

PROPOSED BUSINESS STRATEGY FOR MULTIDISCIPLINE CONSULTANT COMPANY (CASE STUDY OF PT X)

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Abstract

PT X is one of the leading multidiscipline consulting companies in Indonesia. With the emergence of COVID-19 at the beginning of 2020, the construction industry in Indonesia was also affected by declining in the growth of construction value in Indonesia by 20.92%. Of course, this also has an impact on PT X as part of the value chain in the construction industry. At the end of 2021, Indonesia's economy grew significantly followed by Indonesia's construction value. However, the project number of PT X was not following the growth then PT X should find a new strategy by doing external and internal analysis to improve its business strategy. This research would discuss further about suitable business strategies by analyzing its SWOT and finding its business solution with the TOWS matrix.

Keyword :

Multidiscipline Consultant,
Construction, Business
Strategy, Architecture, SWOT
Analysis. TOWS Matrix.

1. INTRODUCTION

Globally, COVID-19 outbreaks disrupt the economy in almost all sectors, without exception for the construction industry. The effect of COVID-19 disruption had a massive impact on the industry that caused the sector's contraction, leading to decreasing revenue within its value

chain. The construction value chain means distinct stages in the construction process that are associated with a few stakeholders starting from raw materials production, planning process, building construction, and all aspects until the project is completed (International Finance Corporation, 2018).

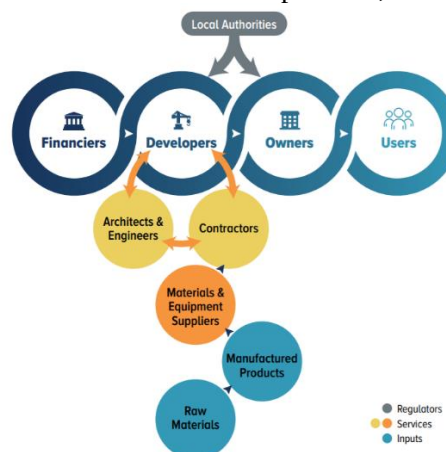


Figure 1. Value Chain within Construction Industry

(Source: www.ifg.com)

Indonesia is one of the countries impacted by COVID-19 outbreaks. As COVID-19 occurs, the growth of Indonesia's economy number also

disrupts. According to BPS (Badan Pusat Statistics or the Central Bureau of Statistics) data, Indonesia's economic growth decreased in early

2020 by -5.32% from 2.97% at the end of 2019. the growth of the economy in Indonesia started to

recover by the middle of 2021 with positive growth of 7.07%.

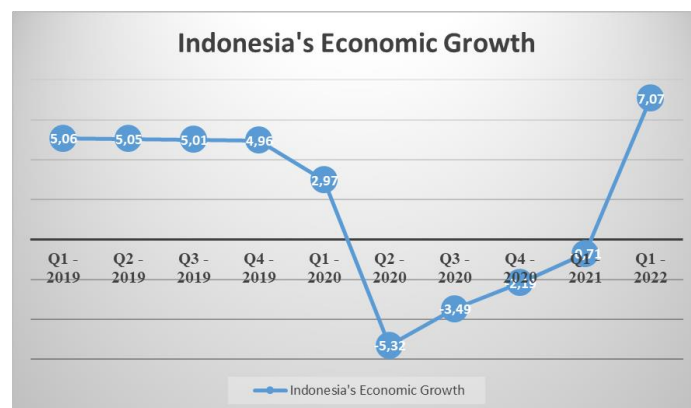


Figure 2. Indonesia's Economic Growth

PT X, as part of the construction value chain, also experiences decreasing revenue and projects. As a multidiscipline design consultant under developers at the design stage, PT X also impacted and struggled during COVID-19 outbreaks. The condition after the COVID-19 outbreaks was harmful to PT X's profit which keep declining because of the inability to find new projects to keep the company's competitive advantage in the construction industry.

The business environment within the country for construction in Indonesia was not so good as well since the construction value index had declined in early 2020. Luckily, the construction market in Indonesia can rebound by the middle of 2021. On the other hand, for PT X, after experiencing derivation in early 2020, the company situation instead of getting better, the number is still going down.

