



Proposed Business Strategy to Gain a Competitive Advantage for Construction Consultant Company

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ABSTRACT: PT Hirfi Studio is a construction consulting company that has experienced a decrease in profitability. To address this issue and improve the company's performance, the management team needs to create a clear business strategy. This will involve setting goals and objectives, analyzing the internal and external environment of the company, and identifying the resources and capabilities needed to achieve these goals. The business strategy should also consider the company's target market and competition, and outline actions that will give it a competitive advantage. To resolve its profitability issues, PT Hirfi Studio has decided to adopt an integrated cost leadership strategy, which involves using corporate, business, and functional strategies together to lower costs and improve efficiency while still providing high-quality products and services to customers. To implement this strategy successfully, PT Hirfi Studio will need to align its strategies with its overall goals and objectives. Through this integrated approach, the company aims to achieve long-term success, improve profitability, and gain a competitive advantage.

KEYWORDS: Business Strategy, Competitive Advantage, Construction Consultant.

INTRODUCTION

Infrastructure development is critical to national development. Currently, the government is focusing on increasing public and private investment to boost Indonesia's economic growth. This is evidenced by the large contribution of the construction sector to GDP, which is expected to reach 10.39% in the third quarter of 2021 [1]. Construction in the civil sector has the highest construction value compared to other classes due to the government's program that focuses on connecting regions in Indonesia [2]. Companies require the proper strategic management in order to deal with developments in this industry as well as future uncertainties. Strategic management enables an organization to be more proactive rather than reactive in shaping its own future. It enables an organization to initiate and influence activities, allowing it to exert control over its own destiny [3]. In this study, author wanted PT. Hirfi Studio as object of the research. This organization provides civil construction services. This means that this company is responsible for the development, maintenance, and/or reconstruction of roads, highways/toll roads, and bridges. This company focuses on product output, services that provide differentiation in the form of professional results, and special services such as lifetime service. With the background of the founder, who is an academic, this company also attempts to innovate through its own research, tools, and applications. As of 2022, the company had completed 191 projects, with 64% of them being government projects, and the rest being BUMN and private sector projects, totaling 68. The company's financial situation has fluctuated in recent years, as indicated by three financial indicators: net profit margin (NPM), return on assets (ROA), and return on equity (ROE). These indicators showed that the company had a good score of more than 20% in 2019 but did not reach that level in the previous two years. In particular, the NPM and ROE indicators reached their lowest point in 2020 before rising again in 2021. However, the ROA value continued to fall year after year, possibly due to overinvestment in certain assets that failed to generate revenue growth. The company's reduced net profit may also be affected by the type of projects it undertakes, with government projects through tenders providing more benefits than direct appointments. A clear and well-thought-out business strategy can help a company identify and prioritize its goals, as well as determine the most effective ways to overcome the business issue. One of the objectives of developing a business strategy is to identify and analyze the internal and external variables that may be contributing to the issue at hand. This could include factors such as the company's internal resources and capabilities, as well as external market trends and competitive dynamics. Another objective is to come up with specific strategies and actions that will help the company overcome the business issue. This may involve making changes to the company's operations, product offerings, or business model. Once the strategies have been developed, the next objective is to design a detailed implementation plan that outlines the steps required to put the strategies into action. This may include identifying resources and setting milestones and timelines for achieving specific goals.



