

SUSTAINABLE COMPETITIVE ADVANTAGES STRATEGY THROUGH OWN PRODUCT DEVELOPMENT AT PT.SKO

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ABSTRACT

Companies should have a competitive advantage in order to compete with other. Business competition in mechanical-electrical construction is going to red ocean area. Drive the company's management to think hard to find the right way in order to survive and at the same time succeed in achieving the company's goal (profit, market share, growth, and others). An important key to win the competition lies in the ability of companies to create competitive advantage. Competitive advantage can be achieved if the company is able to provide more value to customers. Competitive advantage can be derived from various elements of the company such as product differentiation, innovation and marketing. The study aims to examine how the influence of its own lighting product development towards excellence can be created construction services company that provides competitive advantage and may increase the company's revenue. From the research results will be obtained construction services business structure mapping of public street lighting and ideal strategic competitive advantage in its own product development for a construction services company.

Keywords : Construction Services, Sustainability, Strategies, Product Development, Competitiveness

INTRODUCTION

Along with the development of Indonesian infrastructure , the Indonesian people's needs for electricity, especially in the street lighting system will always follow and continuously evolving. Today more and more companies engaged in construction services (mechanical-electrical) appeared and joined entering the field of competition this field, so that the business prospects of street lighting tend to move towards the red ocean area, without any differentiation of products or services, innovation and competitive advantage, a single construction company would easily be crushed or left out of this tight competition.

Competitive advantage (competitive advantage) is the ability acquired through the characteristics and resources of a company to have a higher performance than any other

company in the same industry or market (Porter, Michael E. 2008). It can be noticed, the market prospect of Indonesian street lighting system is still very large, the development of infrastructure budgets Indonesia since the year 2011 till 2014 are growing at 145 T, 177 T, 184 T and 206 T. This value has a growth of 42% in 3 years or average about 14% / for each year, which means always growth increase year to year. The percentage of construction project budgets street lighting system on average equal to 5-10% of the value of the road construction project budgets. From Deputy of Infrastructure of the National Development Planning Agency (Bappenas), the government of Joko Widodo President aims to build a toll road along the 1,000 kilometer (km) over the next 5 years, and to bring along 2,650 km of new roads. The government allocated a budget of development of infrastructure, including highways 313,5 trillion rupiah in the draft budget for 2016. From the data of the Ministry PUPR, the budget for road infrastructure managed by DGH in Budget 2015 reached 41.3 trillion rupiah (source: bisnis.com).

Now there are more than 3,000 business entities engaged in the mechanical-electrical construction services in East Java, 30 of them in the category of large companies. These statistics show the competitive level of construction service business has many competitors and on average carry the same products, and still relies on a products. For manufacturers can continue to survive in the Mechanical-Electrical services industry and to achieve the expected goals, one factor key to note is the development of a competitive advantage, is taken from the potentials that exist in the company. The competitive advantage is an advantage that can provide added value to the company and only a few other companies that can perform similar actions. To be able to create a competitive advantage in the field of business, the company is expected to use all its entities in order to become the key to success in winning the competition. Therefore, the company should be able to integrate strategies and a variety of available resources in order to create a competitive advantage.

PT. SKO is a manufacturing and construction company which is engaged in the business of lighting systems, electrical components and IT include: consultants, contractors, manufacturing, import-export, and supplier. Armed with the experience of the team for more than 10 years studying the construction work ME especially street lighting, PT. SKO take a chance and start a new innovation by creating products with brand BANDELL street lighting. Products are highly expected to support the core business of the company, adding value by a competitive advantage, increasing net income increased. As a view of how competition in the field of business services, had to think hard for dispensing competitive advantages strategy that can be highlighted each company (one of which is the creation of the product itself, to seek import materials from abroad) that is expected to reduce the aspect of dependence contractors against products from other manufacturers, such dependence given the weakness of the limited expansion of the business and lead to the loss of long-term market prospects. It is unfortunate if the potential and ability of contractors who could have developed rapidly hampered by dependence on a product.

