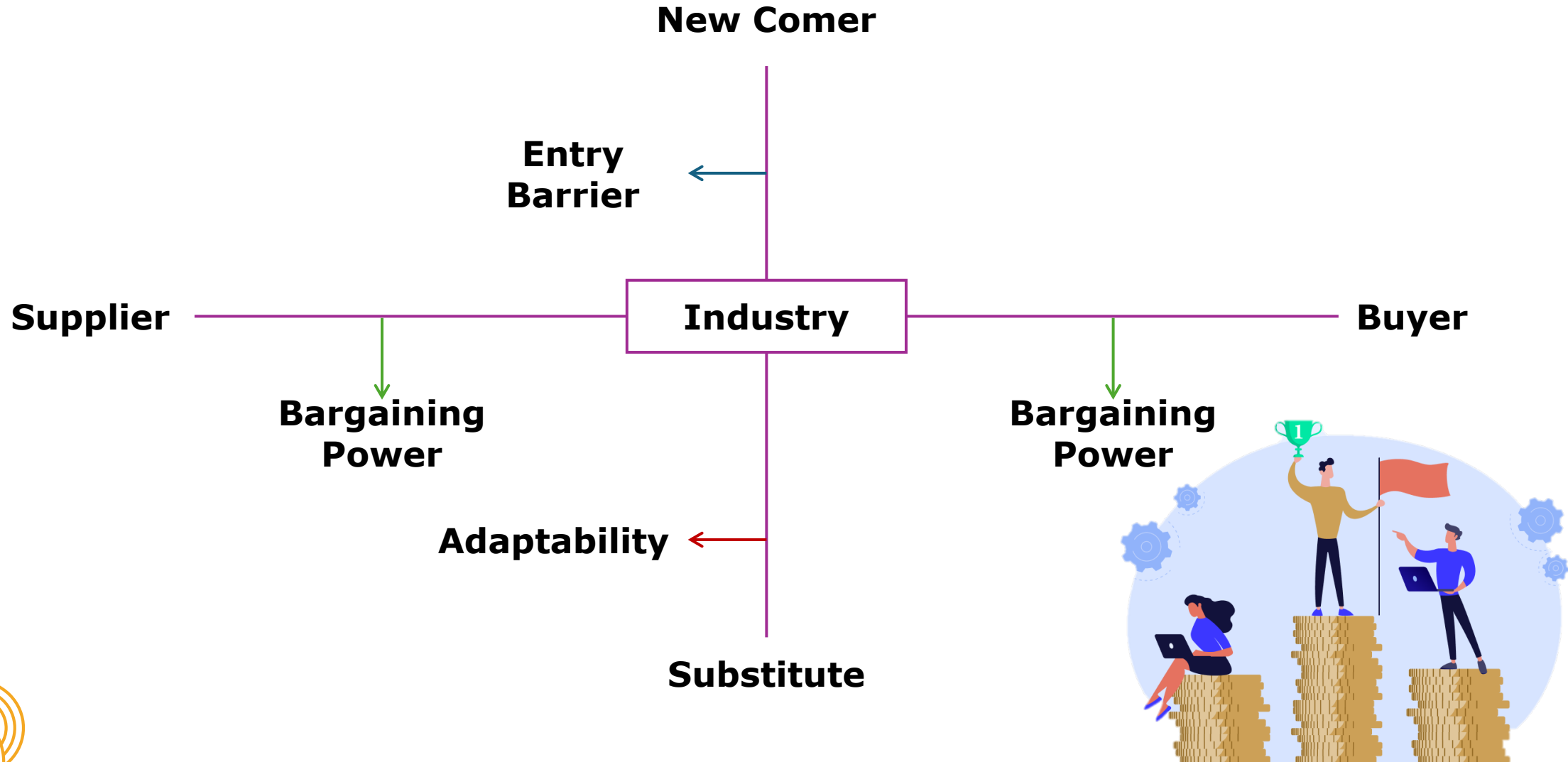
MACRO ANALYSIS (PEST)

- **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.



