

Strategic Formulation and Implementation Using IFE & EFE Matrixes in PT. LORAID

Sausan Zhafir Qunayta¹, Siska Noviaristanti, S.Si, M.T., Ph.D²

^{1,2}Telkom University, School of Business and Economics, Jl. Telekomunikasi Terusan Buah Batu Bandung 40257 Indonesia

Abstract: *The growth of technology in this era affects some other fields that are related to technology, including the information system technology. One of the things that is developing in the information system technology is Radio-Frequency Identification (RFID) that can be utilized in people's daily lives, including in companies or institutions. PT. LORAID, a company that is specialized in RFID system especially the long range RFID, is one of the companies that has been using this chance to market their services and products since 2015. The purpose of this research is to evaluate the business situation of PT. LORAID by using the SWOT analysis. IFE, EFE, and IE matrixes are used to formulate the alternative strategy and to determine how the company can implement the said alternative strategy based on strategic management theories. The research used a mixed method by collecting qualitative data through a group interview and collecting quantitative data through weighting and rating each internal and external factors by the 4 key informants of PT. LORAID. The result of the research is to suggest a strategy to be implemented by PT. LORAID in hope to increase the performance quality of the company*

Keywords: SWOT analysis, IFE matrix, EFE matrix, IE matrix, RFID

1. Introduction

Based on a research study, the worldwide RFID market is likely to grow in the coming of years. The RFID market is expected to reach USD31.42 billion by 2023 and reach a CAGR (compound annual growth rate) number of 7.7% between 2017 and 2023. The growth of the market is supported by the increasing installation of RFID devices for certain purposes such as improving productivity, increasing the usage of security control application, increasing the government enterprises, and adapting of RFID technology in the retail industry [1].

PT. LORAID is a start-up technology-driven company built in 2015 to offer their customers with a system based products and services by using long range RFID (radio frequency identification). Other than giving their customers with an RFID system with the ability of detecting 250 tags per second within 11 meters in range, PT. LORAID also provides their customers with portable design for mobility, and fully integrated system products, which allows their customers to have their customized API to integrate with the existing local or cloud system. The growth of technology including the RFID technology forces PT. LORAID to determine whether their business performance is already maximized and to know the alternative strategies that can be implemented by the company to increase their execution in serving their customers. Based on previous explanations, this study aims to discover alternative strategies that can be implemented by the company and to illustrate the execution of the alternative strategies.

2. Literature Survey

SWOT Analysis

A tool used to identify factors systematically to formulate and inspect the strategy that is made by a company or an organization, where the evaluation then will be used to observe the strengths, weaknesses, opportunities, and threats of a company [2].

Internal External (IE) Matrix

A strategic tool to obtain business strategy. The parameters used in IE matrix are the strengths and weaknesses from the internal and the effect of opportunities and threats from the external [3].

Strategy Implementation

The implementation of formulated strategy that is focusing on the efficiency, operational process, and demands leadership skills [4].

3. Methodology

This research uses mixed method with a sequential exploratory model. The data used in this research were collected through an interview and questionnaires. The validity tests tested in this research includes the credibility check, transferability check, reliability check, and objectivity check.

3.1 Research Framework

Based on Fred David's theory regarding to strategy formulation and implementation [4], the framework research for this research is as shown below:

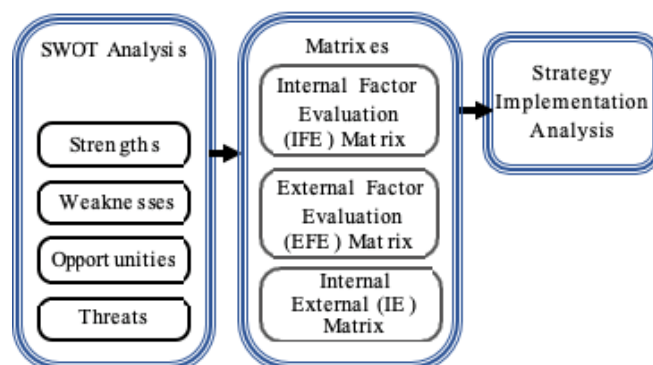


Figure 1: Research Framework

3.2 Data Collection

The data used in this research is collected through four informants from PT. LORAID chosen from a purposive sampling. The data collection technique used in this research in an in-depth interview with the informants to obtain the internal key factors and the external key factors of the company and the SWOT analysis based on these factors. The other data collection technique that is also used in this research is the questionnaires of the SWOT variables (obtained from the interview result) to be given rates and weight by the same four informants of PT. LORAID.

