

# REFORMULATE COMPANY BUSINESS STRATEGY TO MAINTAIN COMPETITIVE ADVANTAGE: CASE STUDY PT GALAMEDIA

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## Abstract

*Increasingly rapid technological developments affecting the performance of PT Galamedia with indicator rates of profit declining. To survive in this situation Galamedia launches digital products that are expected to develop and survive to compete in the next few years. But in its implementation Galamedia cannot operate its digital business perfectly so that the development of its digital business performance is not in line with the decline in traditional business performance. Therefore, to seek and maximize the performance of its digital business, it is necessary to change the system and organizational structure within Galamedia.*

*In this Research, first conducted a SWOT analysis, and GE TOWS matrix to evaluate the condition Galamedia of various factors, after finding the results of the analysis determined the strategic direction to be taken by Galamedia. The results of the analysis show that Galamedia has horizontal integration with the growth strategy. The strategy is designed to determine the new vision and mission of Galamedia using the Strategy Map from David P Norton and Robert S Kaplan coupled with the 7S framework from McKinsey. After the new vision and mission was designed from the Strategy Map then developed the Balanced Scorecard from the same book to design implementation. The results of the designed implementation are planned to be executed using Kotter 8 Steps Accelerator with guidance on change management, because the main strategy is to changes so that the changes implemented can be managed properly by Galamedia.*

*The results of this study indicate that Galamedia must develop the business with the birth of two alternatives from the Strategy Map concept which is designed to issue new products or cooperate with other companies, in this case for Galamedia the possibility of both strategy could be conducted by collaborating with InfoBandung an new digital media company to create new products and share the knowledge between each other or excellencing the research and development part in digital products to replicate or even create new product similar to InfoBandung.*

**Keywords:** Strategy Map, Digital Transformation, Change Management

**Introduction**

PT Galamedia Bandung Perkasa is a private enterprise that is engaged in the news industry around Bandung and West Java area. Increasingly rapid technological developments especially in area of information, communication, and connectivity technologies (ICT) highly affecting the performance of PT Galamedia with indicator rates of profit declining. Many organizations nowadays feel forced to change to meet customer demands and competitive pressure. In an attempt to do so, they often undergo so called digital transformation initiatives[1, 2].

Galamedia was originally only a conventional media produced in the form of newspapers. In the early 2010 Galamedia try to transform and combine the already operate conventional system with the new digital new media system and launch a digital products to compete with many of competitor that already transformed the companies to be digital especially media companies. The existing organizational structure in Galamedia is divided into two parts, quite a bit different from other companies in general, both are still led by one director, the first part is the management department led by general manager and the other part is the editorial led by editor in chief. The entire middle up position structure are described in the figure below:

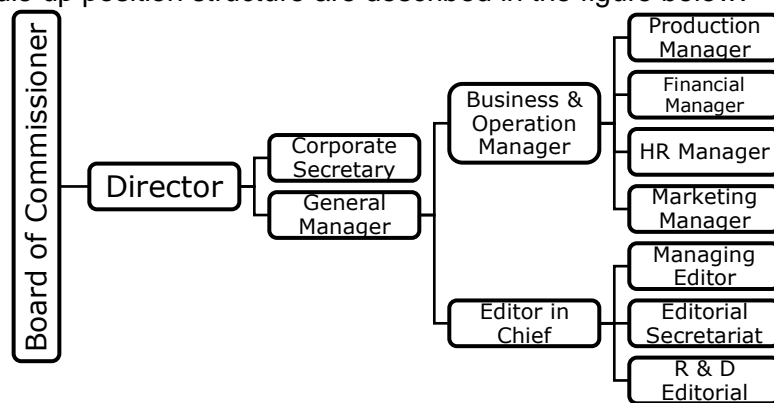


Figure 1 Organizational Structure of Galamedia

The management part have responsibility of managing the company in general from producing the newspaper, market and sales, and human resource management. The Editorial part have responsibility to create the content of news and the management of journalist workforce. This two part separate the duty of managerial in company and journalist profession duty as news content creator. The majority of business process in this company is traditional newspaper model, where most of the products and profits generated are part of this business process. This model provide one stop shopping for readers with variety of news stories that are “fit to print”. Every published news are produced in one package product, the customer and consumer are provided and presented their in interest in one product[3].

There are strengths and weaknesses between those two business process. The traditional media model usually had more quality in news production because the controlling are strict from top management to lower staff, but the news cannot deliver as fast as new media model and the operation are far more slower. The new media model are more fast in delivering news but the quality and margin of error are usually high, because the controlling is on minimal level due to competition of fast production.

