



Fakultas  
**Ekonomi & Bisnis**  
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# Week 2 Strategic Management & Business Ecosystem

## SM Process & Strategic Intent

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# Digitization is rewriting the rules of competition, with incumbent companies most at risk of being left behind.

Martin Hirt and Paul Wilmott. *Strategic principles for competing in the digital age*, McKinsey Quarterly, 2014.

## Seven trends that could redefine competition:

1. New pressure on prices and margins
2. Competitors emerge from unexpected places
3. Winner-takes-all dynamics
4. Plug-and-play business models
5. Growing talent mismatches
6. Converging global supply and demand
7. Relentlessly evolving business models—at higher velocity





## Strategic Thinking

Purpose of strategic thinking is to discover alternative ways of moving from where you are to where you want to be. The thought processes are synthetic, divergent and creative

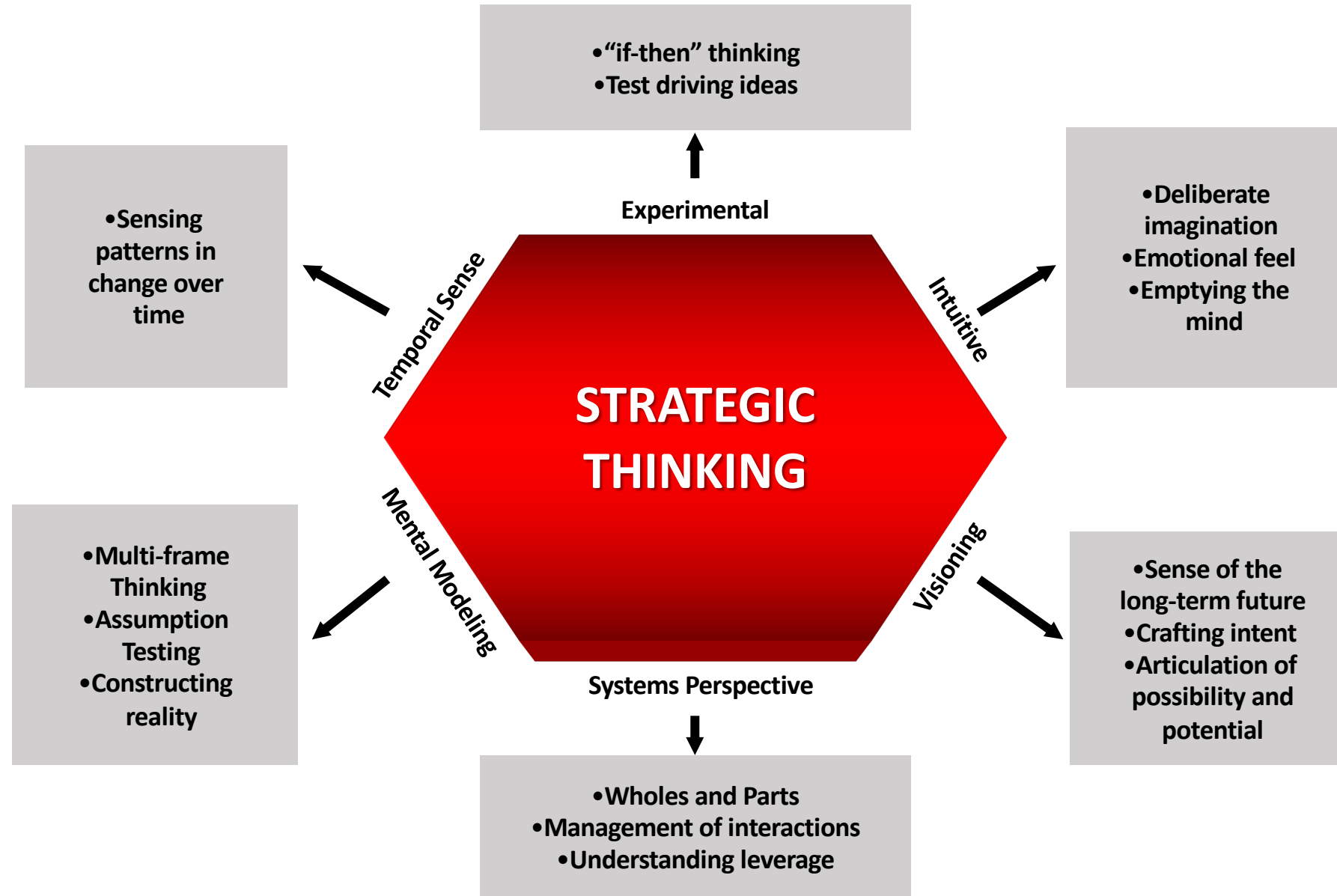
## Strategic Management

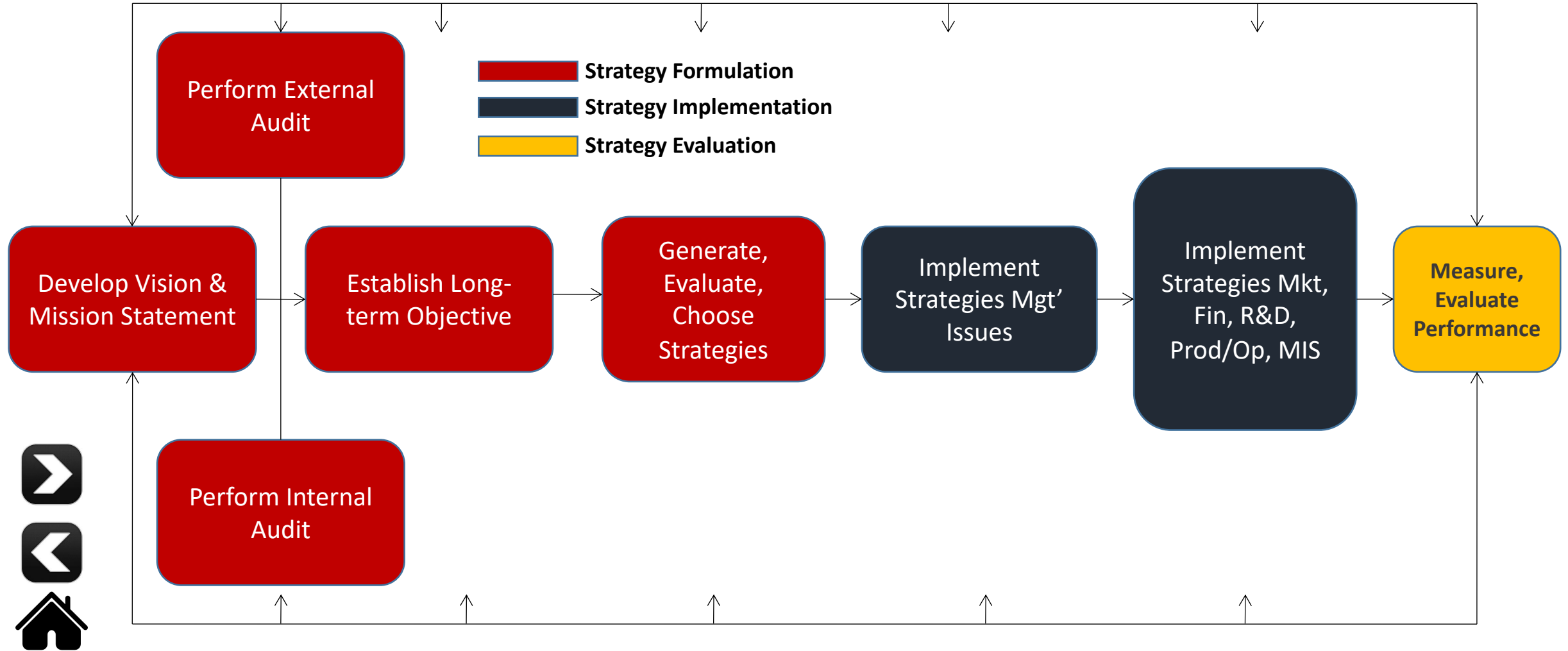
Is the process of integrating strategic thinking and planning and tying them to the production of results