4. Results and Discussion

1) SWOT Analysis

Based on the interview result with the informants and through a confirmation check by the informants regarding to the strengths, weaknesses, opportunities, and threats of PT. LORAID, the SWOT analysis of PT. LORAID are:

Strengths

- Constant communication through WhatsApp (online) application
- Effective product planning and designing process
- Organizational structure based on specialties
- 0% absenteeism and turnover level
- “Bonus” as a rewarding system
- Effective chosen market segment
- The use of conference and exhibition for promotion
- Company’s position in the national market
- The use of income as capital turnover
- 0 debt
- 100% reliable suppliers from China, the US, and the UK
- Regularly products and customers’ data storing
- Quality check parameter for raw materials and products

Weaknesses

- No punishment system
- Unknown market share
- Channels and distributors make 0 effect in increasing selling
- Higher priced products
- Difficulty in keeping up with the rapid trend and its relation with price changing
- Not using database for decision making

Opportunities

- Changing of trend and growth of technology
- Patented products
- The use of Internet in entering global market (e.g. E-mails for communications, and video conference for promotions)
- 0 competitors in the same industry (long range RFID) in national market
- Low possibility of new comer entering the industry

Threats

- Uncertain changing of inflation rates
- 25% company’s income tax
- Regulation Number 36 Year 2008 about Final Tax and

Regulation of Minister of Communications and Informatics Number 13 Year 2018 about Indonesia’s Allocation Table of Radio Frequency Spectrum

- USD3 import tariffs
- Customers’ expectations accordingly to the growth of technology

2) IFE & EFE Matrixes

Based on the SWOT analysis gotten from the interview and the weight and rating of each SWOT key factors (internal and external), the IFE total weighted score of PT. LORAID reached the number of 3.03 and according David, in IFE matrix, if the average number is above 2.5, it indicates that the company is in a strong internal position [4]. On the other hand, according to the questionnaire filled with the informants, the EFE total weighted score of PT. LORAID reached the number of 3.2 and according to David, if the average number of EFE matrix is above 2.5, it indicates that the company is doing well in taking advantages of external opportunities and avoiding the threats faced by the company [4].

3) IE Matrix

Based on the IFE and EFE matrixes, Figure 2 shows that PT. LORAID falls in the position of cell number I that can be identified as growth and build. According to Budiono (2017) [5], a company that is positioned in the growth and build can follow or implement the intensive strategy that includes product development, market penetration, or market development. Based on the situation of PT. LORAID and according to the discussion result with the company, it is concluded that the most suitable strategy to be implemented by PT. LORAID is the market development.

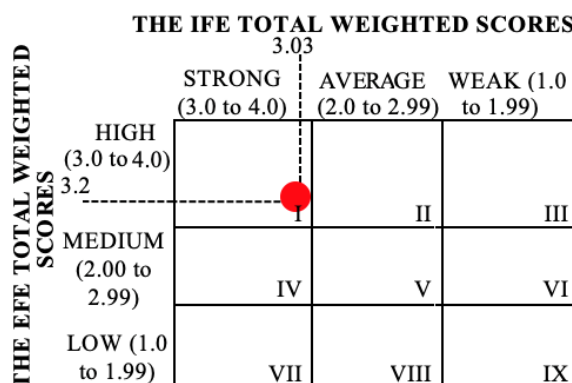


Figure 2: IE Matrix of PT. LORAID (Matrix Analysis)

4) Strategy Implementation

According to David (2011) [4], market development is an attempt made by a company to introduce their products or services to new geographic areas. Meanwhile, according to McCarthy and Perreault (2002) [6], a market development is a strategy of marketing present products in new markets, one of the ways to do it is to find new uses of the current products.

