

Strategic Analysis on Start-Up Business Using Objectives and Key Results Method in Rumah Kapas Holding

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Abstract—The Textile and Garment Industry is one of the industrial sectors in Indonesia which is a priority by the Ministry of Industry in the "Making Indonesia 4.0" program. This causes the higher demand for better product quality. By asking for quality demand it will become a hot segment for garment companies. Seeing this opportunity, Rumah Kapas as a company in the garment field needs to improve its strategy to meet new challenges and demands from the textile and garment industry. This research is going to be conducted by analysing internal and external data from the company. Resulting data will be processed using SWOT Analysis and Five Forces Analysis. Those will provide an output in a form of generic strategies by Porter and give strategic recommendation that will be translated to objectives and key result using Objectives and Key Result (OKR) method. Strategy analysis usage in this research aim the capability of Rumah Kapas to determine the company position and the availability of recommendation and evaluation for company to achieve its ideal condition.

Keywords—Generic Strategic by Porter, Objectives and Key Results, Start-Up Business, Strategic Formulation, Textiles and Garments Industries.

I. INTRODUCTION

THE textile and garment industry have become an industry that continues to develop its economic rise in the world. This industry has become a primary need for humans so that growth is increasing. The textile and garment industry (TnG) have become the largest contributor to Gross Domestic Product (GDP) for several countries according to Asian Development Bank data including Cambodia at 12%, and Pakistan at 15%. The apparel industry is a labor-intensive industrial sector that contributes significantly to the national economy. The apparel industry has a high leverage so that it is included in the priority industry to implement the Industrial Revolution 4.0. The apparel industry sector is able to absorb 1,647,162 workers in 409,583 business units. As many as 99% of the total apparel industry business units are dominated by Small and Medium Enterprises.

Rumah Kapas is a startup company that is just developing in Indonesia. Rumah Kapas is a business startup that focuses on developing and shaping markets for processed products in the form of garments. The purpose of establishing Rumah Kapas as a meeting place for vendors and customers is to help vendor business processes in the form of fabric investment and customers by providing good quality control. To help a company achieve its ideal conditions, various methods are used to assist the process. These methods are collected in the field of strategic management. Strategic

management covers the process of analyzing strategies to implementing strategies. In the field of management, in the process strategy management discusses how the formulation and strategic implementation that will provide output in the form of strategic recommendations and form the main objectives of the company based on various kinds of considerations both internal and external to the company. By using the strategy analysis and formulating it is expected that the Rumah Kapas can determine the company's current position and provide recommendations and evaluations for the company to run based on current conditions leading to ideal conditions or goals to be achieved.

A. Start-Up Business

Startup or start up is a company or project initiated by an entrepreneur to find, develop, and validate a business model that can be measured effectively. Therefore, the concepts of startup and entrepreneurship are similar. However, entrepreneurship refers to all new businesses, including entrepreneurs and businesses that never intend to become big or registered, while startup refers to new businesses that intend to grow beyond a single founder, have employees, and intend to grow big. New companies face high uncertainty and high failure rates, but the minority who become successful companies has the potential to become large and influential.

With key learning from market validation, design thinking, and lean startup, founders can design business models. But it is important not to delve into the business model too early before there is enough learning about market validation. "What I said to the founders was not to worry about the business model in the beginning. The most important task in the beginning was to build something that people want. If you don't do that, it doesn't matter how smart your business is." (Graham, 2005).

B. Economic Development of Textile and Garment Industry

According to the Indonesian Textile Industry Association (API), Indonesia's exports to the textile and garment industry will increase by 6% by the end of 2019. This increase is due to infrastructure development in Indonesia which continues to increase, making the distribution process of the garment and textile industry easy. From this increase, it is very easy to say that the textile and garment industry will become one of the industries that is the focus of Indonesia in facing the world market and economy.