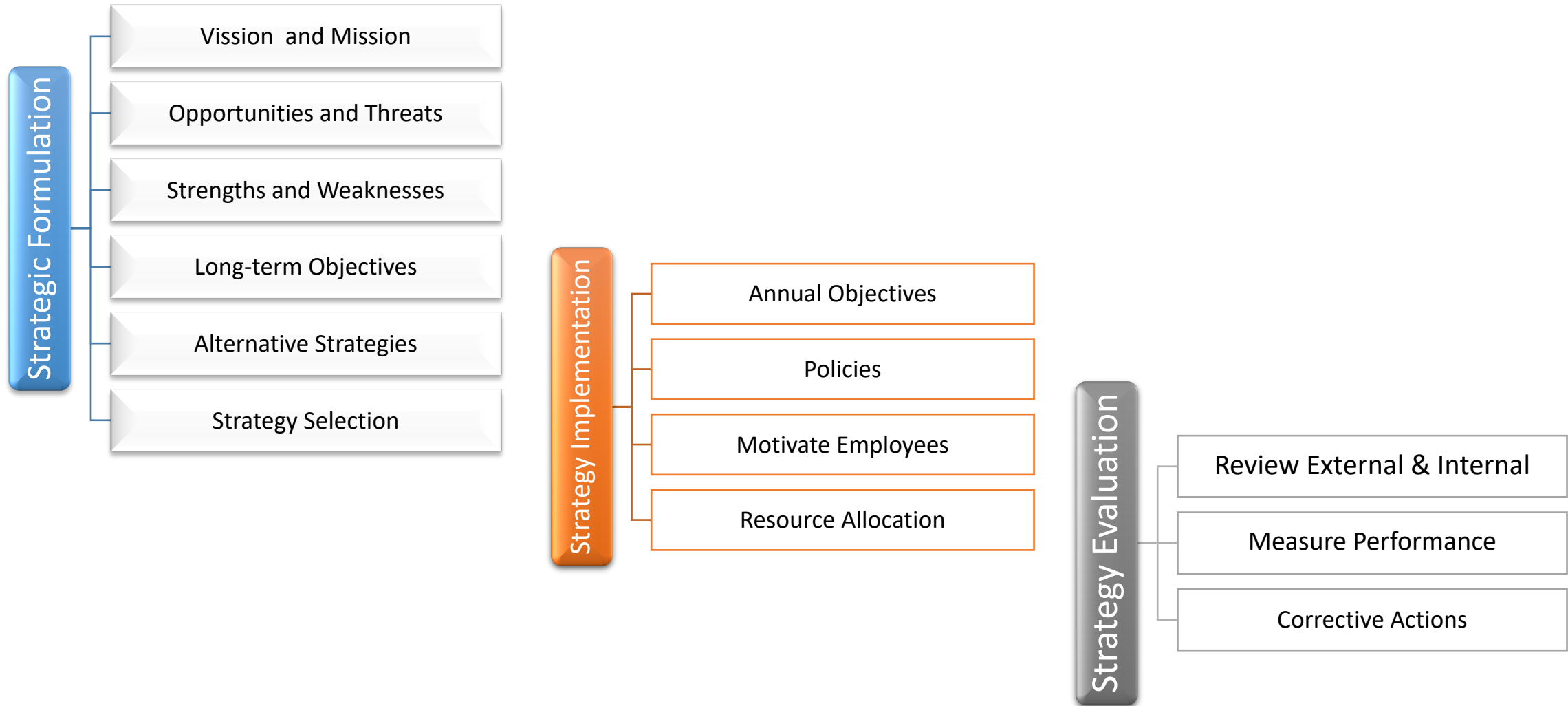
## Strategic Planning

The purpose is to operationalize the strategies developed through strategic thinking and support that thinking process. The thinking style is analytic and convergent