Based on previous explanation, PT. LORAID then is suggested to expand their business by introducing their recent products and to market their products to new geographical areas. Other than expanding their market into new geographical area, the author also suggests the company

to find new uses of their recent products and to market them both nationally and internationally. In developing their market in new geographical areas, the author of this research suggests the company to build new channels in new countries and to facilitate the current channels in order for them to help the company in marketing their products. This strategy forces PT. LORAID to make an alternative strategy plan based on their business functional and include their employees in executing this strategy, the functional alternative strategy's implementation plan can be seen in Table 4.1.

Table 4.1: Functional Alternative Strategy's Implementation Plan

Business Functional Area	Strategy Implementation Plan
Management	Set new hierarchy of policies to support the implementation alternative strategy
	No change in organizational structure
Operations	Perform a site location analysis to determine which countries have the best potential
	Make sure PT. LORAID's production team is ready to receive additional amount of requests
	Involve all employees in executing alternative strategy
Marketing	Make a Website to introduce their company
	Allow customers to have an instant conversation through their website
	Make digital brochures and presentations for marketing agents
Finance	No change in financial strategy
Research and Development	No change in research and development
Management Information System	No change in their management information system

The other strategy suggested to PT. LORAID based on McCarthy is to find new use of their current products and market them. The new use of recent products proposed to PT. LORAID and relating to the current situation of COVID-19 pandemic that is still happening and concerning in Indonesia is the use of PT. LORAID's current product and system to help the Indonesia government in limiting the number of access in the mall or any other crowded places. In order to limit the number of visitors that go into the building, PT. LORAID is suggested to cooperate with local malls to install their device or RFID tag reader in front of the doors of the mall to detect how many people that have entered or exited the building by giving those visitors an RFID access card to enter the mall building. This way, the staffs of the mall and the securities can control the number of people that is inside the building and to control the flow of the people that are queueing to go inside the building.

5. Conclusion

According to the research result and discussion that is based on the IE matrix as a result of combining the total weighted scores of IFE matrix and EFE matrix of the SWOT analysis, PT. LORAID falls in the position of cell number 1 that can be identified as a company that needs a growth and build strategy.

The alternative strategy that suits the PT. LORAID's condition is the market development that is included in the intensive strategy. Based on several theories, PT. LORAID can implement their alternative strategy by introducing or marketing their recent products to new geographical areas. Another way for PT. LORAID to implement their strategy is by finding new uses or functions of their recent products and market them.

Based on the research analysis and research result relating to the strategy formulation and implementation in PT. LORAID, PT. LORAID is recommended to introduce and market their recent products to new geographical areas by using channels as their market representatives that include of making new policies, keeping their resource without allocating them, not restructuring their hierarchical structure, making a Website and digital brochures or/and presentations to promote their products.

In finding new uses and functions of the current products, and relating to the current situation of COVID-19 or the coronavirus pandemic, PT. LORAID is suggested to contribute in limiting the number of people that goes into the mall or any other crowded places or buildings by using their long range RFID technology. This way, PT. LORAID is hoped that the company can help the government in the country to execute the new normal transition phase.

6. Future Scope

This suggestion is addressed to the future research. The method used in this research for formulating the alternative strategy is the IFE and EFE matrixes that the scores are given by the company to be calculated as the weighted scores in order to build the IE matrix. The alternative strategy is pulled from in which cell the company falls into in the IE matrix. The next researcher is expected to formulate the strategy by using other matching tool matrix to compare the result to the IE matrix. The next researcher is also expected to do the QSPM or quantitative strategic planning matrix to evaluate the alternative strategy objectively if they do not have any time limitation.

To PT. LORAID, it is suggested for the company to implement the alternative strategy recommendations resulted from the research that are based on the strategic management theories.

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Author Profile



Sausan Zhafir Qunayta received her bachelor degree in International ICT Business at Telkom University in 2020.