MODULE 3

Strategic Formulation



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

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

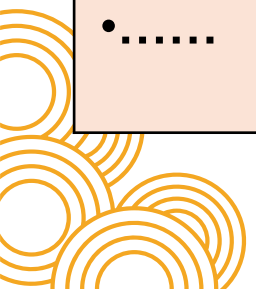
Liquidation

- 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

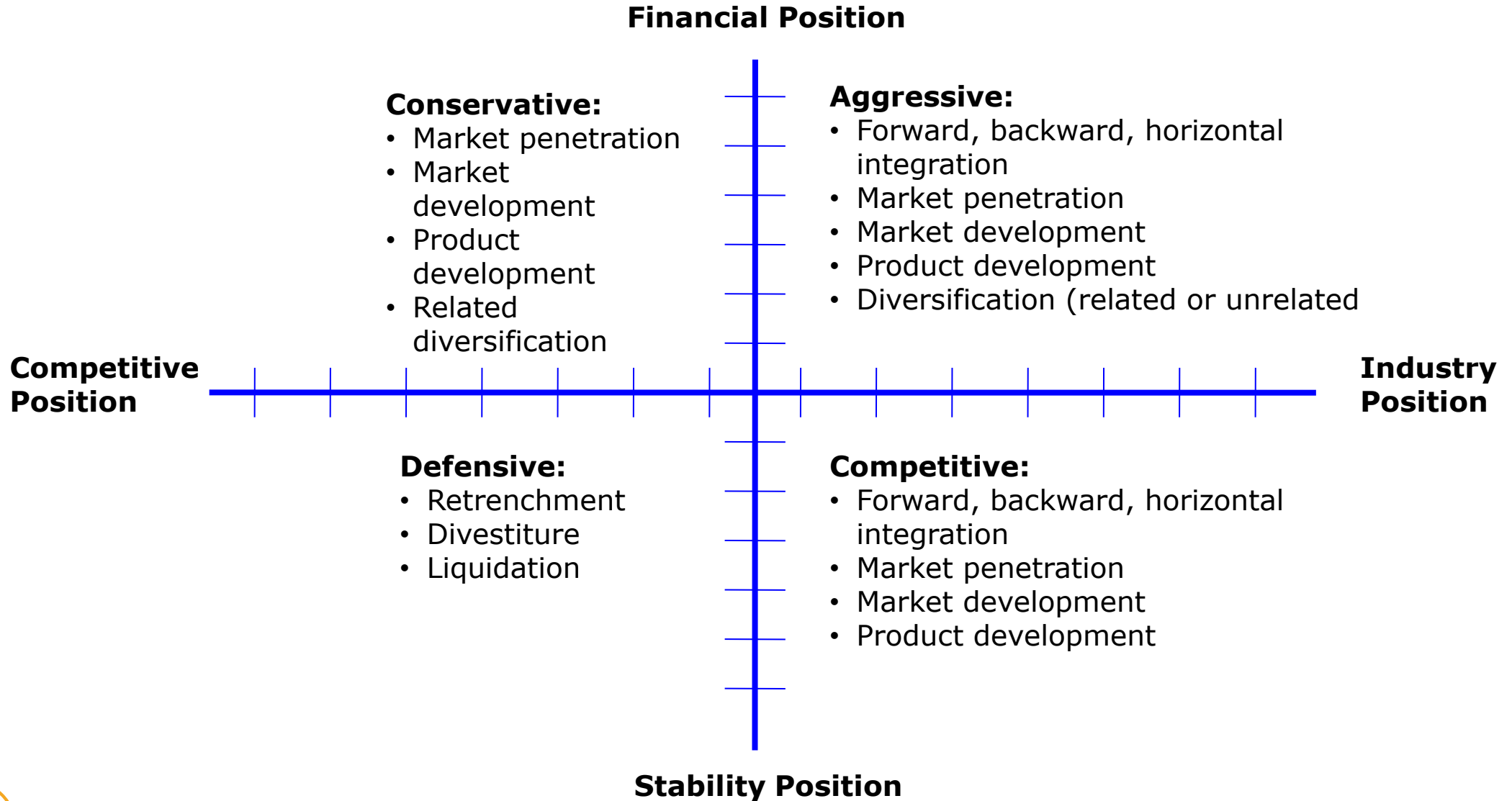
Within your group, practice the SWOT matrix. The goal is to **generate strategies at least 2 strategies** for each quadrant.

Consult to facilitator if you need further assistance.