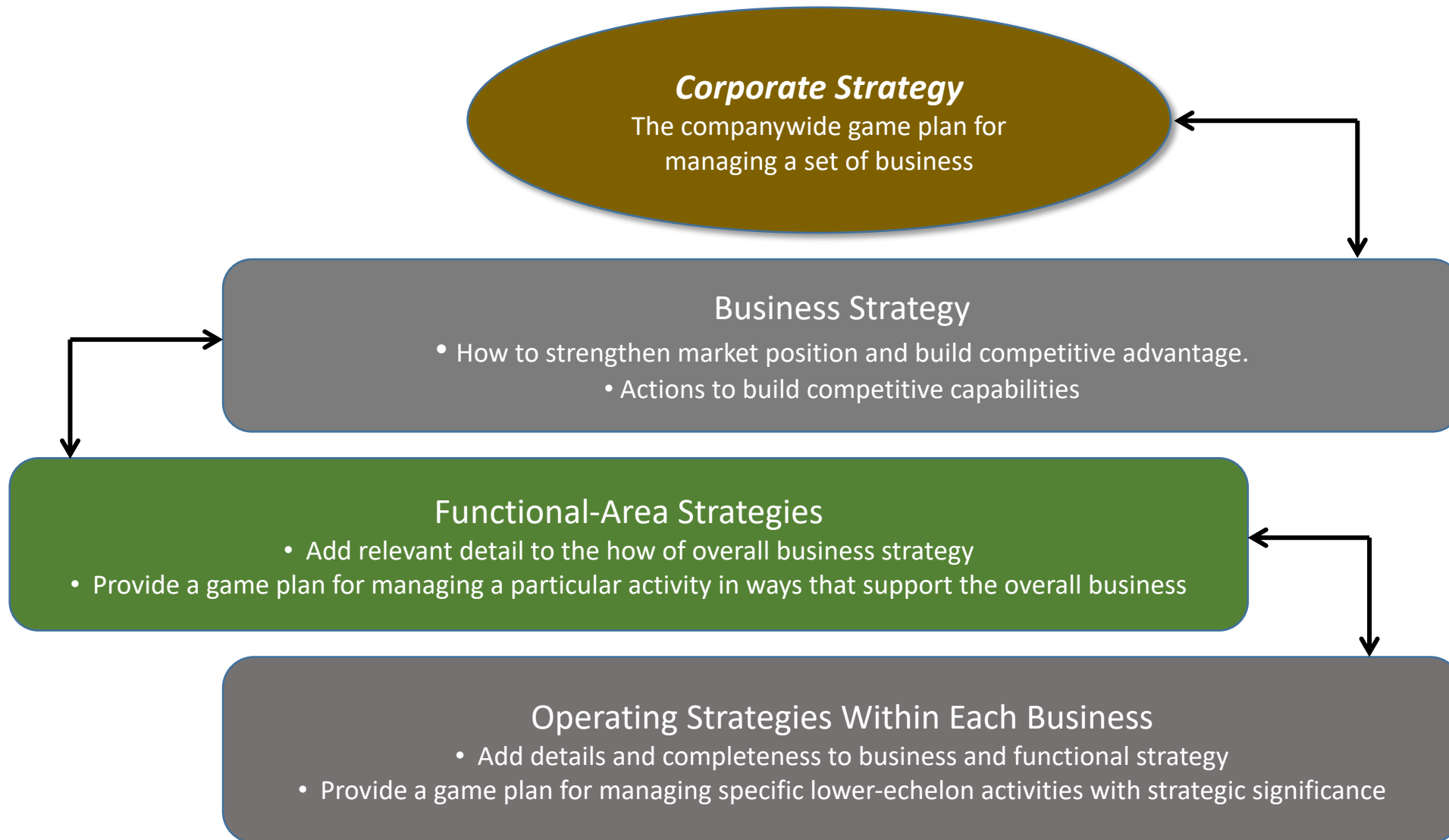
Think about it....