In Indonesia, the TnG industry continues to develop. Even President Joko Widodo has made a program "making Indonesia 4.0" which aims to develop 5 industrial sectors, one

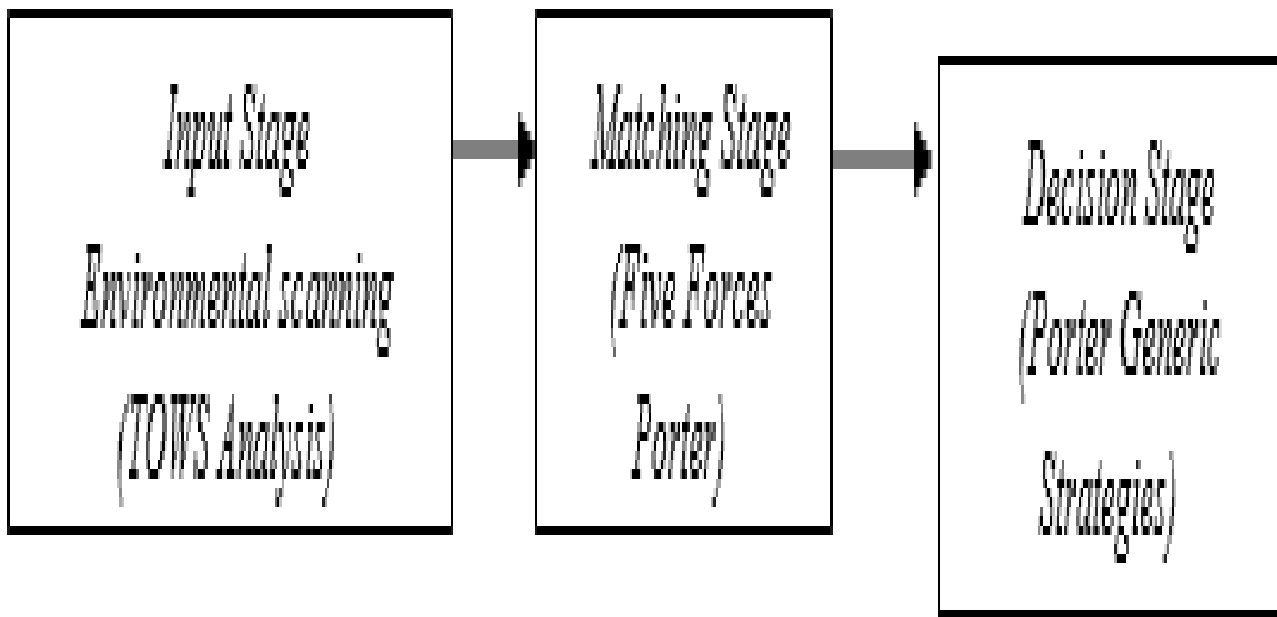


Figure 1. The stage of porter’s generic strategies.

Table 1.
 Internal factor evaluation

No	Internal Key Factor the Market	Weight	Score	Total
	Knowledge and understanding of			
1	Potential customer	0,07	2,40	0,17
2	Fabric Warehouse volume	0,02	3,40	0,08
	Knowledge and understanding of policy			
3	and regulation	0,07	3,40	0,23
4	Rebranding corporate image The Money	0,00	3,60	0,02
1	Working capital requirement	0,04	2,60	0,11
2	Company's cashflow position	0,08	1,40	0,11
	Investment funds in business			
3	developments	0,04	2,00	0,08
	The Production			
1	Company's productivity	0,09	1,40	0,13
2	Service accuracy level	0,10	1,80	0,17
	Competitive price based on			
3	effectiveness of production	0,03	3,60	0,12
4	Service quality The People	0,06	3,40	0,21
1	HR Competency	0,06	3,20	0,18
	Experience in startup companies and/or			
2	TnG Industries	0,03	1,40	0,04
	Organizational readiness and adequate			
3	Structure	0,09	1,60	0,14
4	Company's facilities	0,01	3,60	0,03
5	Branch Office ownership	0,01	1,40	0,02
6	HR Development the Environment	0,02	2,60	0,05
1	Company's culture	0,05	1,80	0,09
2	Relation between employees	0,05	2,80	0,15
	Development the Environment			
1	Company's culture	0,05	1,80	0,23

of which is in the TNG industry. According to the Central Statistics Agency (BPS), the TnG industry has a high level of eligibility for investment and also has a high economic impact.