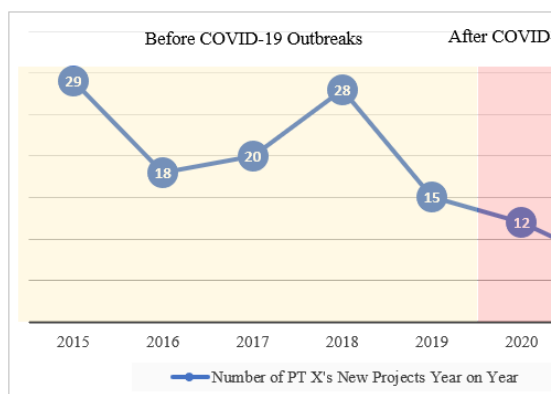


Figure 3. PT X's Project Number (YoY)

Known as a leading architectural and engineering design consultant company in Indonesia, PT X's main business line is architecture, structure, mechanical, and electrical design planning. PT X is also experienced in various types of projects such as office buildings, infrastructure, public facilities, apartments,

mixed-use buildings, and trade centers.

With all those experiences, PT X ought to survive after COVID-19 hit in early 2020 but in reality, PT X's profit and new projects are decreasing until the end of 2021. As seen on the graph below, the number of PT X's projects year on year keeps declining even before the pandemic situation in 2019. In 2021, PT X had 7 new projects, less than half of 2019's projects. The graph above proved that PT X's current business strategy method has to be improved and adapted to the situation.

2. RESEARCH METHOD

To examine PT X systematically, this research flow would be helpful as a guide to determining an appropriate implementation plan for PT X's business strategy to exit the crisis after the pandemic situation. The framework below would describe the research process.

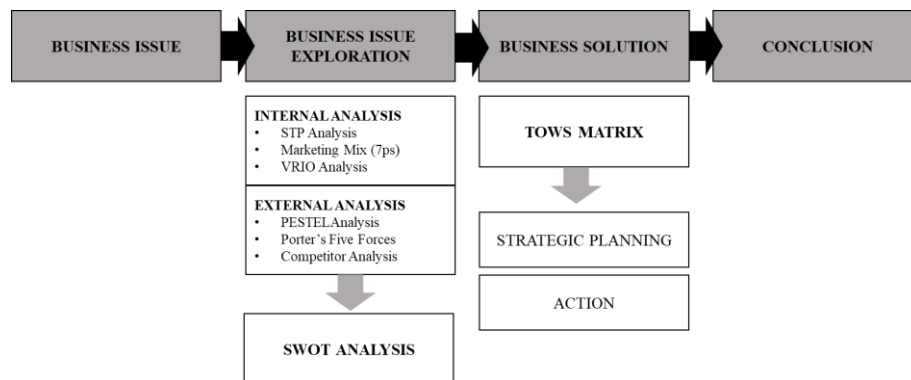


Figure 4. Research Flow

To obtain the objective, this research adopts a qualitative methodology approach. Qualitative is a research-based methodology for studying the depth of meaning and subjective experiences of people, and their meaning-forming processes. Qualitative method allows the researcher to have a solid understanding of the subject and to clarify the meaning that people attribute to their lives: activities, situations, situations, people, and things (Leavy, 2017).

Collecting data method in this research uses qualitative data, there are two ways in which this research is applied. The first data collection is from Primary Data and the second source is from Secondary Data. The primary data that this research use is from observation, internal company data, literature, and interviews. Hence, the secondary data source is gathered from online platforms such as government data, journals, articles, and reports.

3. RESULT AND DISCUSSION

EXTERNAL ANALYSIS

External analysis is an environmental assessment that has the purpose to identify strategic opportunities and threats outside the company's environment that potentially affect the company's performance (Rothaermel, 2019). In order to identify Threat (T) and Opportunity (O), this research conducted the external analysis using PESTEL, Porter's Five Forces, and Competitor Analysis.

