

**BUSINESS STRATEGY FORMULATION USING BUSINESS MODEL
CASE STUDY: PT KARTINA TRI SATRIA**

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Abstract – *Muslim fashion in Indonesia is rapidly growing. Until a few decades ago the Islamic fashion is not particularly common in Indonesia, but recently has become a trend, not only among those wearing them, but also as a production sector. PT. Kartina Tri Satria is one of the companies that are in the competition of products or brand fashions which going on at the moment. PT. Kartina can perform some steps to strengthening the quality of the product and to providing excellent service to their customers.*

Keywords: Textile Industry, PT. Kartina Tri Satria, Muslim Wear, Business Strategy, Business Model Canvas.

1. Introduction

The Textile industry in Indonesia is one of the country's oldest and most significant sectors in terms of employment and economic contribution. Although Indonesia's textile industry is facing some challenges in modern industrial world, such as outdated machinery and lack of competitiveness among the region, it still shows the enormous economic potential as the industry currently employs an estimated 11 percent of the total industrial labor force. In 2010, it accounted for 8.9 percent of the country's total exports. (Madisonadmin, 2012).

The Industry Ministry and the Tourism and Creative Economy Ministry have already announced plans to turn Indonesia into an Islamic fashion capital by 2020 (The Jakarta Globe, 2012). With the growing popularity of Islamic clothing in Indonesia in recent decades, Muslim fashion has become an increasingly hot topic among wearers of Islamic clothing. Indonesian Muslim fashion consists of various styles and trends, influenced by transnational factors yet maintaining a local flavor. The development of Muslim fashion in Indonesia and explores how Indonesian designers are involved in the production of sophisticated Islamic clothing designs.

PT Kartina Tri Satria is one of a company that engaged in the textile trade for muslim wear in Indonesia. Mr. Syafrizal and Mrs. Kartina Elfa pioneered the company. PT Kartina Tri Satria are engaged in the manufacture of textile hijab, Muslim clothing and, accessories for Moslem wear. This Muslim clothing and accessories business was started in 1990, which originally only sell in person at offices. In 1995, they opened their first shop at the Jambu Dua Plaza Bogor, and continued open store again at ITC Cempaka Mas Jakarta. In 2004 Kartina open another store in Tanah Abang at Block F2. Presently PT Kartina Tri Satria has trained employees for around 80 people. Currently PT KARTINA Tri Satria has 20 branches spread across Jakarta and Bogor.

Indonesia has been in the Muslim fashion limelight in the recent past. However the competitive arena in this industry is high due to the amount of store with similar products. Moreover, In this case, the author needs to know how PT. Kartina handle the amount of similar competitors in the muslim Clothing industry at Tanah Abang area and How PT. Kartina survive in this competition arena.

Based on the emerging phenomenon of the external and the internal business issues, the purpose of this final project is to determine the strategy formulation for PT Kartina Tri Satria. The research question that could be asked on this research with case study of PT. Kartina Tri Satria are: 1. What are the strategic positions for PT. Kartina Tri Satria?

2. What are the strategies for PT. Kartina Tri Satria?

3. What is the selection action plan for PT. Kartina Tri Satria?

Data obtained from PT. Kartina Tri Satria, books, journals and websites also result from the relevant authorities concerning the PT. Kartina Tri Satria by interviewing and spreading questionnaire to their customers. Data will be analyzed according to the components of strengths, weaknesses, for the development of appropriate business models to formulate the strategy.

2. Business Issue Exploration

A. Conceptual Framework

A framework is useful to help and structure thoughts and navigate around the different aspects of strategic, and the needs analysis of external and internal environment in the industry is become a fundamental concept in this research paper as an approach to decision making under condition's of uncertainty that helps to overcome many of the short coming traditional decision-making method that is, come up to the business strategy formulation. By doing the analysis, it will help the firm to identify the suitable strategies that can be implemented or adopted later by, in order to stay competitive in the market.

Gathering facts and issues from the customers are important to define suitable strategy for PT. Kartina Tri Satria. Analysis External and internal such as SWOT Analysis, Five Porter's Analysis and PEST will be next after gathering all the data. Reviewing the data including all the analysis will be a next step to define strategy for PT. Kartina Tri Satria. The results of the analyses are expected to be the limitation of scope as the axes uncertainty and could deliver the issues that faced by PT. Kartina Tri Satria as a case study of this research project.