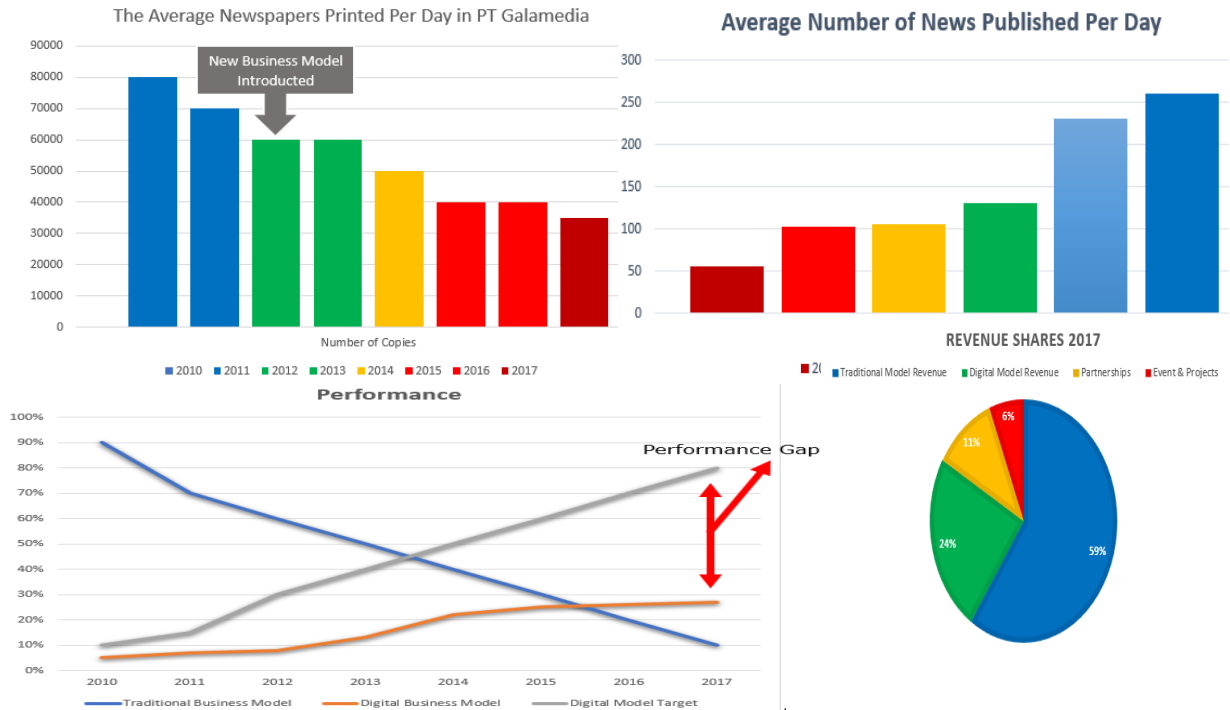


Figure 2 Galamedia Performances Condition

This research will be focused in finding why Galamedia need to change to increase productivity and performances, what need to be changes, who need to changes and how to design the changes. The research questions of this research are developed in 4W1H: Why Galamedia need to change the business to be digital? What changes and type of changes need to be applied in Galamedia transformation? Who need to be changes in Galamedia, and the impact of it? How the changes implemented in Galamedia? The objectives of this research are: To manage the digital transformation of PT Galamedia towards the better direction to improve performance and generate more revenue[4].

Due to limited time and resource in PT Galamedia the reasearch will be used some limitation: The research will be analyzed in current business issue. The research will be analyzed Galamedia business process. The research will be designing the plan solution according to business issue not to executing it due to time restriction. The implementation plan will be on future action based on this research. The method that used in this research is interview, using internal company data, and using secondary data[5].

**Methods**

The research problem is related to the how to maximalize change management in PT Galamedia. To solve the problem, the first step is by do business situation analysis to both business model, reevaluate the business model by SWOT analysis, IE Matrix, VRIO analysis and TOWS matrix. The second step to develop goals with Value Chain Analysis and Strategy Map with Mckinsey 7S on high level only. And the last step is to design the change plan and how to implementing the plan using The Kotter Eight Accelerators. The target is to maximalize the outcome of the investation of digital transformation. The goals is PT Galamedia can generate more profit for next couple of years.