LITERATURE REVIEW

There are three hierarchies of strategy, the first of which is corporate strategy, which encompasses the overall plan for managing all businesses [4]. The second is business strategy, which is the most important hierarchy of strategy. The business strategy in this research is the competition strategy, which serves to strengthen the market position and build a competitive advantage and activities to create a competitive capability [4]. The third hierarchy is functional strategy, which includes strategies for each function in the organization. In preparing these three strategies, two analyses are required first, namely Internal and External Analysis [4]. The internal analysis used here includes resource analysis and value-chain analysis. Companies use resource analysis to evaluate organizational skills and analyze their resources. Because resources are required for business development and success, it is vital to consider how present internal conditions might aid or hinder corporate growth. Organizations that make efficient use of resources and capabilities are more likely to have a competitive edge, or the capacity to employ internal resources to "implement value creation methods that rivals are not doing concurrently" [5]. Value chain management sees business as a set of operations that convert inputs into valuable outputs for consumers [6]. In value chain analysis, the corporation is viewed as a component of the product chain. The product value chain is a commercial activity that runs from beginning to end. The purpose of value chain analysis is to identify the stages of the value chain where a business may provide value to its customers or save money. Companies can improve their competitiveness by cutting their expenses or boosting their value. Based on Rothaermel, there is a set of frameworks to analyse the firm's external environment, general environment, using PESTEL frameworks, and industry environment using Five Porter Forces. The analysis starts at a broad, macro level and then becomes more specific, focusing on how these external factors impact a company's ability to gain a competitive advantage. The PESTEL framework is introduced as a tool for monitoring and evaluating changes and trends in the macroenvironment. The Porter's five forces model is then presented as a way to evaluate the profit potential of an industry and how it can impact a company's performance [7]. According to Abdullah, a firm seldom sells to specific client markets; rather, the organization competes with a variety of competitors. These rivals must be identified, watched, and dealt with in order to win and sustain client loyalty. This research requires competitor analysis; competitor analysis will aid the author in identifying strategic dangers, opportunities, or problems that come as a result of competition. Companies will be compared to their nearest rivals in order to uncover competitive advantages and drawbacks [8]. Kotler's customer analysis is a framework used to understand the needs, wants, and behaviours of a company's customers. It involves identifying the customer segments that a company serves, understanding the needs and preferences of each segment, and developing strategies to effectively meet those needs. The goal of customer analysis is to help a company develop a deep understanding of its customers and create products and services that meet their needs and preferences. This can help a company to differentiate itself from competitors and build strong customer relationships [9]. From these two analyses, a SWOT will be formed, and from its points, the corporate strategy will be determined based on the position of the company and the functional strategy resulting from the TOWS matrix. The TOWS matrix is a strategic planning tool that helps businesses identify the opportunities and threats in their external environment and determine how to best utilize their internal strengths and weaknesses to address them. Gaining a business level strategy using value chain activities involves analyzing the series of activities involved in creating a product or service and identifying opportunities to create a competitive advantage. One way to do this is to identify areas of the value chain where cost savings can be made, which can help the company lower its prices and offer a superior value proposition to customers. Another way to gain a business level strategy using value chain activities is to differentiate the company from competitors by investing in technology or infrastructure, offering unique or specialized products or services, or improving customer service. By analyzing the value chain and identifying opportunities to reduce costs or differentiate the company, a business can gain a competitive advantage and develop a strong business level strategy.

METHODOLOGY

In this research, two sources of data are used, primary and secondary. For primary data, the author obtained it from direct interviews at the company and observations of the company's atmosphere while the author worked there. For secondary data, it was obtained from company data, and many supporting data can be obtained through the central statistical agency as well as journals and books used in reference [10]. Overall, here is the flow diagram of business strategy formation and implementation in this research.

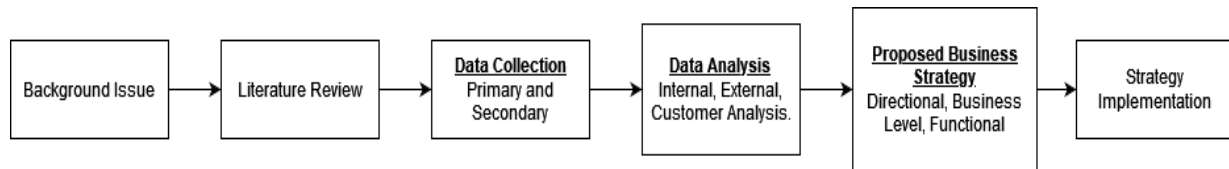


Figure 1. Block diagram of methodology used in this research

ANALYSIS

A. Consumer Analysis

Based on the consumer analysis, it appears that the majority of the company's customers come from the government, specifically from the PUPR ministry. These consumers have specific needs and wants when it comes to the products they purchase, including reliability, a focus on experience, and an emphasis on excellent service. In terms of their behavior when it comes to winning tender projects, it seems that technical considerations are more important to them than cost. This suggests that the company should prioritize these factors in its product offerings and marketing efforts in order to appeal to this customer base.