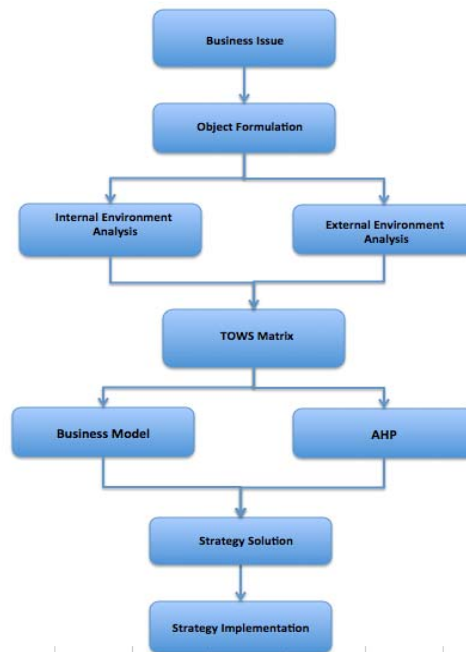


Figure 1. Conceptual Framework

B. Environmental Scanning

Organizations must continually scan and monitor their general environment for the signal, often weak or barely visible, which may indicate changes in their competitive environment. In order to scan and monitor the environment, firms require tools of analysis or models that will allow them to factor in the changes in the general environment and evaluate their impact. This would be analyzed by PEST analysis. PEST analysis used to detect trends in the external environment that will ultimately find the way into competitive environment.

In political, number of legal and political macro-environmental factors affects small businesses in the clothing industry. The existence of political stability in each area is possible to make Indonesia become the leader market of Muslim wear in the world in 2020. This led is to sharp the increasing in trend and the growth of fashion in Indonesia.

In economic, The Indonesian economy has recorded strong growth over the past few decades, and in recent years the firm pace of economic expansion has been accompanied by reduced output volatility and relatively stable inflation. Indonesia's economic performance has been shaped by government policy, the country's endowment of natural resources and its young and growing labour force. Alongside the industrialization of its economy, Indonesia's trade openness has increased over the past half century.

In social culture, In recent years, more Indonesian women have donned the hijab, whose main purpose is to protect a woman from unwanted attention, as designer Sarfilianty Anggiani¹ said. Some believe that the Qur'an, which tells Muslim women to guard their bodies against men's lustful stares, requires wearing the garment. According to Sarfilianty, many of the young women wearing the hijab are fashion forward and tech savvy. They take pictures of themselves and their friends wearing stylish hijabs and upload the images onto social media sites like Facebook, Twitter and Multiply. That in turn feeds awareness about what looks good, as Muslim women see what their peers are doing.

In technological, Technological advancements have also changed the mindsets of people around the world by giving them a multiplicity in clothing items. With the advent of many latest machinery, people can have the opportunity of having cost effective, quick, ready to wear, easy to care and easy to handle.

C. Industry Analysis

Industry analysis models provide a means to manage that complexity by organizing the analysis and presenting conclusions in a coherent manner. Michael Porter's 5 Forces analysis provides a useful framework for industry analysis. The benefit of using the frameworks is that PT. Kartina Tri Satria could readily capture the full richness of a phenomenon with a limited number of dimensions. Porter's contribution was to develop a framework for analyzing industries that could be generalized from a few core elements, in this case the five forces framework Porter's 5 Forces Analysis here will provide a powerful illustration of how the level of competition from the fried chicken industry, from the supply chain (suppliers and customers) and market (new entrants and substitutes). Fourth of forces (impulse) is to contribute to the competitive rivalry or the level of competition in the industry.

From The power of supplier, PT. Kartina Tri Satria divided their supplier in two, raw material supplier and Garment/vendor. The number of craftsmen to work on production order PT. KARTINA is an business opportunity to developed, and the results of observations with the owner PT. KARTINA alone, the number of raw material and garment supplier that they have, has the good quality of the products, the difficulty level was minimum (low).

From bargaining power of buyer Bargaining power of buyer for PT. Kartina Tri Satria divided in two groups: Reseller and consumer (end user). Products are released PT. KARTINA produced in huge

¹ <http://www.thejakartaglobe.com/fashion/indonesia-becoming-a-mecca-for-muslim-fashion-trends/535940>

quantities. With the quantity of goods, it's followed with very fast fashion trend in the market, so the reseller group will enforce consumers by wholesale price. As for the end-user is hoped they can be loyal to the brand PT. KARTINA so on every new trend they would come back and shop at the store continuously. Bargaining power of buyer is low.

From the threat of Product can give the same function of need with products in the industry. Surely as a premium fashion product by increasing the level of quality, the threat of substitute products in fashion product itself will be very high. In Muslim fashion business, there are a lot of common products in the market. Although, PT. Kartina has the good quality products among other competitors, and the price range is still affordable in the markets, the competition in the market is tight, PT. Kartina have to be innovative and unique, and give excellence service to prevent customer switching to other brand. Through this situation the threat of substitute is medium.