LITERATURE REVIEW

Five's Porter Analysis

Identifies and analyzes five competitive forces that shape every industry, and helps determine an industry's weaknesses and strengths. These forces are : Competition in the industry; Potential of new entrants into the industry; Power of suppliers; Power of customers; Threat of substitute products

PEST Analysis

PEST is an acronym for Political, Economic, Social and Technological. This analysis is used to assess these four external factors in relation to business situation.

SWOT Analysis

SWOT analysis (alternatively SWOT matrix) is an acronym for strengths, weaknesses, opportunities, and threats and is a structured planning method that evaluates those four elements of a project or business venture. Strengths: characteristics of the business or project that give it an advantage over others, Weaknesses: characteristics that place the business or project at a disadvantage relative to others, Opportunities: elements that the business or project could exploit to its advantage, Threats: elements in the environment that could cause trouble for the business or project.

BCG Analysis

The Boston Consulting Group, the BCG matrix aims to identify high-growth prospects by categorizing the company's products according to growth rate and market share. To create a BCG matrix, businesses gather market-share and growth-rate data on their business units or products. One large square is drawn and is divided into four equal quadrants. Along the top of the box, a market share or cash generation is written, and a growth rate or cash use is written down the left side. On the top left is high market share, and low market share is on the left. On the left-hand side, high cash use is at the top and low cash use or growth rate is at the bottom. Within the diagram, "stars" go in the upper-left quadrant, and "question marks" are put in the upper-right square. At the bottom, "cash cows" go on the left, and "dogs" are placed on the right. The diagram visually shows that stars have high market share and a high growth rate, while question marks have low market share and a high growth rate. On the bottom, cash cows have a low growth rate but a high market share, and dogs have a low market share and a low growth rate.

Sustainable Competitive Advantage

Competitive advantage is something sought by every company in the market even every product that enters (Ferdinand, 2003). Competitive advantage becomes very important when the company entered the highly competitive market, where short-term success even long-term will be determined by the ability of the company to build a strong basis for sustained excellence better than those of its competitors in the markets served. Sustainable is an effort and a willingness to continuously maintain and develop competitive strategies in order to remain able to win every competition. To face with the power of competition, Porter (1980, p. 35) suggests the need for a strategy known as generic strategies is a fundamental way for the company to achieve profitability above the industry average to have a sustainable competitive advantage, the strategy is 1) Cost leadership strategy, 2) Differential strategy, 3) Focus Strategy.

According to Li, Ragu-Nathan, and Rao (2006) Sustainable Competitive advantage is the ability of a company to create value that is not owned and can not be imitated by existing competitors. Sustainable Competitive advantage has several indicators in the measurement, that is : 1) Price, 2) Quality, 3) Delivery Dependability, 4) Innovation, 5) Time to Market.

There are two approaches related to the development of *Sustainable Competitive Advantages (Sustainable Competitive Advantage Strategy)*, the *Strategic Vision* and *Strategic Opportunism*, along with the risks relevant to these two strategies (*Strategic stubbornness* and *Strategic drifts*).

RESEARCH METHODS

This research uses descriptive research. Descriptive method describes the specific details of a situation, social situation, or social relationships (Newman, Lawrence 1997: 329), A research technique used is the case study method in PT.SKO which is one business / construction service provider in Indonesia.