B. External Analysis

Based on the results of the general environment analysis, there are several opportunities that the company should be aware of. These include the rise in productivity due to demographic factors, an increase in infrastructure projects due to population growth, stable government spending on the PUPR ministry, and growth in the construction and service sectors of the economy. Established companies also have the opportunity to establish a monopoly in the market due to favorable political conditions. Additionally, there are likely to be many upcoming projects following the end of the coronavirus pandemic, which presents further opportunities. On the other hand, there are also several threats to consider. These include challenges in accessing new areas due to political factors, decreasing project prices and HPS due to sociocultural changes, the need to adopt new technologies, and the requirement to use specific materials in certain areas in order to meet sustainable development goals.

Based on the results of the industrial environment analysis, there are several opportunities for the company to consider. One such opportunity is the low threat of new entrants into the market, which suggests that it may be relatively easy for the company to compete and establish itself in the industry. Another opportunity is the low buyer propensity for substitute products, meaning that there is less competition from alternative options. Additionally, the consulting construction industry is still considered to be an attractive area, providing further opportunities for the company. However, there are also several threats to consider. These include the presence of substitute products with cost leadership, which could make it more difficult for the company to compete on price. Additionally, buyers have a high ability to choose their preferred price, which could put pressure on the company's pricing strategy. The industry is also highly competitive, with many players vying for a share of the market, which could make it more challenging for the company to stand out.

C. Internal Analysis

Based on the results of the resource analysis, the company appears to have a number of strengths that it can leverage. These include a strong financial position, with the ability to pay its short-term debts, as well as well-equipped facilities including a workshop to facilitate equipment maintenance and dorms for workers. The company also has access to advanced technological applications and a skilled and dedicated workforce, as evidenced by its employee trust. In addition, the company is able to conduct all of its research in-house, which may help to foster innovation. Finally, the company has a good reputation for its service offerings, including its lifetime service program. These resources can all be used to support the company's efforts to achieve its goals and overcome any challenges it may face. The company also has several weaknesses that it should be aware of. One such weakness is a decline in efficiency when it comes to generating profits and sales. This could be a cause for concern, as it may suggest that the company is not as effective at maximizing its resources as it could be. Another weakness is the quality of the company's report system, which may be causing problems within the organization. The location of the main office may also be a liability, as it could be less accessible or convenient for customers or employees. Additionally, the company may have limited knowledge or expertise in certain areas, such as organization and accounting, which could impact its ability to function effectively. Finally, the company's products are known to be expensive, which could make it more difficult to compete on price. These weaknesses could all be areas of focus for the company as it works to improve its operations and overcome any challenges it may face.



Based on the value-chain analysis, this company has focused on the service sector and marketing and sales as its primary activities, but there are still improvements to be made in the logistics segment. The company's strategy differentiation has resulted in increased customer satisfaction and loyalty, leading to additional projects from the local government. This company has invested in technology development and procurement to differentiate its products, but there are areas of human resource management and firm infrastructure that need improvement. In particular, obtaining an ISO certificate would help to assure customers of the quality of the company's products and services.

RESULTS AND DISCUSSIONS

A. TOWS Matrix

Based on the Internal and External Analysis conducted, SWOT table for Hirfi studio that can be shown in table I.