SPACE Matrix

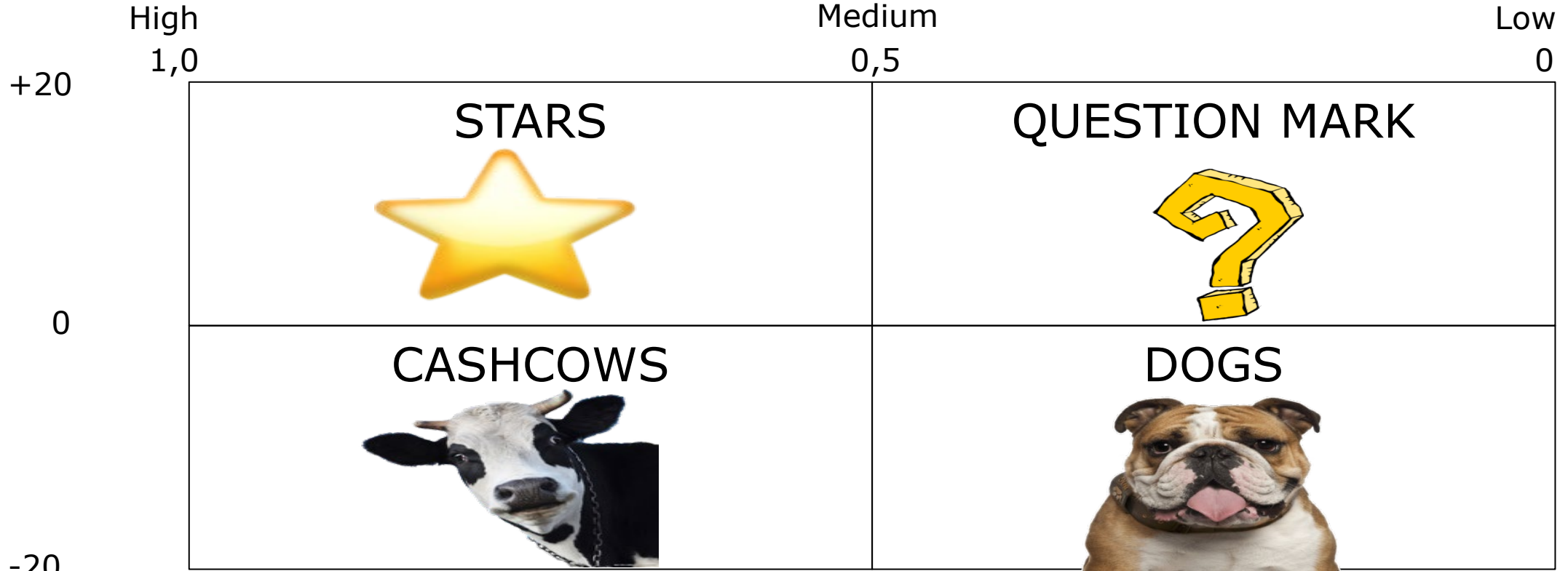




BCG Matrix

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

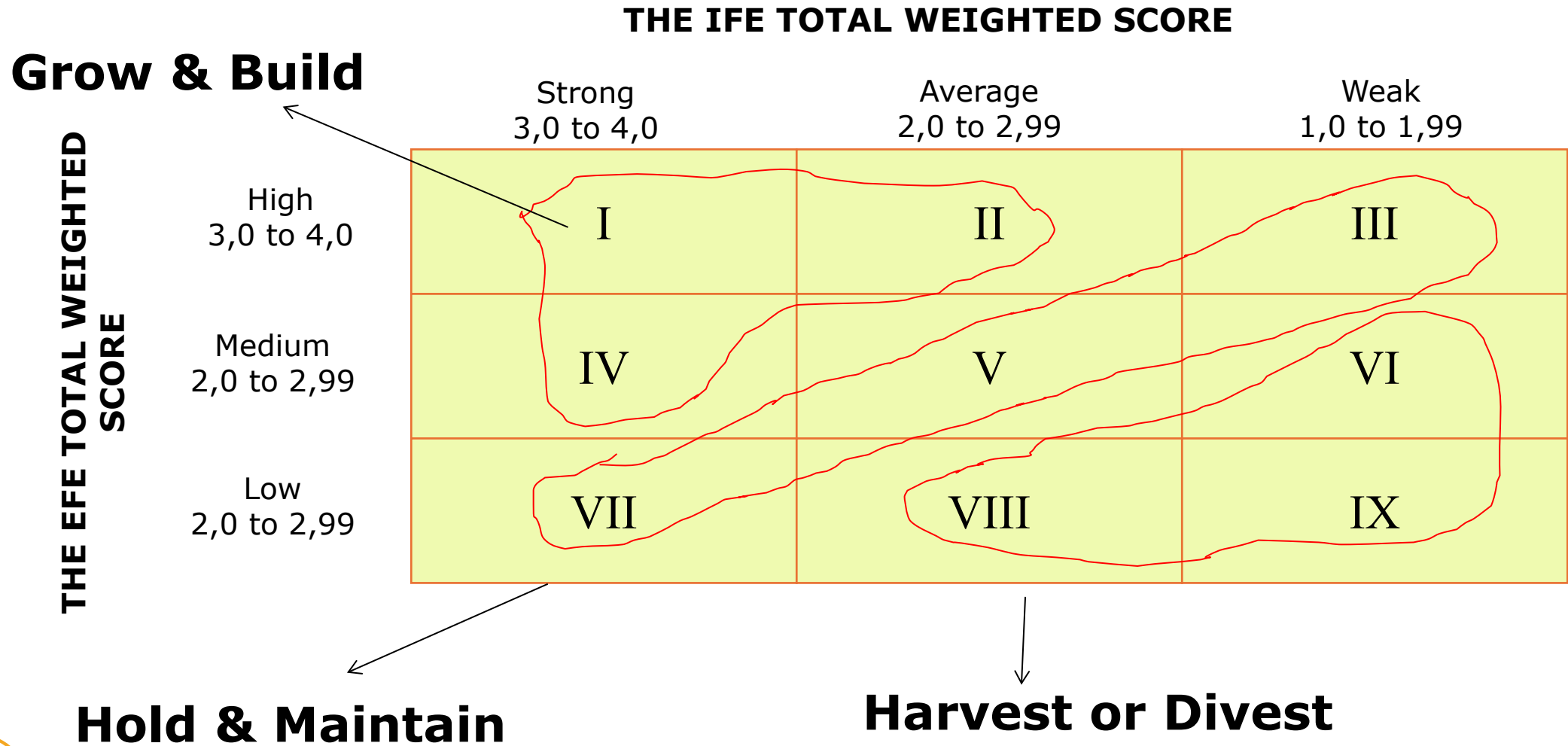
- **Income:** Low, unstable
- **Cashflow:** Neutral, or negative
- **Strategy:** Divest (detached)

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