## FujiFilm's Makeover

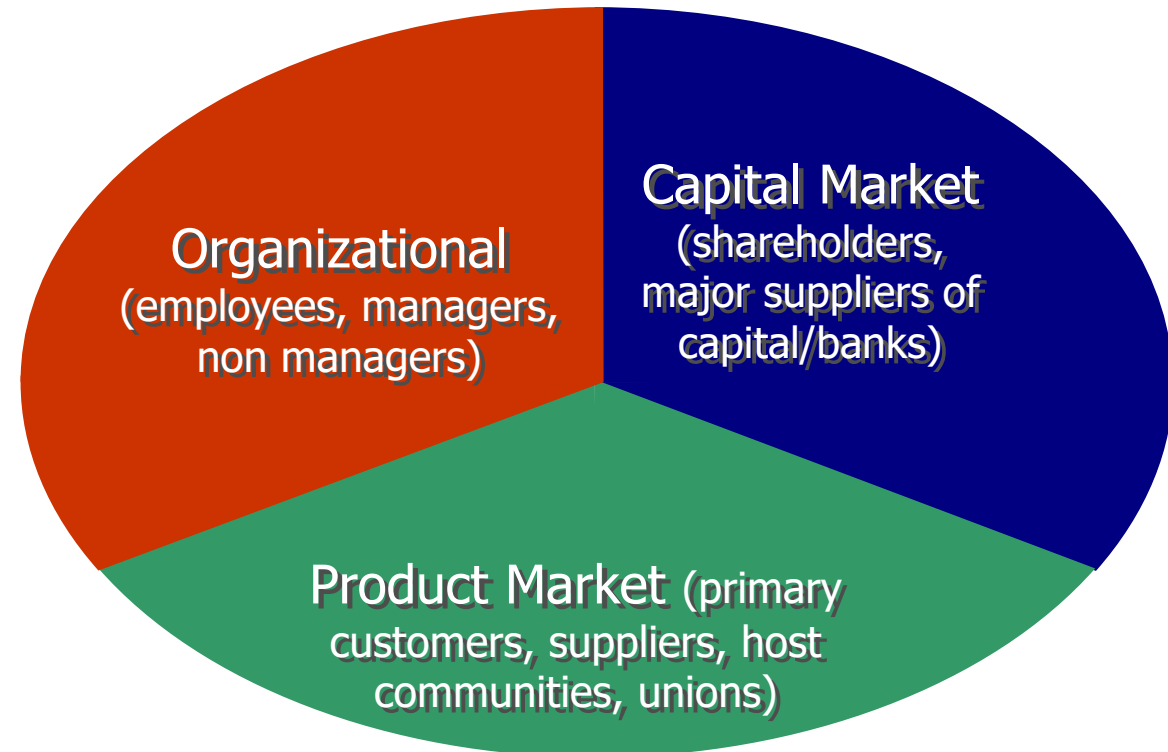


<https://www.youtube.com/watch?v=mSdvoQX7ApY>





- Individuals and groups who can affect, and are affected by, the strategic outcomes achieved and who have enforceable claims on a firm's performance
- Claims are enforced by the stakeholder's ability to withhold essential participation
- Two issues affect the extent of stakeholder involvement in the firm
  - How to divide returns to keep stakeholders involved?
  - How to increase returns so everyone has more to share?





<ul style="list-style-type: none"> <li>• <b>Who we are</b></li> <li>• <b>What we value</b></li> </ul>	<p><b>What we want to become</b></p>	<p><b>How we gauge our degree of success</b></p>	<p><b>How we will achieve our vision</b></p>	<p><b>What are our specific actions, sequence of actions, and schedules you use to fulfill your strategy</b></p>
<ul style="list-style-type: none"> <li>• Timeless</li> <li>• Reason for existence</li> </ul>	<ul style="list-style-type: none"> <li>• 5 years +</li> <li>• Picture of successful future</li> </ul>	<ul style="list-style-type: none"> <li>• Goals: Long-term 3-5 years</li> <li>• Objectives: short-term 1 year and departmental</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly/weekly</li> </ul>

\*Goals: general statements of what business intend to achieve

\*\*Objectives: More precise and detailed statements of goals

- **This is the fundamental purpose that sets a firm apart from other firms of its type and identifies the scope of its operations in product and market terms.**
- **It sets out why the organization exists and what it should be doing.**
- **It broadly outlines the organization's future course and serves to communicate "who we are, what we do, and where we're headed"**





## Mission

Everything we do is inspired by our enduring mission:

- To Refresh the World... in body, mind, and spirit.
- To Inspire Moments of Optimism... through our brands and our actions.
- To Create Value and Make a Difference... everywhere we engage.



- **Customers** – Who are the firm's customers?
- **Products or Services** – What are the firm's major products or services?
- **Markets** – Geographically, where does the firm compete?
- **Technology** – Is the firm technologically current?
- **Concerns for survival, growth, and profitability** – Is the firm committed to growth and financial soundness?
- **Philosophy** – What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
- **Self-concept** – What is the firm's distinctive competence or major competitive advantage?
- **Concern for public image** – Is the firm responsive to social, community, and environmental concerns?
- **Concern for employees** – Are employees a valuable asset of the firm?