C. Strategic Management

The definition of generic strategy according to M. Porter is an approach to corporate strategy in order to outperform competitors in similar industries. According to Michael Porter, there are three strategic foundations that can help organizations gain competitive advantage, namely cost

advantage, differentiation, and focus. Porter named the three general strategies (generic strategies).

Cost advantage emphasizes manufacturing standard products at very low unit costs for consumers who are sensitive to price changes. Differentiation is a strategy with the aim of making products that provide services that are considered unique throughout the industry and aimed at consumers who are not too concerned with price changes. Focus means making products and providing services that meet the needs of a small group of consumers (Porter, 1996).

Table 2.
 External factor evaluation

External Key Factor	Weight	Score	Total
Politics			
Government regulation	0,03	3,20	0,09
National security condition	0,00	2,00	0,01
Tax rate assessment	0,03	2,60	0,07
Industrial regulation Economics	0,06	3,60	0,21
Economical growth	0,06	3,60	0,22
Value of replacement goods//subtitute product	0,03	1,80	0,06
Rupiah exchange rate	0,02	1,60	0,03
Development in raw material SCM	0,07	3,20	0,21
Loan interest rate	0,05	3,40	0,17
Deposit interest rate in manufacture Socials	0,05	3,60	0,20
Business location	0,08	3,80	0,29
UMR in business area	0,02	2,60	0,05
Development of MSME in the regions	0,08	3,60	0,29
Development of seasonal trends Technological	0,05	3,40	0,16
The development of world technology in the textile and garment industry	0,01	1,60	0,02
Dependence on outside technology	0,01	1,60	0,01
Advances in textile processing technology Legal	0,04	3,20	0,14
Labor regulations cover business	0,07	2,60	0,19
Regulations for handling Force Majeure Environment	0,04	3,40	0,14
Market competition in services	0,04	3,20	0,12
Market share competition	0,08	3,60	0,30
The number and quality of garment industry players	0,07	2,60	0,18
Condition of service area	0,01	2,20	0,02
Total	1,00		3,17

1) Internal and External Analysis

To get a proper understanding of the business environment, the Company must gradually analyze the individual elements of this term. First of all, "environment" can be recognized as the environment or conditions under which certain activities are carried out. Second, because we know that business enterprises are social entities formed by a hierarchical structure in which all the necessary items themselves are activated together to achieve collective goals.

Therefore, it is absolute that every factor inside or outside a business organization has a profound influence on business activities. In other words, the internal and external environment creates a business environment.

Sophisticated priority techniques are combined to filter out what can be a long list of problems to determine which must be solved first for the greatest impact. The results are built into the final strategic plan so that the focus of the organization is not only on growth, but on repairing obstacles to real and sustainable growth.

2) Porter Strategic Management

The first stage of the porter's generic strategies is carried out by analyzing the condition of the company's organization by conducting environmental scanning, namely analyzing internal and external factors of the company. The next stage was carried out by matching the stage in the analysis of the condition of the organization with Five Forces from Porter and then comparing the results of the SWOT and Five Forces. The final stage is to make a decision stage which is to determine the Strategy Objectives from the analysis of the strategy (Figure 1).

3) Objectives and Key Results

OKR stands for Objective and Key Results. The objectives are qualitative, and the Main Results (most often three) are

quantitative. They are used to focus groups or individuals on brave goals. Goals set goals for a certain period of time, usually a quarter. Key results indicate whether the goal has been met at the end of time (Wodtke, 2016).

Since the advent of "management science" in the 1950s, business leaders have embraced a variety of techniques designed to improve the performance of their companies. Peter Drucker introduced Management by Objectives (MBOs), a process in which management and employees define and agree on goals and what they need to do to achieve them. MBO is the forerunner of Objective and Key Results (OKRs).

The idea that a manager will set goals and then trust his team to achieve them without micro-managing them is a big and efficient change from a more controlling approach from the industrial age. In many ways, it is the first management philosophy that is truly in tune with the new information age.

II. RESEARCH METHOD

The research methodology involves specific techniques adopted in the research process to collect, and evaluate data. It also defines the tools used to gather relevant information in certain research studies. Surveys, questionnaires, and interviews are common research tools. Theories always need to be examined for relevance. The research methodology was adopted to examine certain theories and their application along a certain set of academic standards. Scientific research methodology is another way to complete a research project. The scientific research methodology is a more technical writing method. It starts with general questions followed by specific concepts. The general hypothesis is narrowed to highlight specific aspects of the topic.