Table 1. SWOT Analysis of Hirfi Studio

<p>Strengths</p> <ol style="list-style-type: none"> Has a strong ability to pay its short-term debts. Workshop to facilitate the equipment independently. Dorm facility for workers. Latest and advance application. Employee trust. All research for the product is in-house. Good service reputation with its lifetime service program. Customer satisfaction and loyalty. Great investments on latest technology 	<p>Weaknesses</p> <ol style="list-style-type: none"> Becoming less efficient of generating profits. Becoming less efficient to generate sales. Bad report system. Location of main office. Minimum knowledge of organization and accounting Known to be expensive products. Inefficiency on operations process. Minimum of support on human resource management and infrastructure.
<p>Opportunities</p> <ol style="list-style-type: none"> Productivity age risen. The more people, the more infrastructure projects. Big and stable government spending on PUPR ministry. Increasing in GDP on construction and service sector. Established companies have opportunity to monopoly the market. Upcoming many projects after corona pandemic. Low threat of new entrants. Low on buyer propensity of substitute product. Consultant construction still an attractive industry. 	<p>Threats</p> <ol style="list-style-type: none"> Inability to explore new areas easily. Decreasing on project price/HPS. Need of latest technology. Need of adjustment with specific material to use in certain area. Substitute products have the cost leadership. Buyers have high ability to choose the price. Highly competitive industry. Every company focused on differentiation strategies.

Table 2. TOWS Matrix of Hirfi Studio

<p>SO STRATEGY</p> <ol style="list-style-type: none"> Utilizing reputation of good service to capitalize markets Continuously gain experience in tender project and invest more in equipment and human capital. Building a strong company culture based on current spiritual culture. Leveraging financial strength to invest more on R&D to targeting niche markets. 	<p>WO STRATEGY</p> <ol style="list-style-type: none"> Make new office at strategic city. Make more bond with another city government using tender. Investing in knowledge and training. Reducing costs and improving pricing strategies. Leveraging the opportunity of productivity age by seek freelancer to become a surveyor.
<p>ST STRATEGY</p> <ol style="list-style-type: none"> Anticipate competitor actions based on what they are currently capable of. Create the most up-to-date employee capabilities required by the market. 	<p>WT STRATEGY</p> <ol style="list-style-type: none"> Developing a strong brand. Improving efficiency using technology. Upgrading the report system. Developing partnerships and strategic alliances.



3. Participate in tender projects using new price strategy based on new cost leadership.	
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B. Corporate Directional Strategy

As demonstrated by the SWOT analysis in table I, PT Hirfi Studio's strengths and opportunities outweigh its weaknesses and threats, indicating that the best strategy for the company is a growth strategy. According to the strategy chart, these places the company in quadrant I, meaning that it should adopt a broad growth strategy to leverage its strengths and opportunities. PT Hirfi Studio can pursue this strategy through geographic expansion, increasing its service capacity, and improving its brand awareness and image. Specifically, the company can focus on expanding its geographical reach to take on more projects, hiring additional employees to support this growth, and improving customer satisfaction through a lifetime service program to enhance its brand image. By implementing these strategies, PT Hirfi Studio can position itself for long-term success and continue to grow in its construction consultant industry.

C. Business Level Strategy

The company's decline in profitability can be attributed to various internal and external factors. The company's business strategy, which is based on focused differentiation, has contributed to its decline in profitability. This is evident from the company's focus on civil construction and limited scope, as well as its emphasis on marketing, sales, and service departments. However, the operations and logistics section are not receiving sufficient attention, which has led to problems that are affecting the company's business. The strategy of focused differentiation is not being implemented effectively, leading to the current problems and decline in profitability. The company is facing difficulties in its differentiation strategy due to a lack of understanding of how activities impact buyer value and perceptions of value, resulting in products that are over-differentiated. This has made the company vulnerable to competitors with lower prices and appropriate levels of quality. The company also lacks an understanding of the cost of differentiation, meaning that differentiation will not lead to superior performance unless the value perceived by the buyer exceeds the cost. The company's decreased profitability is a result of these issues. To address these problems, the company should consider adopting an Integrated Cost Leadership and Differentiation strategy. This strategy aims to balance the determination of the price and quality of differentiation. It is becoming increasingly feasible for businesses to adopt this strategy as technology advances and could help the company overcome the constraints of its current differentiation strategy while also leveraging a cost advantage strategy. According to Porter (1985), the cost advantage strategy can be achieved through two main approaches: identifying cost drivers in value chain activities and reconfiguring the value chain [11]. The author suggests that the company in this case should focus on reconfiguring its value chain in order to achieve an integrated cost leadership and differentiation strategy. This can be done through various methods, such as implementing different manufacturing processes, automating certain processes, integrating backwards, and changing facility locations. The success of this new strategy will depend on the company's ability to consistently implement it and continuously strive to reduce costs. It is important for the company to not assume that its costs are already low and to remember that cost drivers do not operate on their own and economies of scale cannot be achieved without collaborating with other activities to achieve large-scale inputs.