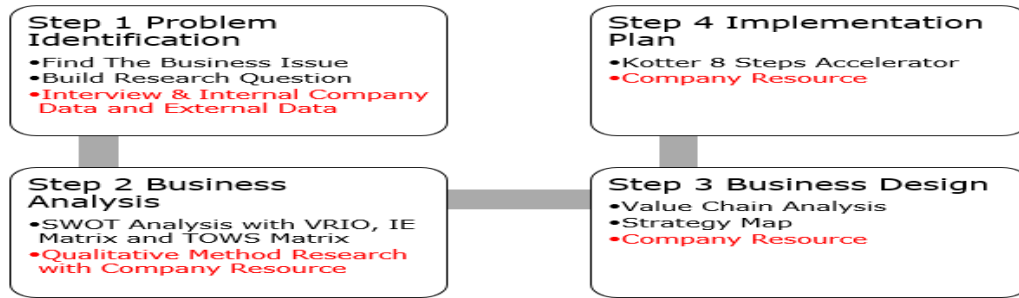


Figure 3 Research Framework

The research use narrative approach that conduct a semi structural interview with key informant from the company with sustainable knowledge of the company business so that this informant can give a clear condition of the business situation. This information became the data that used for analyzing the business situation.

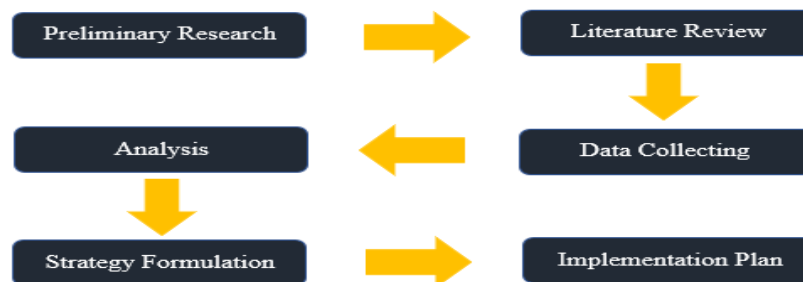


Figure 4 Research Steps

The purpose of preliminary research is to get the understanding about the topic of the research and to collect the data that can be used and explained. a literature review regarding the supporting theories and approach that can be used to analyze and help to solve the business issues. The first literature is SWOT, TOWS, IE matrix and VRIO analysis which used to analyze the internal and external factor of traditional business model then to the next phase is value chain analysis from Porter. Strategy Map and McKinsey 7S to design strategies. And the last is Kotter 8 step accelerators to implementing the solution to the organization. In this research, data are obtained from internal and external environment of PT Galamedia.

The data used in the study were obtained in the following ways: Conducts a semi-structured interview with the Director of PT Galamedia where the individual knows the internal condition of the company and also familiar with the Industry condition to gather the information about the factors that triggered the business issue both internally or externally. Requesting internal written data of the company to enrich the analysis. Use book, article, internet, and other sources that are considered to support this research as a source of secondary data source to obtain facts about the newspaper media trend, what change that a news company did in facing the challenge of digital disruption, find some possibilities and opportunities of business in digital and internet media, and find an example of media company who face same issue.

The analysis consisted of three parts, the first is the industry situation analysis, second is corporate situation analysis and last is business situation analysis based on preliminary research and all the data collected through the data collection step. The first industry analysis is to measure the external factor of this business using secondary data on various source. The second is corporate situation analysis to measure internal factor of this business, the analysis are based on SWOT, TOWS and IE matrix analysis, the purpose of this analysis is to fully understand the business issue, the factors that triggering the business issue and the corporate capabilities. The third is

business situation analysis based on value chain analysis. The purpose of this analysis is to fully understand the current internal and competitive advantage.

Strategy formulation is plan to solve specific business problems, in this case the problem solution will be designed after conducted the analysis and generate strategic initiatives. The solution will starting in corporate analysis using SWOT, TOWS, IE Matrix and VRIO analysis that will generated alternatives for strategy. The strategy will be designed by Value Chain Analysis and Strategy Map, the implementation of strategy will be designed based of Kotter 8 Steps The framework will be used to guide on building new strategy of the company. Implementation Plan is the carrying out, execution, or practice of a plan, a method, or any design, idea, model, specification, standard or policy for doing something The implementation plan will be use Kotter 8 accelerators to determine every action plan based of what alternatives will be chosen in every analysis and designed possible solution.



Figure 5 Galamedia Business Process

Support Processes	Firm Infrastructure: General Management, Editorial, Finance and Accounting					Competitive
	Human Resource Management: Training and Development, Recruitment, Payroll					
	Technology Development: Digital Improvement, Mobile Infrastructures					
	Procurement of Resources: Information Source, Network Cost.					
Primary Business Processes	Inbound Logistics Information Resource Persons Digital Content	Operations  Editing Printing Publishing R&D	Outbound Logistics Networking  Channelling Distributing	Marketing and Sales Publication  Partnership Advertising	Service  Customer Service Citizen Journalist	Advantage

Figure 6 Galamedia Value Chain Analysis

**Result and Discussion**

The strategy formulation is consist of the proposed solution for PT Galamedia based on data analysis in Chapter 2. In this Chapter the SWOT Analysis along with TOWS and IE Matrix based on VRIO Analysis, interview and FGD will be the main guide for strategic decision, the result will be used to to create Strategy Map design.