From rivalry among competitor In the trade market this Muslim clothing, Muslim clothing products are already well known among middle-up segment is vocut, chaniago ,Arnis, etc., in general, those brands are well known and fairly inexpensive to own. The number of local competitors also enlivened by brands that segmentation is different from the PT. KARTINA and some products from China, many of which are not yet having a brand. Competition in this industry is generally not going head to head. Each brand holds differentiation and specialization for functionality and design. Rivalry among competitor is high.

D. Internal Analysis

Value Chain analysis

Value chain Analysis is the sequential set of primary and support activities that an enterprise performs to turn inputs into value-added outputs for its external customers. As developed by Michael E. Porter, it is a connected series of organizations, resources, and knowledge streams involved in the creation and delivery of value to end customers.

(1) **Primary Activities** - those that are directly concerned with creating and delivering a product, Inbound logistic, call of the suppliers for ordering fabrics, materials handling, warehousing, inventory control and product design. Operational: coordinating the terms and conditions to vendor/garment, manufacturing finished products. Outbound logistics; warehousing, order fulfillment, inventory management, and on-time delivery. Marketing and sales do advertising program, inform new product to customer, invoicing, understanding customer wants and needs. Services: family and friendly atmosphere to customer, rapid response to customer feedback.

(2) **Support Activities**, which whilst they are not directly involved in production, may increase effectiveness or efficiency. It is rare for a business to undertake all primary and support activities. Infrastructure: CEO, General Manager, Accounting, marketing and sales, operations. Human resource: recruiting hiring, training and developing compensating the staff. Technology development: process design, R&D. Procurement: purchasing raw material.

Capability is exist when resources have been purposely integrated to achieve a specific task or set of tasks. These tasks range from human resource selection to product marketing and research and development activities. The capabilities of PT. Kartina including the distribution using effective use of logistic management techniques, human resources, motivating, empowering and retaining employees. Marketing: using the effective promotion of brand name and using the effective customer service. Management: ability to envision the future of clothing, with following the trend and become trendsetter in the market. Research development: by using innovative technology.

Competency in PT. Kartina Tri Satria, innovation is thought to be a core competence. The core competencies of the company go beyond their quality and innovative Muslim clothing products. These Muslim clothing have not just waged a war on innovative products but also on brand and sponsorship power which act as major barriers for the new entrants to this industry. The main core

competencies at PT. Kartina Tri Satria is selling the products, promote the products and branding the products.

Four Criteria of Sustainable competitive advantage

There are four criteria of sustainable competitive, value capabilities, rare capabilities, costly to intimate, and non-stitutable are core competencies. In turn, core competencies are sources of competitive advantage for the firm over its rivals.

By effectively using capabilities to exploit opportunities, a firm creates value for customers. Under former of the owner of PT. Kartina Tri Satria Mr. Syafrizal he built this powerful competence largely through satisfied their customer in products and services and to focus on their core competence in integrating selling product and promote it, to built brand awareness. As Mr. Syafrizal said, human capital is important in creating value for customers.

The situations that going on at PT. Kartina are the rare capabilities of products are visible due the trend. They're only making the products once and when it selling out, they are making a new product with new design. There are many common products Therefore the company has their own copyright to protect their innovative of products.

To remain competitive, PT. Kartina Tri Satria must adjust our prices from time to time in response to these industry-wide pricing pressures. Many of the competitors source their product requirements, as the company do, from lesser-developed countries to achieve lower operating costs

As in PT. Kartina Tri Satria they can achieve sustainable competitive advantage by implementing fresh value-creating strategies that cannot be easily duplicated by competing. PT. Katina tried to always be a leader trend in the market by designing the fresh trend that design by themselves. Although the competitors try imitating their product, the quality and the price are different, and not better than PT. Kartina.

SWOT Analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or a business venture. The resource-based view focuses on the internal resources, capabilities and core competencies of the organization, and advocates building strategies on these foundations to assure the competitiveness of the organization and the attractiveness of the industrial sector.



Figure 2. SWOT Analysis

3. Business Solution

E. Strategy Positioning

The essence of strategy is choosing what to but also what not to do (Porter; 1996). Focus helps companies to create a unique mix of value, which makes it different from its competitors (Porter; 1979). The more an organization has the discipline to stay within its area of focus, with almost religious consistency, the more it will have opportunities for growth (Collins; 2001). PT. Kartina Tri Satria adopting the differentiation strategy as the core competences. With the **differentiation** competitive strategy the strategic position for PT. Kartina is to develop new product innovation and to sacrifice the customer satisfaction.