Table 3. TOWS Matrix of Hirfi Studio

Level of Business	Time Plan	Strategy	Implementation Plan	Resource Requirement
Business and Strategic Development	12 Months	New company's strategy	<ul style="list-style-type: none"> New office in strategic city Developing partnership and strategic alliances Actively participate another city tender 	Financial resource, Strategic resource.
	6 Months	Marketing Strategy	<ul style="list-style-type: none"> Developing a strong brand Based on customer satisfaction capitalize the market. New pricing strategy based on new value chain. 	Marketing, Reputation resource.



	12 Months	Research and Development	<ul style="list-style-type: none"> Innovation research on new technology 	Technology development, Human resource management.
IT Development	12 Months	Integrated system	<ul style="list-style-type: none"> Upgrading report system using latest technology. Implementing this system on Operational works. 	Technology development, Human resource management, Operations.
Operational Development	12 Months	Determine efficient survey system	<ul style="list-style-type: none"> Improve the operating system by optimize technology. New system of people placement New systematic survey process. 	Operations, Logistics, Technology Development, Physical resource
Organizational Development	6 Months	Improve employee capabilities	<ul style="list-style-type: none"> Conducting company capacities and competitor capacities. Develop new company capacity and capabilities. 	Human resource, innovation resource.
		Human capital management development	<ul style="list-style-type: none"> Conduct survey from the employee Creating strong company culture 	Human resource.

D. Functional Strategies

Tools that used on determining functional strategy is by using TOWS matrix. It is generated from the combination of internal and external analysis, and hence there will be 4 combinations of strategies, the results can be shown in table 2. When these results were combined, the description yielded functional strategies, which can be summarized as follows: organizational development, operational development, IT development, operational development, and business and strategic development.

E. Implementation

An implementation plan is a crucial tool for ensuring that a strategy or project is successfully implemented. It outlines the specific steps and resources needed to bring the strategy or project to fruition and helps to coordinate the efforts of different teams and departments. The implementation plan can be shown in table 3. The process of developing a strategy to achieve a competitive advantage involves improving the organization, improving the work process, developing a marketing strategy, and implementing business and strategic development. This may include making product improvements based on customer demand, adjusting prices based on effective processes and market demand, and developing new products or partnerships All of these strategies in table 3 is combine from these three strategies, growth strategies from directional corporate strategy based on position, integrated cost leadership based on business level strategies and functional strategies based on TOWS matrix. All of these factors can contribute to a competitive advantage for the business.

CONCLUSIONS

PT Hirfi Studio is a construction consulting company that has experienced a decrease in profitability. To address this issue and improve the company's performance, the management team needs to analyze the internal and external factors affecting the company. The internal analysis reveals that the company has been losing profitability due to its large number of assets and its focus on differentiation through investments in technology and infrastructure, which have not generated additional profit according to financial analysis. The company is also known for being expensive, which creates barriers to differentiation and a large price premium. To overcome these issues, the company needs to realign its business strategy with the chain flow process and adopt an integrated cost leadership and differentiation strategy. This involves reconfiguring value activities to change cost drivers and implementing functional strategies, such as organizational development, operational development, IT development, and business and strategy development. These strategies will be formulated using the marketing strategy and the TOWS matrix. The implementation plan for these strategies is expected to take three years. These strategies in conclusion are recommended to be done



for gaining a competitive advantage, reaching the goal of company, that in-line with the directional strategy of the company, growth strategy, on the relationships between indicators to aid in the evaluation of performance variables that do not meet the required standards.

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