Strengths	Weaknesses
Experienced Journalist Quality of Product and Service Strong Local Brand Recognition Excellence Established Business Operation Location of Business Operation	Productivity Declining in The Past 5 Years Lack of Human Resource Development Lack of Marketing Program No Product Innovations Market Area Limited Organization Infrastructure Outdated
Opportunities	Threats
Technological Advance and Digitalization Could be Use as New Business Platform Low Cost New Business Flatform Opportunity The Area of Market in Digital Era is Unlimited. Human Capital Transformation and Digitalization Expand Business Operation	Advertisers Client Start Using Digital Marketing Public Prefer to Use Internet as Source of Information and Entertainment Rather Than Newspaper Existing Product Becoming Outdated Globalization & Digitalization Create a Lot of New Competitor Product Content Easy to Imitate

Figure 7 SWOT Analysis

The founding of SWOT analysis turn out that external factor are the biggest problem. PT Galamedia have already established operation and good internal condition. The main issue is digital distruption, that forcing the company like Galamedia to lose the current competitive advantage. IE Matrix based on two key dimension total IFAS weighted score and total EFAS weighted score. The quadrant of IFAS (2,1975) and EFAS (3,145) showed on B growth where the strategy is Horizontal Integration. Horizontal Integration is the process of a company increasing production of goods or services at the same part of the supply chain. A company may do this via internal expansion, acquisition or merger. This could be expand the current operation, cooperate with other company, create joint venture or even merger. The goals is to increase productivity and performances of the company.

Internal Factors Analysis Summary (IFAS)				External Factors Analysis Summary (EFAS)			
Strengths	Rating	Weight	Weighted Score	Opportunities	Rating	Weight	Weighted Score
Experienced Journalist	4	0,15	0,6	Technological Advance and Digitalization	4	0,205	0,82
Quality of Product and Service	3	0,125	0,375	Low Cost New Business Platform Opportunity	4	0,125	0,5
Strong Local Brand Recognition	2	0,1	0,2	The Area of Market in Digital Era is Unlimited	4	0,075	0,3
Excellence Established Business Operation	4	0,075	0,3	Human Capital Transformation	3	0,055	0,165
Location of Business Operation	3	0,05	0,15	Expand Business Operation	3	0,035	0,105
Weaknesses	Rating	Weight	Weighted Score	Threats	Rating	Weight	Weighted Score
Productivity Declining in The Past 5 Years	1	0,135	0,135	Advertisers Client Start Using Digital Marketing	2	0,175	0,35
Lack of Human Resource Development	1	0,115	0,115	Public Prefer to Use Internet as Source of Information and Entertainment Rather Than Newspaper	3	0,155	0,465
Lack of Marketing Program	2	0,0925	0,185	Existing Product Becoming Outdated	2	0,105	0,21
No Product Innovations	1	0,0725	0,0725	Globalization & Digitalization Create a Lot of New Competitor	4	0,045	0,18
Market Area Limited	1	0,0525	0,0325	Product Content Easy to Imitate	2	0,025	0,05
Organization Infrastructure Outdated	1	0,033	0,0325				
<b>Total</b>	<b>23</b>	<b>1</b>	<b>2,1975</b>	<b>Total</b>	<b>31</b>	<b>1</b>	<b>3,145</b>

Figure 8 GE IE Matrix Result

IFAS SCORE 2,1975

	4	Strong	3	Average	2	Weak	1
EFAS SCORE 3,145	A	<u>Growth</u> (Vertical Integration)	B	<u>Growth</u> (Horizontal Integration)	C	<u>Retrenchment</u> (Turn Around)	4 High
	D	<u>Stability</u> (Hold)	E	<u>Growth</u> (Horizontal Integration)	F	<u>Retrenchment</u> (Divestment)	3 Medium
	G	<u>Growth</u> (Concentric Diversification)	H	<u>Growth</u> (Conglomerate Diversification)	I	<u>Retrenchment</u> (Liquidation)	2 Low

1

Figure 9 IE Matrix result Quadrant

Based on Value Chain Analysis the strategy map of Galamedia structure explained in figure below:

### Strategy Map

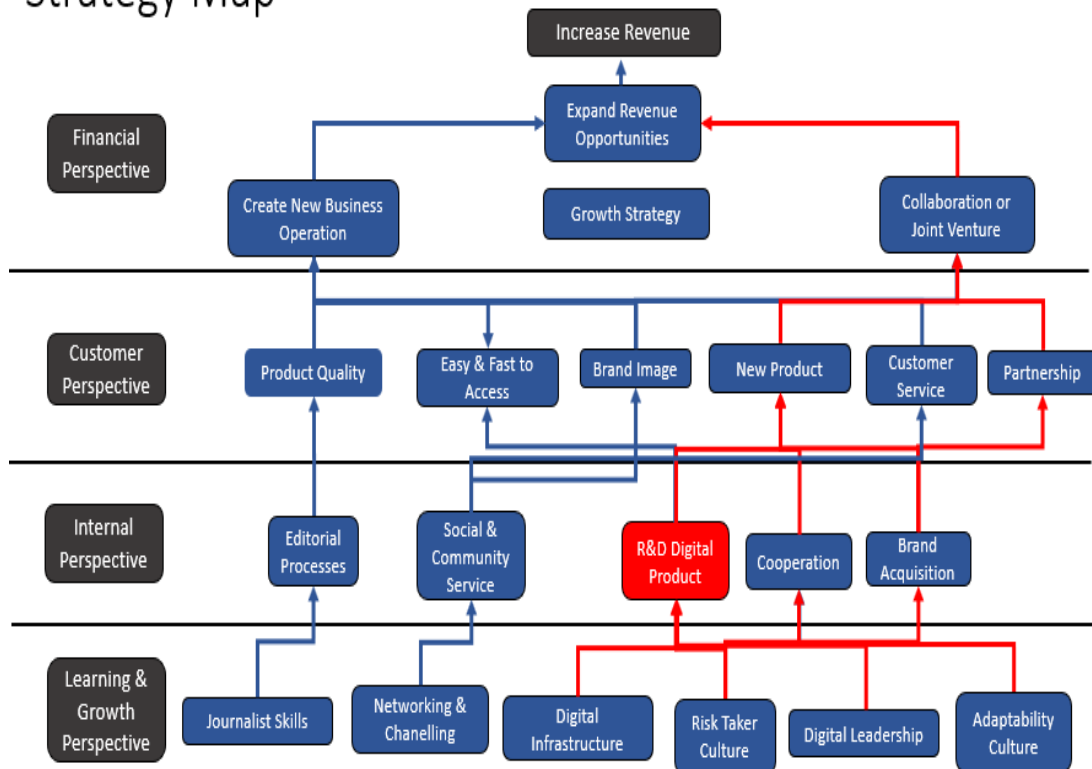


Figure 10 Strategy Map Framework

Based on IE and TOWS Matrix the Horizontal Integration strategy galamedia chose to pick is growth strategy, with two dimension between create new business operation and collaboration or joint venture. Between both of those alternatives the excellence that Galamedia could be advantage is R&D in digital product. All of the perspectives linked vertically one another, first step is to capture a strategy from a



management team. To promote discussion amongst that team on the strategy. Secondly to communicate the strategy, focus organization efforts, and choose appropriate measures to report on an organisations progress in implementing a strategy. There are two alternatives strategy map based on the research, all comes from same customer perspectives and lead to same learning and growth perspectives, the differences is on what is the strategy from financial perspectives, to create new business operation or decide to collaborate with other company.

Wether strategy chosen by Galamedia, all end to learning and growth perspectives, that Galamedia should improve or transform the human capital, organizational and information capital to be able to execute the vision. The focus of the strategy lead to learning and growth perspectives which will be the main transformation aspect in Galamedia new vision. The changes in Galamedia need to do in three aspect of learning and growth perspectives, the organization capital which is lead to organization culture, leadership style teamwork and alignment all need to changes start from Galamedia diretor as the digital transformation leader with assist from corporate secretary and general manager. The information capital that related to company tappable assets and the human capital that lead to every employee on the structure.