- This is a general statement of the organization's intended direction that evokes emotional feelings in organization members.
- A strategic vision describes the route a company intends to take in developing and strengthening





## Vision

To achieve sustainable growth, we have established a vision with clear goals.

- **Profit:** Maximizing return to shareowners while being mindful of our overall responsibilities.
- **People:** Being a great place to work where people are inspired to be the best they can be.
- **Portfolio:** Bringing to the world a portfolio of beverage brands that anticipate and satisfy peoples' desires and needs.
- **Partners:** Nurturing a winning network of partners and building mutual loyalty.
- **Planet:** Being a responsible global citizen that makes a difference.



- **Companies often develop a statement of values to guide a company's pursuit of its vision and strategy and paint the white lines for how the company's business is to be conducted**
- **Values statements remain a bunch of nice words until the espoused beliefs, traits, and behaviors are incorporated into company's operations and work practices and are used as the benchmark for job appraisal, promotions, and rewards.**





## Values

We are guided by shared values that we will live by as a company and as individuals.

- Leadership: "The courage to shape a better future"
- Passion: "Committed in heart and mind"
- Integrity: "Be real"
- Accountability: "If it is to be, it's up to me"
- Collaboration: "Leverage collective genius"
- Innovation: "Seek, imagine, create, delight"
- Quality: "What we do, we do well"



- An *exciting, inspirational* vision
  - ✓ Contains memorable language
  - ✓ Clearly maps company's future direction
  - ✓ Challenges and motivates workforce
  - ✓ Provokes emotion and enthusiasm
- Winning *support* for the vision involves
  - ✓ Putting “where we are going and why” in writing
  - ✓ Distributing the statement organization-wide
  - ✓ Having executives explain the vision to the workforce



## ■ *Purpose of setting objectives*

- Converts vision into specific performance targets
- Creates yardsticks to track performance
- Pushes firm to be inventive, intentional, and focused in its actions

## ■ *Setting challenging, achievable objectives guards against*

- Complacency
- Internal confusion
- Status quo performance



- Represent commitment to achieve *specific performance targets*
- Spell-out *how much* of *what kind* of performance *by when*
- Well-stated objectives are
  - ✓ *Quantifiable*
  - ✓ *Measurable*
  - ✓ Contain a *deadline* for achievement



Establishing objectives *converts* the  
*vision* into *concrete performance outcomes!*



# Types of Objectives Required

## Financial Objectives

Outcomes focused on improving *financial performance*

- X % increase in annual revenues
- X % increase annually in after-tax profits
- X % increase annually in earnings per share
- Annual dividend increases of X %
- Profit margins of X %
- X % return on capital employed (ROCE)
- Increased shareholder value
- Strong bond and credit ratings
- Sufficient internal cash flows to fund 100% of new capital investment
- Stable earnings during periods of recession



## Strategic Objectives

Outcomes focused on improving *long-term competitive business position*

- Have strong position in X market
- Increase market share to become X%
- Shorter On-Time delivery than rivals
- Shorter design-to-market times ( $\frac{1}{2}x$ ) than rivals
- Lowest costs of production
- Wider geographic coverage than rivals
- No 1 in Quality of products and service
- Wider product line than rivals

# ROADMAP FOR WINNING TOGETHER: TCCC & OUR BOTTLING PARTNERS

**2025**

## VISION

### Our Mission

To refresh the world...

Inspire moments of optimism and happiness...

Create value and make a difference.