F. TOWS Matrix

With this TOWS Matrix, can be utilize by enhancing the internal organization capabilities to meet the needs and wants of the market. With this method, might result in some alternative strategies that can be applied simultaneously.

	Weakness (W) W1: Medium-low quality control W2: Lack of human resources, key staff W3: Common products in the market	Strengths (S) S1: Good relationship networking S2: Uniqueness capability of products S3: Have copyright for the products S4: High customer loyalty and relationship
Opportunities (O) O1: Growing demand on the market O2: High potential market size growth O3: Export product overseas O4: Adding product differentiation O5: Build Hijab community	WO Strategies Improving the quality of service in order to attract many customers W1, O4 Hire more oriented people in Quality control and Research Development W1, W2, O3	SO Strategies Create partnership with hijab community S4, O5 Build new distribution channel in Asian Pacific on relative network S1, O2, O3 Increasing number of production O1, S2
Threats (T) T1: Strong competition T2: Competitors new product and innovation T43 New entry competitors	WT Strategies Further expanding the company's promotion W3, T1, T2, Build partnership with competitor to build hijab event T1, T3, W3,	ST Strategies Opening new branches in cities other than Jakarta S4, T3 Increases the quality control of the products S2, S3, T2

Figure 3. TOWS Matrix

G. Value Discipline

Based on strategic positioning, it can obtain some possible strategies that can be applied in business strategy for PT. Kartina. Therefore, it can be seen from PT. Kartina competitive scope in order to compete in the market.

Product Leadership	Customer Intimacy
Focus on: Best on product Innovation New Ideas and opportunity Focus on development Strong in branding and promotion	Focus on: Customer is a king Being close to customer Exactly meeting demand of customers Giving best solution to customer

Figure 5. Overview of Value Disciplines for PT. Kartina

H. Business Model

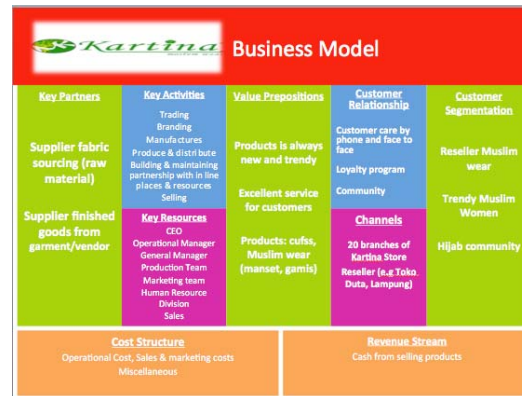


Figure 6. Business Model Canvas

Value Proposition: Products is always new and trendy, excellent service for customers, and the products that they are selling are cuffs, Muslim wear (manset and gamis).

Customer Segments: People who become the customer is Muslim women, and hijab community is their main target and also reseller of their products for their expand strategy and get profit from raw material sales that they are selling in the garment/vendor which produce their product.

Customer Relationship: Customer can get the products with the help of their employee on the store, or they can choose what product they want by coming to their store.

Distribution Channels: Muslim Clothing product will be serve to customer in several places coming to their store or do the phone call for buying products.

Key Activities: PT. Kartina does trading, branding, marketing, manufactures, building and maintaining their brand and selling activities to keep their business run smoothly.

Key Resources: the people in their structural organization would be their main key profit taking.

Key Partner: Supplier of raw materials and garment/vendor would be their main key profit taking, which is to easy to control their quality of products.

Cost Structure: operational cost will be main cost for PT. Kartina Tri Satria, from buying the material, buying the products from vendor and distribution. Besides the marketing and promotion cost is also important to strong branding their products.

Revenue Stream: PT. Kartina get their revenue from products sales at the store and sales from raw material which are sell to garment/vendor that will produce Kartina products.

I. Selection plan

1. To increase the market size, PT. Kartina Tri Satria might open a boutique to reach the high level market size in a different market.
2. Using technology and social media as the part of advertising, to strengthen the branding and promotion.
3. Build and manage garment for the company itself, so they does not have to depend on outsources as they are doing now.
4. To ensure the customer intimacy well, they should established good communication to customer.
5. Ensure the existing business model can work well is to improve the performance of professional management becomes core and evaluate each activity once in a year. This evaluation is used to calibrate whether the actual conditions are in accordance with the existing business model or not.

4. Conclusion and Implementation Plan

Strategic position that suitable for this research are Differentiation strategy, by using product leadership and customer intimacy. The strategies for PT. Kartina Tri Satria is to customer intimacy and product leadership. The selection plan to ensure the business model is by: Opening a boutique, Using technology for research product and development, also for advertising, Build garment for the company itself, and Creates customer intimacy for their customer.

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