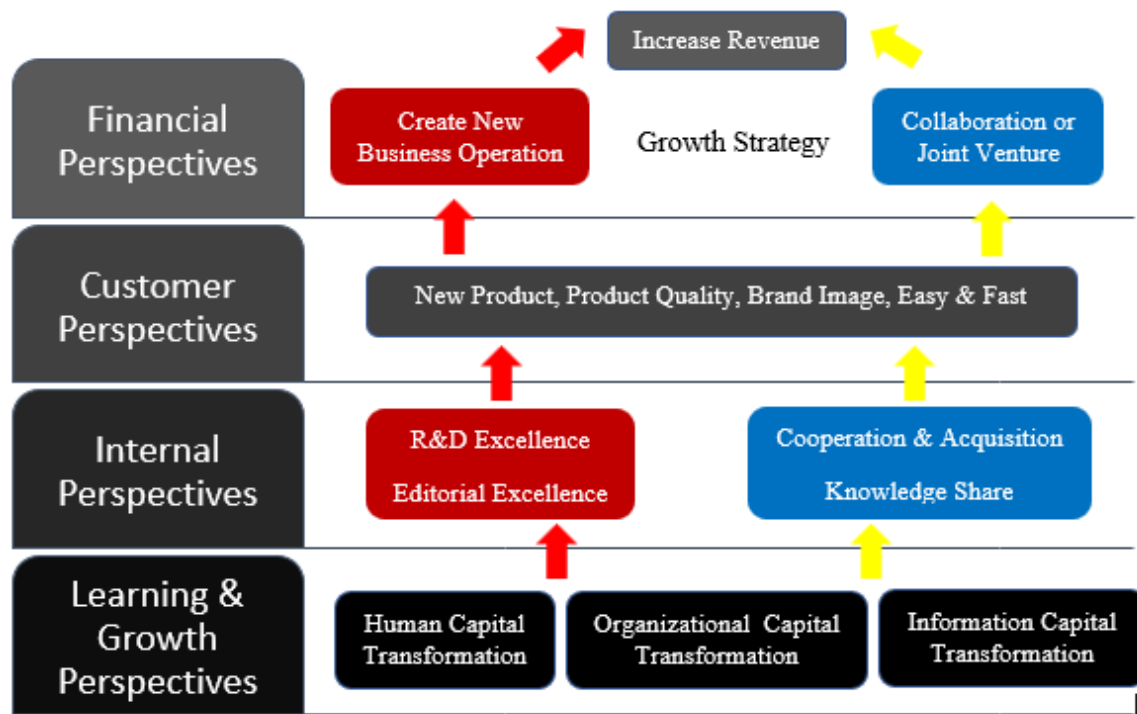


Figure 11 Strategy Alternatives

After formulating a strategy using the strategy map there are two alternatives strategy that lead into same direction that develop learning and growth perspectives that needed transform and adapt new digital business environment. This Galamedia McKinsey 7S FrameWork are based on previous analysis and formulation. In explanation table below the 7S FrameWork formulated from old strategy condition of Galamedia to new strategy formulated that based on analysis and strategy map that lead the company vision to digital media. What need to changes is hard and soft areas of this framework. Because there are reasearch limitation because of time the explanation in here are only will derscribe in high level design.

Table 1

McKinsey 7S Framework

HARD		
ASPECT	OLD	NEW
Strategy	Building and maintaining brand image with maintaining performances.	Growth the productivity and revenue possibility
Structure	Separated into parts business management part and editorial part centralized with one director.	Combined into one parts with dual operating system. Managerial parts could do editorial parst vice versa.
Systems	Decision are from top to bottom, every production or publication should be approved by one step higher in structure	Decision of production and publication are horizontaly approved.
SOFT		
ASPECT	OLD	NEW
Style	Strategic Leadership, Hierarchy Based	Transformational Leadership
Staff	Managerial part and Editorial part the recruitment are first based on relation	Experience based recruitment and outsourcing
Skills	Communication background with public speaking ability	Adaptation and Information Technology
Shared Value	People & Society and Time & Discipline	People & Society and Creativity & Benefit

Kotter 8 Steps Accelerators Change Management will be divided into two parts, formulation of strategy and implementation plan, in the formulation strategy part will be based on Strategy Map result of what strategy will be designed for Galamedia to achieve the goals and the design will be explained in the Kotter 8 Steps. For the implementation plan due to time restriction the action plan of Balanced Scorecard that based on Strategy Map will be explained on example of how future action could be conducted in the next final project that based on this research.

Balanced Scorecard will only presented on example to be developed on next project, the detailed action plan could be developed with extra data on internal capabilities and external factor. There is two example of Balanced Scorecard based on two alternatives strategy, creating new business operation and collaboration both strategy based on Strategy Map and achieve same goals which is increase revenue and develop human capital aspect in Galamedia.

Table 2

Galamedia BalancedScoreCard Strategy 1

Growth Strategy 1 Innovation					
Perspectives	Objectives	Measures	Targets	Initiatives	Budget
Financial	Increase Revenue	Revenue of New Product	25% of Whole Revenue	Investment on Resource	Research Limitation
	Branch Production	Market Shares		Train & Hire Digital Human Capital	

Customer	New Products	Quality & Service	Easy to Access	Brand Interest	Research Limitation
Internal	Assemble Team Project	Digital Capable Person	8 Person Per Team Project	Evaluate HR	Research Limitation
	Market Research	Test Market Acceptance	3 Month Cycle Time	Spread Questionnaire	
	Prototype Product Design	Products Launched	2 Months Product Design	Study & Experiments on New Products	
	Product Trial Acceptance	Cycle Time	4 Month Total Cycle Time	Re Engineered Cycle Time	
Learning & Growth	R&D Digital Product	Upgraded Employee 4 From Managerial	Digital Master Middle Management	Human Capital Digital Master Training	Research Limitation
	Digitalization Mastery	4 From Editorial to Digital Master	Digital Master Staff	Digital Master Outsourcing Per Project	