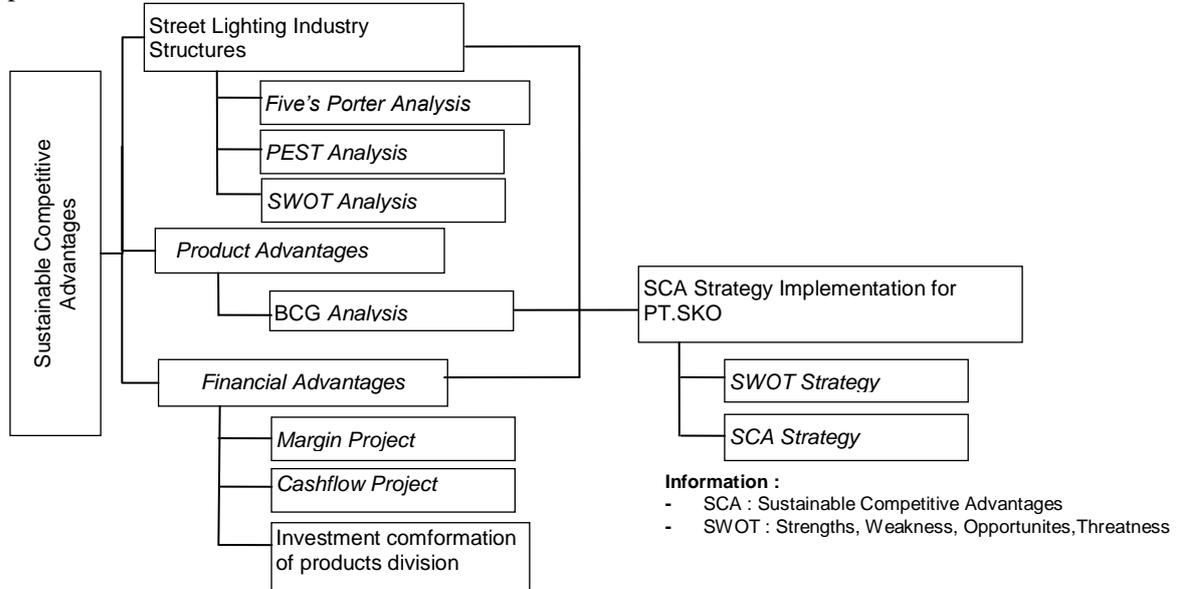


Figure 1. Research Analysis Model
 Source: Processed By Author,2016

The study was conducted in the form of evaluation that describe, locate, and then provide information about the results of the use of lighting products that are produced by PT.SKO, and its influence in creating a sustainable competitive advantage in service companies such PT.SKO contractor.

TECHNIQUE OF DATA ANALYSIS

In analyzing method / tool used to researchers, the model of "Porter's Five Forces Analysis" there are several variables used to measure the strength of each of these points in the Porter's Five Forces. Data analysis is the process of systematically searching for and compiling data obtained from interviews, field recording, and other materials, so it can be easily understood and everything can be informed on others (Sugiyono, 2012: 332).

Qualitative data analysis process begins by examining data obtained from various sources or information, whether through interviews, observation and documentation. These data must first be read, studied, analyzed, and then analyzed. After that analyze the content of the expression of both verbal and non-verbal so you can find the theme, keyword and contextual flow that explains what is going on behind a phenomenon or a greeting. To minimize possible errors related to the sampling and interviewing techniques used triangulation. This technique aims to

make repeated checks by combining various types of qualitative methods so that the data obtained will be more consistent, complete and definite.

In analyzing the SWOT matrix with a qualitative approach, the authors quote what was written by Kearns, (1992) featuring eight boxes, two at the top is a box of external factors (opportunities and challenges) while the two boxes to the left are the internal factors (strengths and weaknesses) , Four other boxes, a box of strategic issues that arise as a result of a meeting point between internal factors and external.

The author first defines each defining points of SWOT, then viewed the strength of each of these points is based on the fact that sources of evidence obtained from interviews, observations or phenomena that occur in the field. This stage is also applicable in the PEST analysis, which the authors gathered evidence and implications for the correlation phenomena, written in the form of analysis of the Political, Economic, Social and Technological existing

RESULT AND DISCUSSION

Table 1. Porter's Five Forces Public Street Lighting Industry

Kekuatan	Tingkat
Competition in the industry	Very High
Potential of new entrants into the industry	Medium
Threat of substitute products	Low
Power of customers	High
Power of suppliers	High

Political situation has impact in Business Regulation of Construction Services, Economic condition has effect at Exchange rate, that have big contribution because Bandell lighting is an material based from import goods, Social condition get a direct advantages, because street lighting project has a direct positive impact for people, from technology can be concluded that information is important thing for product development.