PESTEL ANALYSIS

Environmental analysis is also required to strengthen the implementation plan of PT X's marketing. By leveraging the external factor of the company, the threat and opportunities could be determined. PESTEL analysis is one of the firm's tools to analyze the external factors under six segments: political, economic, technological, environmental, and legal. (Rothaermel, 2019)

Table 1. PESTEL Analysis of PT X

PESTEL	Analysis	SWOT Analysis
Political	- Since Joko Widodo was elected to be Indonesia's President, infrastructure development is part of the National Strategic Programme - Due to the experience of PT X handling government projects, the chance to collaborate with government projects is high	Opportunity
Economical	The resurgence of Indonesia's construction industry prediction after the pandemic situation	Opportunity
Sociocultural	COVID-19 outbreaks and uncertainty about the situation could be a threat to PT X's growth	Threat
Technology	Flourishing technology development in building construction and architectural design has to be accompanied by the development of human resources	Opportunity and Threat
Environmental	PT X's could leverage the environmental issue into the design	Opportunity
Legal	The legal could be PT X's opportunity because the certificate that PT X's personnel had	Opportunity and Threat

PORTER'S FIVE FORCES

In this research, Porter's Five Forces is one of the tool models to analyze the external factor of the company. Porter's Five Forces imply the strategy and competitive advantage of the company. In Porter's Five Forces model, competition is broader

and includes other forces in the industry beyond the company's closest competitors: buyers, suppliers, potential new entrants from other companies, and the threat of alternatives product or services (Rothaermel, 2019).

Table 2. Porter's Five Forces of PT X

Porter's Five Forces	Intensity	SWOT Analysis	Analysis
Threat of New Entrants	Medium	Opportunity-Threat	New players in multidiscipline consultants gradually develop their ability to handle bigger projects with a cheaper consultancy fee.
Bargaining Power of Supplier	Low	Opportunity	Due to Indonesia's unemployment increase, PT X does not have to raise the cost of hiring professional human resources.
Bargaining of Buyers	High	Threat	COVID-19 caused the project owners to postpone their running projects, thus PT X had to find
Threat of Substitutes Products or Services	High	Threat	The client's company establishes its consultant or engineers' division
Rivalry Among Existing Competitors	Medium	Opportunity-Threat	Although PT X manages to maintain its position as the best consultant company in Indonesia, PT X's position is not at the top of the list

COMPETITOR ANALYSIS

Competitor analysis is the tool to plan an effective marketing strategy, a company needs to learn further about its competitors from the same industry. Important points that need to be compared are its products, marketing strategies,

pricing strategy, channels also its promotion. By studying and comparing a company to its close competitors, the potential advantages and disadvantages could be determined. (Kotler, Armstrong, & Opresnik, Principles of Marketing, 2018)

Table 3. Competitor Analysis of PT X

	Competitor			Important Findings
	PT Airmas Asri	PT Wiratman	PT Alien Bangun Nusantara	
Strengths	Company's reputation and project value are bigger than PT X	One of the best structure engineer in Indonesia, in terms of engineering PT Wiratman is ahead from other competitors	Fresher design and ideas in architecture, thus in the design is more advanced than other competitors	Although PT X and other competitors provides the same needs for the project owner, there are differentiations between one to another consultant company. PT X is excel in multidiscipline, meanwhile some competitors is better in terms of architectural design
	Stronger in architectural design, because PT Airmas Asri often winning national competition	The communication between architect and engineers is easier within one company	PT Alien Bangun Nusantara is growing rapidly, though the company is considerably new in the industry	
Weakness	In terms of engineering, PT Airmas Asri is	The architectural design is not as explorative as other competitors	The experience in the industry is lesser than other competitors	The experience in a consultant company is important because the industry related to expertise and trust from project owners
Action	Strong Competitor	Weak Competitor	Strong Competitor	

INTERNAL ANALYSIS

Internal analysis is the process of analyzing and identifying internal components of tangible and intangible resources from the company, including the company's assets, human resources, and working process. Internal analysis is used for

find out the company's Strengths (S) and weaknesses (W) to define growth areas and room to be developed in strategic planning. The internal analysis tools that would be used in this research are STP Analysis, Marketing Mix, and VRIO Analysis.