The first innovation strategy are highlighted on R&D and digitalization master in learning and growth perspectives, this excellences lead to innovation and creating new product to achieve increase revenue goals. The initiative that included in Kotter 8 Step is human capital digital master training and development to produce more capable human capital aspect in Galamedia that could lead to new products launched

Year	2018												2019											
	A p r	M a y	J u n	J u l	A u g	S e p t	O c t	N o v	D e c	J a n	F e b	M a r	A p r	M a y	J u n	J u l	A u g	S e p t	O c t	N o v	D e c			
Month																								
Create Sense of Urgency																								
Building Guiding Coalition From Top Management																								
Formulate Strategic Vision Using Strategy Map and McKinsey 7S Framework																								
Develop Balanced ScoreCard on Both Alternatives																								
Corporate Evaluation																								
Communicate The Vision and Strategy																								
Empowering Others To Act On The Vision																								
Human Capital Evaluation																								
Human Capital Training & Hiring (Outsourcing)																								
Assemble Team Project Based on HC Evaluation																								
Strategy 1 Research & Development																								
Market Research																								
Designing Prototype of Products																								
Products Trial Acceptance																								
Strategy 2 Collaboration or Joint Venture																								
Evaluate Internal HC & Survey Another Company HC																								
Cooperate Project Team or Cooperate Investment																								
Launc New Products or Strategic Business Unit																								
Planning For And Creating Short Term Wins Strategy																								
Institutionalising New Approaches																								
Included Successful Research of Products Innovation to KPI																								
Included Succesful Partnerships to Corporate System																								

**Conclusion**

Conclusion and recommendation consist of the answer of chapter 1 research question and the alternatives choices that Galamedia could take in order to solve the business issue. There are five research question that consist of why need to changes, what changes, what types of changes, who changes and how to changes.

**Why Galamedia need to changes?** Based on business situation analysis on chapter 2 Galamedia need to changes because the external factor is to high and impact the internal condition of Galamedia, the main external condition is high competition and digital distructive environment.

**What need to changes in Galamedia?** Based on chapter 3 analysis Galamedia need to change the vision or strategy map, the strategy map changes from conventional operation to digital operation that consist of growth strategy and produced two alternatives of strategy to achieve the goals and vision of Galamedia

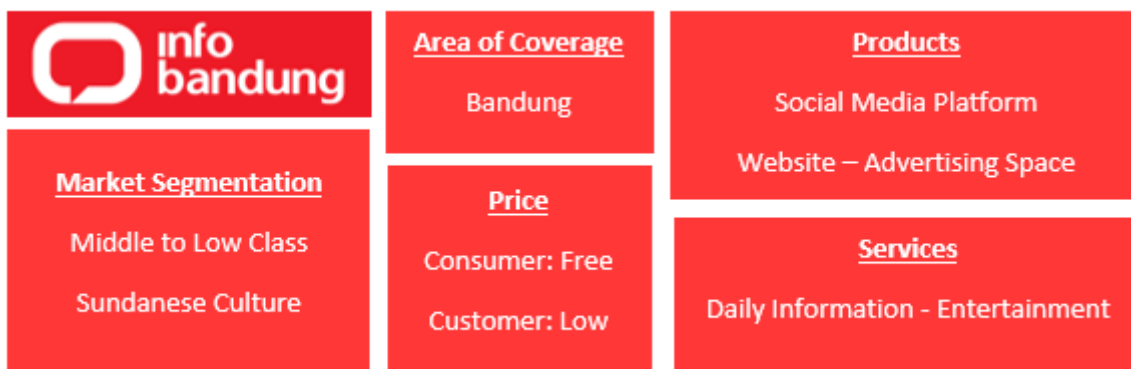
**What types of changes need to conducted in Galamedia?** The changes need to be radical to be able to execute the vision and achieve the goal based on new Galamedia strategy map. This include the organizational capital, information capital and human capital aspect starting from top management to staff level of Galamedia.

**Who get involved and the objects of changes in Galamedia?** The objects of changes in Galamedia digital transformation is top management, business operational part and editorial part of Galamedia structure.

**How the changes implemented in Galamedia?** The changes could be implemented with Kotter 8 Steps accelerator change management tools, that Galamedia could operate the business operation within the transformation on the same routines. The dual operation able for organization to operate the business routines and the change management together

**When the changes implemented in Galamedia?** The action plan of Galamedia Strategy Map and Kotter 8 Steps will conducted by Balanced Scorecard tools that could be developed in the next projects that based on this research, the limitation of this project is reformulating strategic management of Galamedia.