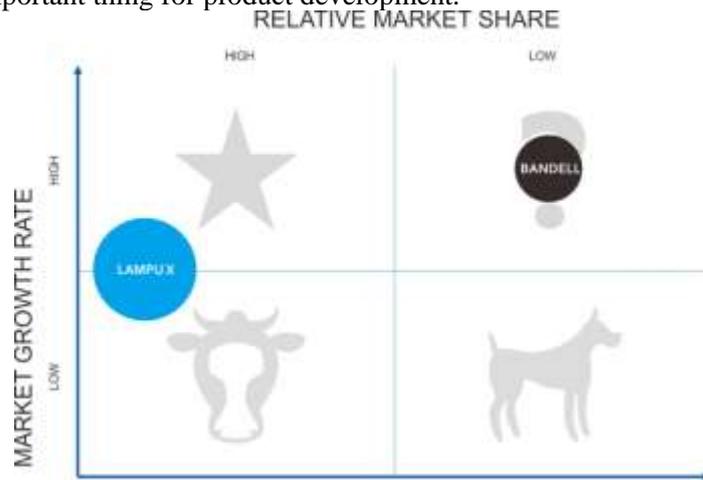


Figure 2. BCG matrix products used PT.SKO

Source: Processed By Author,2016

At BCG matrix diagram Figure 2 shows that the position of the product with the brand X is a popular brand, is in a position between the Stars and Cash Cows, lighting products used PT.SKO X is a complete business unit that has a high market share in mature markets in which its growth rate stagnate or no significant increase, and significantly PT.SKO company can not perform product development or diversification due to the policy of these products still rely entirely on Principal policy. Bandell product position in the quadrant Questionmark, a condition of a business unit in developing markets, but it still has a low market share. This condition is relevant, because it Bandell is a new product developed by PT.SKO, a strategy that can be used are market penetration, market development, or product development. If the strategy is implemented successfully, then the product can move to the position of stars. Conversely, if it fails, it will move to the position of dogs.

Tabel 2. SWOT Poin Data PT.SKO

	STRENGTH (S) 1. Experience Contracting > 10 th . 2. Experience using popular brands tech 3. Direct cooperation with many factories in China 4. Organizational relationships strong association of electrical Indonesia	WEAKNESS (W) 1. Manufacturing companies skill is still lacking 2. Brand products are still less popular
OPPORTUNITIES (O) 1. There are still many dark areas in Indonesia. 2. The market share outside of Java is still very wide. 3. Still a bit contractor who also produce their own lighting product.	SO STRATEGY 1. Cooperation with contractor associations scattered throughout Indonesia to market the products of PT.SKO (S1,S4, O2, O3) 2. Strengthening of capital for the target markets throughout Indonesia (S3,O1,O2).	WO STRATEGY 1. Targeting the market share of customers who do not need a product with complete administration.(W3,O1) 2. Prioritize marketing rather than focus on manufacturing. (W2,O2) 3. Joining with other local brands to fight renowned brand manufacturers. (W3, O1, O2)

THREATS (T)	ST STRATEGY	WT STRATEGY
<ol style="list-style-type: none"> 1. The development of the emergence of new competitors 2. Political influence on the construction industry is still very strong. 3. The rupiah exchange rate against the dollar is still fluctuating effect on import prices. 	<ol style="list-style-type: none"> 1. Applying a price that can provide a high benefit fee (S2,S3,T3). 2. Do not rely on just one manufacturer (S3, T1, T3). 3. Combining scheme of services and products in bundling so one contract service.(S1, S2,T1) 4. To collaborate with a lot of contractors to market the product (S4, T2). 	<ol style="list-style-type: none"> 1. Focus on the sale of products to strengthen the capital build manufacturing production (T1,W1). 2. Focus on the market outside of Java that are likely to put quality and brand products (T3, W2). 3. Reinforce brand position in advance (T2,W1)



Figure 3. Long-Term Business Plan PT.SKO

Source: Processed By Author,2016

PT.SKO sustainable strategies in order to run in the long run, and grow sustainably, first and foremost is how to increase sales of products that earn profits that are used to strengthen the company's capital. Increased sales of products in synergy with the company's core business (Construction Services). Brand Image needs to first be built, then PT.SKO focus to bring products to market that does not require a complete regulation (most of the potential market is outside Java). Having established brand image, product innovation is built through the integration of the system with construction services. Slowly with the initial experience, product knowledge PT.SKO will automatically increase, capital also increased. The manufacturing process could be set up gradually so that the company initially only engaged in construction services only, will be transformed into a manufacturing company production of public street lighting with an integrated system that is strong and stable. When associated with a SWOT strategy, SWOT is the order of implementation strategies WO strategies - WT - SO - ST.