The theoretical framework guides and must resonate with every aspect of the research process from problem definition,

Table 3.
 Objectives and key results

Key Results
Rumah Kapas entered the market in new regions and strengthened market digitalization.
1 Has a partnership with the Rumah Kapas flag in 20 different provinces in a year
Access to services on the website can cover up to a minimum of 20 provinces in 1 a year
2 Build access to local governments to a minimum of 20 provinces in a year
3 An increase of 10% in market growth in a year
Rumah Kapas collaborates with new players in order to increase market share.
1 The addition of Rumah Kapas partners is 200 partners in a year
2 An increase in market share of 5% in a year
Digitizing every business process of Rumah Kapas.
80% of the business processes of Rumah Kapas have been digitalized on the
1 website in a year
2 95% bug free on the website in a year
3 Mobile apps have entered the beta version at the end of the year
Strengthen Rumah Kapas's core business and partners by building Enterprise Resource Planning.
1 Doing research every month and providing ERP innovation
2 Partner satisfaction in using ERP 4.5 / 5
Revitalize leaner company facilities by utilizing raw material vendors.
Implemented Supply Chain Management at Rumah Kapas Warehouse and
1 Succeeded in providing management stock efficiency of 40% in a year
2 Have 5 raw material vendors for domestic, and 2 for international within a year

literature survey, methodology, presentation and discussion of findings and conclusions drawn. Eisenhart (1991) argues that the theoretical framework helps researchers in considering alternative theories that might challenge their perspectives, thereby enriching the power of research.

Simon and Goes (2011) and Maxwell (2004) on average argue that the theoretical framework deepens the essence of research. Thus, research proposals that require funding must clearly show the theoretical framework that plays the intended research.

This convinced funding agencies that research investigations were worthy of support. For scholars in the field and readers, the proper selection and presence of a theoretical framework assures them that this study is not based on the personal instinct of the researcher but rather is firmly rooted in an established theory chosen through credible study.

The first process is conducting data collection and data processing. In this process data collection and processing is carried out to get the key factors to the weight of these key factors. After getting the data, the data is processed until it gets SWOT from the company.

The next process is to create an objective strategy based on the TOWS Matrix and the Five Forces Method. When the strategy is obtained, the decision-making process will be carried out using the QSPM Matrix. The objective strategy results that have been filtered by QSPM are then used as a reference for making Objectives and Key Results (OKR).

III. RESULT AND DISCUSSION

A. Identification Internal and External Factor Evaluation

In the initial research process, identification of environmental factors is needed to determine the company's strategic steps. Environmental identification is carried out based on internal and external viewpoints.

Internal identification is carried out using factors from the Bontje model which include: (a) The Market. (b) The money. (c) The Production. (d) The people. (5) The environment from

this we get internal identification as in Table 1. External identification is carried out using factors from PESTLE Model which include: Political Factors, Economic Factors, Social Factors, Technological Factors, Legal Factors, Environmental Factors. From this we get external identification as in Table 2.

B. Five Forces by Porter

The next step is to make the Five Forces method from Porter. The first step in making Five Forces is to determine competitive rivalry. Then competitive rivalry will be largely determined by how the supplier power, buyer power, threat of substitution, and threat of new entry. Here is the Five Forces of Rumah Kapas (Figure 2).

C. Strategy Objectives

From the SWOT analysis and the Five Forces it can be determined that there are several objective strategies for the company to be able to take advantage of these factors into an opportunity for the company to further develop by determining what steps can be taken.

The following strategy objectives that can be used by Rumah Kapas are: (a) Market Penetration Rumah Kapas entered the market in new regions and strengthened market digitalization. (b) Market Development Rumah Kapas collaborates with new players in order to increase market share. (c) Product Development Digitizing every business process of Rumah Kapas. Forward Integration Strengthen Rumah Kapas's core business and partners by building Enterprise Resource Planning. (d) Backward Integration Revitalize leaner company facilities by utilizing raw material vendors.