Possible Actual Solution of Both Strategy Alternatives in this possible strategy of what currently trending on the market around Galamedia area of coverage which is Bandung area, InfoBandung company is the good model to be example of what Galamedia could achieve.



company to operate, and the core competencies of Galamedia which is Human Capital aspects and the networking of Human aspects could be advantage compared to InfoBandung. There are two possible strategy alternatives Galamedia could conducted based on strategy map and balanced scorecards tools.

In first strategy alternatives Galamedia could create new innovation based on what currently trending in the digital market around Galamedia area of coverage. In this case Galamedia could conduct new market research to create what customer demanded

from digital media or immitate already trending digital media around Bandung area, in this research InfoBandung are currently what is trend in digital media around Bandung area. Galamedia could immitate the products and conduct new marketing program to present the new product to their already market and new market.

In alternatives strategy second Galamedia could collaborate or joint venture with InfoBandung, with current advantages of Galamedia could give impact to InfoBandung, and vice versa the current InfoBandung digital advantages could impact the Galamedia organization soft aspect areas. In this strategy Galamedia could save the energy of market research and spend the capital to already whats trending on the market around Bandung. InfoBandung could expand the business opportunities with Galamedia core competencies and Galamedia could share InfoBandung knowledge to improve Galamedia organization system and structure, both could get advantage from the acquisition especially Galamedia growth strategy could be executed in more faster way.

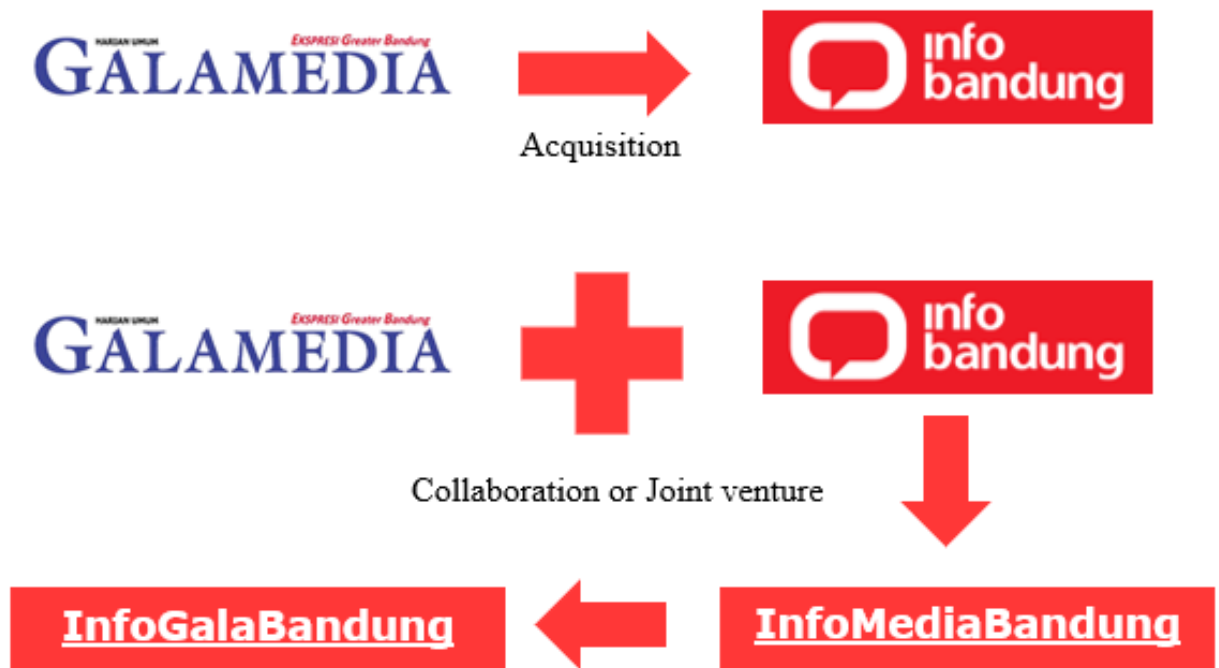


Figure 13 Acquisition or Collaboration With InfoBandung

The future research that could be initiated from this research is about the detailed functional strategy such as balanced scorecard and Human Resource Development Here is some future research that could be done for Galamedia:

1. Developing more detailed Balanced Scorecard from already designed Strategy Map to allow smooth and focus on the execution of the strategy
2. Developing more detailed McKinsey 7S FrameWork from already designed vision and mission.
3. Researching Human Capital Development Competence from the 4S Soft Areas of McKinsey 7S Framework digital transformation cappabilities.

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