STP

Table 4. STP Analysis of PT X

SEGMENTATION
PT X as a multidiscipline company has segmentation for its client and its product. For the client, PT X segmentation is all the projects from government, private companies, and state-owned enterprise projects. Meanwhile, for the product, PT X's segmentation is all the projects at valued more than Rp 20 billion whether it is commercial or public facilities.
TARGETING
PT X targeting Sprint Project owners in its massive property and project expansion all over Indonesia.
POSITIONING
- Product Leadership: Prioritizing the quality of the latest design concepts, innovative, controlled schedule, integrated, providing reputation, advantages, and benefits for the owner. - Differentiation: Quality specialists with multi-disciplinary services and product reliability assurance. (Involving the contribution of existing disciplinary experts, even though only serving certain disciplines)

Marketing Mix

Marketing mix is a marketing tool to convince a target market that is commonly used by the company. The 7Ps elements to be further analyzed

are Product, Place, Price, People, Process, and Promotion. (Kotler, Armstrong, & Opresnik, Principles of Marketing, 2018)

Table 5. SWOT Analysis

Marketing Mix	Analysis	Formulation
Product	The product that PT X produce is consultancy service and engineering drawing in architecture, structure, and MEP.	Strength
Price	PT X's price is competitive because the method that PT X use is common and adjusts the project owner's budget	Strength
Process	The process within the company is still out of the project's owner's expectations because PT X often missed the submission schedule	Weakness
Place	Nowadays, especially after COVID-19, the technology is shifting. The online platform is important for PT X part of channeling clients and future clients, but PT X's online platform is not updated yet	Weakness
Promotions	Based on PT X's reputation, PT X does not have to do massive promotion	Strength
People	PT X pushing its human resources to be certified	Strength
Physical Evidence	With more than 50 years of experience, PT X's constructed buildings are all over Indonesia	Strength

VRIO

A tool for assessing an organization's resources is a framework that answers the question of which resource attributes underpin competitive advantage. This framework is embodied in a resource-based model. This model identifies

certain types of resources as the key to good organizational performance. Also, to gain a sustained competitive advantage, the company's resources should meet the VRIO framework criteria that include all the capabilities, competencies, and company assets. (Rothaermel, 2019).

Resources	Valuable?	Rare?	Costly to Imitate?	Supported by the organization?	Competitive Implication	Performance
Qualified Architects and Engineers staff and manager	Yes	Yes	Yes	No	Temporary Competitive Advantage	Strength
Certified architects & engineers	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Reputable Principal architect	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Compatible computers and printing machine	Yes	No	No	No	Competitive Rarity	Weakness
CAD for engineering drawing	No	No	No	No	Competitive Disadvantage	Weakness
BIM technology	Yes	No	No	No	Competitive Disadvantage	Weakness
Collaboration between Architect, Structure, and MEP divisions (multidiscipline)	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Design approval by The Principle	Yes	No	No	Yes	Temporary Competitive Advantage	Strength
Various project types from high-rise buildings, infrastructure, and masterplan	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Able to handle small, medium, and big projects	Yes	No	Yes	Yes	Sustainable Competitive Advantage	Strength
One-stop engineering consultant; architecture, structure, and MEP	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Regulation building review knowledge	Yes	No	No	Yes	Competitive Disadvantage	Weakness
Over 50 years of experience as a leading consultant company in Indonesia	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Best consultant company in Indonesia awarded by BCI Indonesia	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
The reputation of PT X's Principal Architect	Yes	Yes	Yes	Yes	Sustainable Competitive Advantage	Strength
Nation-wide various competition winner	Yes	Yes	No	Yes	Temporary Competitive Advantage	Strength
Pointed to design various National Strategic Projects	Yes	Yes	No	Yes	Temporary Competitive Advantage	Strength

FORMULATION SWOT ANALYSIS

This research, the tool that this research would use is the SWOT Analysis approach. According to Frank T. Rothaermel in Strategic Marketing literature, to combine both internal analysis and

external analysis insights, by strength and weakness from the internal and opportunity and the threat from the external, SWOT analysis tools allow a company to evaluate its strategy by company's current situation. (Rothaermel, 2019)