D. Objectives and Key Results

Objectives and key results are simply strategies where the company translates the vision based on objective strategies and is realized with a quantitative form of key results. Next is the translation of objectives into key results shows in the Table 3.

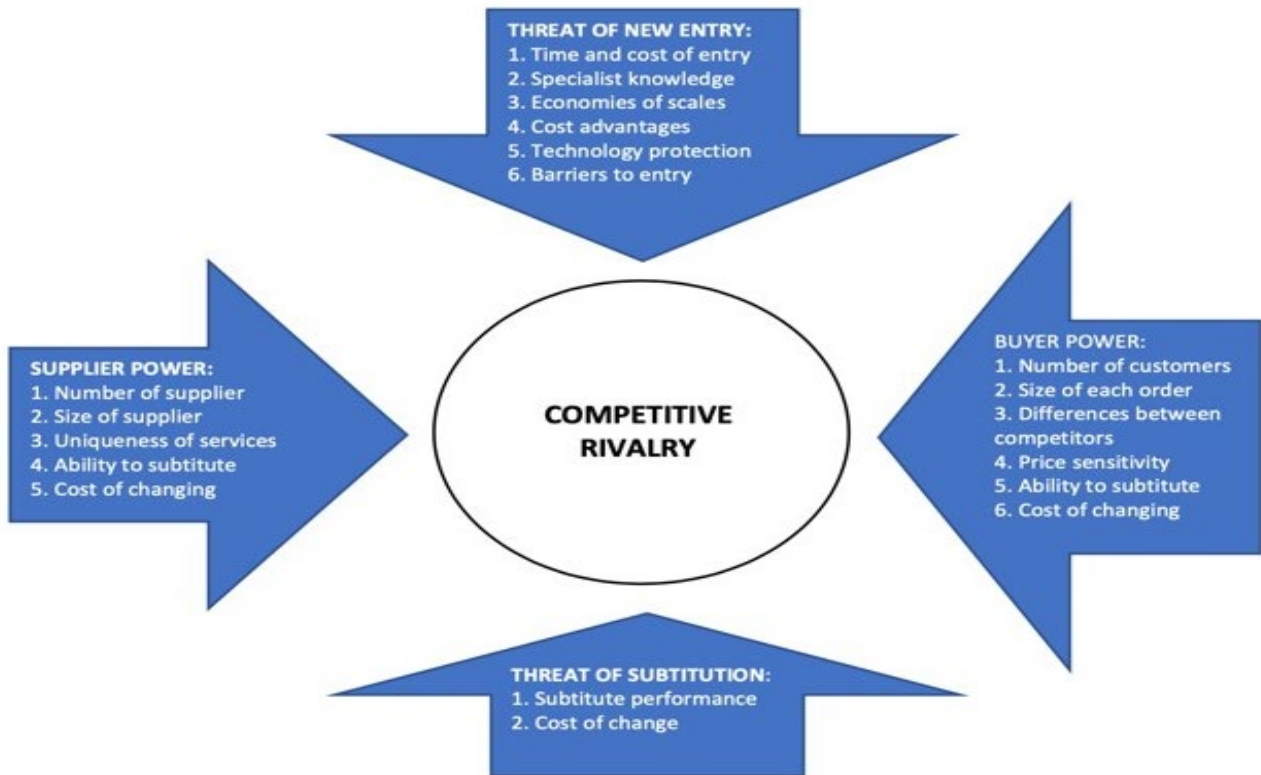


Figure 2. Rumah kapas industry five forces.

IV. CONCLUSION

From the results of data processing and analysis that has been done, the following conclusions can be drawn: (1) The Generic Strategies porter management model can be used to determine the Rumah Kapas corporate strategy in the textile and garment industry;(2) Based on the results of environmental identification, it was found that the internal factor evaluation score are 2,34. As for the external factor evaluation score are 3,17;(3) Based on environmental analysis and five forces, there are 5 types of objective strategies that must be achieved by Rumah Kapas, namely; market penetration, market development, forward integration, backward integration, and product development. (4) Each objective strategy can be translated into objectives and key results so that the OKR method can be used to determine the Rumah Kapas corporate strategy.

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