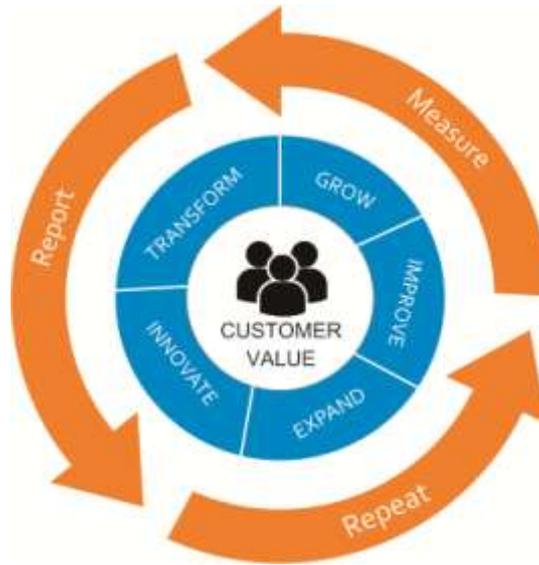


Figure 4. Sustainable Strategy Lifecycle PT.SKO

Source: Processed By Author, 2016

1.Transform

Customer needs is a top priority, PT.SKO transform the shape of the contracting services company into manufacturing companies of street lights

2.Grow

The second focal point, is how business growth can occur in all existing markets. At first PT.SKO should really focus on increasing sales as strengthening the company's capital. With stronger capital, the opportunity to target a wider market will be wide open.

3.Improve

The competitive advantage of the product apart from information obtained from the price, are also obtained in terms of product quality and service quality provided. In the beginning the process of using 100% imported products from China, the quality is still not too prominent, with time, will PT.SKO required to become an independent manufacturing company, where the quality of the product does not depend entirely on imports. Performance of existing systems at the company should be continuously improved in order optimal.

4.Expand

Processes that are effective, efficient, healthy cash flow and sales growth and stable margins illustrates the strong foundation for business expansion throughout Indonesia. PT.SKO investment in developing its own lighting products are gradually, the company's core business remains on track construction services. By continuously improving the performance of the company, earned profit to increase capital BANDELL lighting product development. In the next 3-4 years, the vision PT.SKO is able to expand to selling products throughout Indonesia.

5.Innovate

Creating added value to the customer means should always be able to respond to all the needs that are susceptible to change, depending on conditions / social economic political trends and

technology. PT.SKO management, should be kept up to date, aware, and have a backup strategy in every condition.

CONCLUSION

PT. SKO has a strength factors key needed to boost its potential, the experience factor of Human Resources, Knowledge, Capital, Business Network. In conjunction with the effort to create a new innovative companies, by developing an own lighting products which might be expected to support the core-business PT.SKO, the author has conducted research and analysis of the results it can be concluded that several factors related to product excellence, product market prospects the effect of such products to the financial and project performance is there, the result is the average gives a positive value on each factor. With some financial records such as cash flow significantly affected project where PT.SKO preparation is required to have a new strategy to anticipate changes in cash flow from the project that originally used the other brand products, be using its own brand products. The use of lighting products alone (Bandell), in the event the project requires that the capital increase at the beginning of greater than the use of other light products that have been used PT.SKO, Bandell products yield greater profits. The market share is still very large, sees the Bandell lighting products are in quadrant Question Mark, which is the position of the quadrant to the new products that have the potential for success but requires a lot of costs for the development of better market penetration, market development, or product development and has the potential to boost its position to a higher level (quadrant stars).

Some suggestions that can be input as follows PT.SKO : 1) All entities PT.SKO fully committed to continue to raise capital and investments related to the development of lighting products itself gradually. 2) Evaluate the managerial implications of the change in strategy in the use of lighting products themselves 3) Develop information technology infrastructure in the Products Division will thus maximum utilization of the company's activities through facilities-based science and technology can better support the company's strategy to create a sustainable competitive advantage 4) Creating a training program to improve the quality of the knowledge and skills of human resources in relation to more specialized product knowledge with expectations in terms of quality of products can be improved to compete with existing popular brand.

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