Strength: 1. Experience for more than 50 years 2. Multidiscipline consultant 3. Reputation as the nationwide competition winner 4. Certified human resources 5. Distinctive project types 6. Competitive price	Weakness: 1. Interdisciplinary communication needs to be developed 2. Structure and MEP division lack performance 3. Engineering computation tools 4. Schedule controlling 5. The SOP to handle and face the clients is not clear enough 6. The website has not been updated yet
Opportunity: 1. Infrastructure development in Indonesia 2. Indonesia's economic resurgence after the COVID-19 situation 3. The environmental issue would be leveraged in PT X's building design 4. Establish new business scope under architecture division	Threat: 1. Shifting technology for architects and engineers' tools 2. Postponed projects by the project owners because of COVID-19 outbreaks 3. Project owner's in-house architect and engineering division 4. New habits to cope with pandemic situation 5. Smaller firms start gradually developing its project types with lower price

STRATEGY

TOWS MATRIX

In this research, in order to formulate strategic planning, it is necessary to have an analysis based on present and future situations to determine the direction and development of a company. The formula and conceptual framework that is used in this research to formulate strategic planning by

using the TOWS matrix. TOWS matrix helps identify and analyze situations that occur in the company, namely externally and internally. To analyze external factors, a company has to identify its threats (T) and opportunities (O), meanwhile for internal analysis and identification use strengths (S) and weaknesses (W). (Wehrich, 1982)

Table 6. TOWS Matrix of PT X

	Strength: 1. Experience for more than 50 years 2. Multidiscipline consultant 3. Architect Principal reputation 3. Reputation as the nationwide competition winner 4. Certified human resources 5. Distinctive project types 6. Competitive price	Weakness: 1. Interdisciplinary communication needs to be developed 2. Structure and MEP division lack performance 3. Engineering computation tools 4. Schedule controlling 5. The SOP to handle and facing the clients is not clear enough 6. The website has not updated yet
Opportunity: 1. Infrastructure development in Indonesia 2. Indonesia's economic resurgence after the COVID-19 situation 2 The environmental issue would be leveraged in PT X's building design 3 Establish new business scope under architecture division (interior or landscape)	S-O Strategies: 1. To be more active to enrol feasible government's project tender [S1, S4, O1, O2] 2. Leverage environmental issues and health issues after COVID-19 into the design for tender and competition in the future [S3, O1, O2]	W-O Strategies 1. Conduct 360° KPI (Key Performance Indicator) for staffs and managerial levels [W1, W2, O2] 2. Develop PT X portfolio through online platform as PT X's part of branding [W6, O4]
Threat: 1. Shifting technology for architects and engineers' tools 2. Postponed projects by the project owners because of COVID-19 outbreaks 3. Project owner's in-house architect and engineering division 4. New habits to cope pandemic situation 5. Smaller firms start gradually developing its project types with lower price	S-T Strategies 1. Develop PT X's human resources to advance in BIM [S4, T1] 2. More active in promotion (seminars, books, and competition) [S2, T2]	W-T Strategies 1. Training for all engineers to use BIM technology and start to implement BIM for projects [W1, T1] 2. Leverage application project manager to control projects' progress with online platform [W1, W4, T4] 3. Analyze project owner's satisfaction with PT X's performance [W1, W2, W4, T3, T5]

4. CONCLUSION

PT X experienced a significant decline as COVID-19 took place in Indonesia in 2020, thus PT X has to arrange its new strategy through this shifting era to gain a sustainable competitive advantage compared to its construction consulting competitors. PT X needs to fix and improve performance in order to get a sustainable competitive advantage.

Based on the results identifying and analyzing process internally, and externally, also had a connection with interviews with PT X's former client, PT X should address an important point as follows:

- Increasing the capability of PT X's human resources in terms of technology
- There needs to be a clear project controlling system in terms of communication and

product quality from PT X

- Leverage the online platform to promote PT X consultancy service and elevate PT X branding
- Implementation of clear SOPs, especially for human resources that directly related to the projects

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