Our Vision	Our Goals	Our System Priorities – Consumer / Customer and Commercial / Franchise	Our Metrics
<b>PROFIT</b>	More than double system revenue while increasing system margins.	<b>Maximize Company and bottler long-term cash flow:</b> <ul style="list-style-type: none"> <li>Boost system investment in sales and market execution.</li> <li>Operate the lowest cost manufacturing and logistics in every market, while maintaining our quality standards</li> <li>Use our size and expertise to create economies of scale.</li> </ul>	<ul style="list-style-type: none"> <li>Total shareowner return</li> <li>Economic profit growth</li> <li>System cash flow</li> </ul>
<b>PEOPLE</b>	Be a great place to work.	<b>Attract, engage and retain the best talent:</b> <ul style="list-style-type: none"> <li>Increase people's system knowledge and cross-system movement.</li> <li>Inspire our people to be passionate ambassadors for our brands.</li> <li>Recruit, develop and advance women and achieve true diversity.</li> </ul>	<ul style="list-style-type: none"> <li>Engagement</li> <li>Employer of choice</li> <li>Workplace rights</li> <li>Diversity</li> <li>Retention</li> </ul>
<b>PORTFOLIO</b>	More than double our servings to over 3 billion a day.  Be #1 in NARTD business in every market and every category that's of value to us.	<b>Develop and deploy the world's most innovative and effective marketing.</b> <b>Win with Coca-Cola:</b> <ul style="list-style-type: none"> <li>Accelerate growth of Trademark Coca-Cola, the epicenter of our business.</li> <li>Act now to ensure the next generation of youth falls in love with Coca-Cola.</li> </ul> <b>Aggressively increase the value of our portfolio:</b> <ul style="list-style-type: none"> <li>Acquire or develop scalable, innovative premium brands.</li> <li>Bring innovations to the market faster.</li> <li>Satisfy the needs of older consumers with the right brands and marketing.</li> <li>Together with our bottlers, use new technologies to reinvent our fountain business.</li> <li>Ensure that our products are always the 'gold standard' for quality.</li> </ul>	<ul style="list-style-type: none"> <li>Volume &amp; value share</li> <li>Servings growth</li> <li>Brand health</li> <li>Category ranking</li> <li># of new billion dollar brands</li> <li>Commercialization:                             <ul style="list-style-type: none"> <li>Percentage</li> <li>Speed</li> <li>Longevity</li> </ul> </li> <li>Quality index</li> </ul>
<b>PARTNERS</b>	Be the most preferred and trusted beverage partner.	<b>Think and act like an integrated global enterprise while intensifying our local focus.</b> <b>Become a critical part of our customer's growth strategies:</b> <ul style="list-style-type: none"> <li>Align our franchise structure to create unsurpassed value for our customers.</li> <li>Focus on selling and merchandising; be flexible on delivery method.</li> </ul> <b>Win at the point of sale:</b> <ul style="list-style-type: none"> <li>Anticipate and serve local tastes, traditions and needs, providing outlets with products and communications tailored to their specific shoppers.</li> <li>Expand immediate consumption investment.</li> </ul>	<ul style="list-style-type: none"> <li>Customer relationship health</li> <li>Retail sales growth</li> <li>Shopping trips with a Company product</li> <li>Immediate consumption growth</li> </ul>
<b>PLANET</b>	Global leadership in sustainable water use. Industry leadership in packaging, energy and climate protection	<b>Create competitive advantage by fulfilling our Live Positively commitments:</b> <ul style="list-style-type: none"> <li>Community</li> <li>Marketplace (beverage benefits and active, healthy living)</li> <li>Workplace</li> <li>Environment (climate packaging and water)</li> </ul>	<ul style="list-style-type: none"> <li>Reputation tracking</li> <li>Environmental performance</li> <li>Safety record</li> </ul>
<b>PRODUCTIVITY</b>	Manage people, time and money for greatest effectiveness.	<b>Design and Implement the most effective and efficient business system:</b> <ul style="list-style-type: none"> <li>Redirect resources to drive profitable growth.</li> <li>Standardize and simplify our business processes, data and IT systems.</li> <li>Create a competitive cost advantage across the entire supply chain.</li> <li>Build a continuous improvement and cost management culture.</li> <li>Minimize our energy use.</li> </ul>	<ul style="list-style-type: none"> <li>Market-driven spending levels</li> <li>Supply chain costs</li> <li>Overhead per unit</li> <li>Total energy use</li> </ul>

OUR WINNING CULTURE:

LIVE OUR VALUES

FOCUS ON THE MARKET

WORK SMART

ACT LIKE OWNERS

BE THE BRAND

## ■ *GOODNESS OF FIT TEST*

- How well is strategy matched to firm's situation?

## ■ *COMPETITIVE ADVANTAGE TEST*

- Does strategy lead to sustainable competitive advantage?

## ■ *PERFORMANCE TEST*

- Does strategy boost firm performance?

