

## Strategic Management

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### Internal & External Audits

**Bernard Timotius, Oktafia, Astrid Haurissa, Amalia Seruni**

- What is the functional management for? What are the major 3 things among corporate, business, functional?
- Which one is crucial for us among all marketing, finance, HR, accounting, production?
- Internal vs. external in auditing? Externalities first = still existed or not, then going into internalities. But for internalities are the same things if the business is deemed or even new
- External Audit based on opportunities & threats – why about strengths & weaknesses?
- Porter's 5-forces – what is the purposes?
- i/O = Telkomsel due to input Telkomsel in BTS

01

Why does Internal Audit is so important for the business?

Internal vs what is compounding to our activities internally (globally)

### The importance of Internal Audit for the Business

KNOW YOUR WEAKNESSES

KNOW YOUR STRENGTHS

Strategic management itself is a line is very important to organizational health, but only when the business performance, but we also need to understand and identify our strengths and weaknesses to turn and formulate 2 the competitive advantage. Performing Internal Audit also great responsibility for the management to participate in determining the future of the firm.

### 1.2 Function of Management

**Motivating:**

- Motivated - state of self-aware, accountability is shared
- They work extra-harder

**Staffing:**

- HR Strategy, Human Resource Strategy
- Right people at the right position

**Controlling:**

- Actual vs Planned
- Taking corrective action

### 1.3 Function of Production / Operations

**Quality Control:**

- Defectless - Accident that avoid to ruin the goods and services
- Role in formulating strategies
- To ensure the business has the capacity, inventory, quality, and...

**Various Strategies in Production/Operations**

- Low cost strategy
- High quality strategy
- Focus customer service

### Functions of Research and Development

From innovation to internal research and development budget allocation

Research is a more precise problem-solving method

Developing ideas for the same or new products based on R&D

Check for high-value, futuristic ideas, secure and protect, and making investment in software for research & development

Using a proven stage-gate method

Only allow all energy flow through the gate for the business' work to be performed. otherwise

Change in that:

- Increased of time to take products
- Increased general competition
- Decreased market expansion
- Increasing governmental regulation

### Internal Factor Evaluation (IFE) Matrix

Pre-Step Process of IFE

- 1. List key internal factors (both strengths & weaknesses) which might impact firm's (2). Sum of all weights = 1.0
- 2. Assign weights (1 to 5) to each factor
- 3. Assign weights (1 to 5) to each weakness (1 to 5)
- 4. Calculate weighted rating for each strength (1 to 5)
- 5. Calculate each factor's weight by its value
- 6. Add the weighted scores for all factors to determine the total weighted score for the organization

The total weighted score can range from a low of 1.0 to a high of 5.0, with the average score being 2.5

Two weighted scores > 3.0 show internal operations that are well-suited to the environment

Factor	Weight	Score	Weighted Score
1. Strong R&D	0.25	4	1.00
2. Excellent customer service	0.25	4	1.00
3. High quality products	0.25	4	1.00
4. Low cost production	0.25	4	1.00
5. Strong financial position	0.25	4	1.00
6. Excellent employee relations	0.25	4	1.00
7. Strong brand name	0.25	4	1.00
8. High employee loyalty	0.25	4	1.00
9. Strong customer loyalty	0.25	4	1.00
10. Strong distribution network	0.25	4	1.00
11. Strong financial position	0.25	4	1.00
12. Strong employee relations	0.25	4	1.00
13. Strong brand name	0.25	4	1.00
14. High employee loyalty	0.25	4	1.00
15. Strong customer loyalty	0.25	4	1.00
16. Strong distribution network	0.25	4	1.00
17. Strong financial position	0.25	4	1.00
18. Strong employee relations	0.25	4	1.00
19. Strong brand name	0.25	4	1.00
20. High employee loyalty	0.25	4	1.00
21. Strong customer loyalty	0.25	4	1.00
22. Strong distribution network	0.25	4	1.00
23. Strong financial position	0.25	4	1.00
24. Strong employee relations	0.25	4	1.00
25. Strong brand name	0.25	4	1.00
26. High employee loyalty	0.25	4	1.00
27. Strong customer loyalty	0.25	4	1.00
28. Strong distribution network	0.25	4	1.00
29. Strong financial position	0.25	4	1.00
30. Strong employee relations	0.25	4	1.00
31. Strong brand name	0.25	4	1.00
32. High employee loyalty	0.25	4	1.00
33. Strong customer loyalty	0.25	4	1.00
34. Strong distribution network	0.25	4	1.00
35. Strong financial position	0.25	4	1.00
36. Strong employee relations	0.25	4	1.00
37. Strong brand name	0.25	4	1.00
38. High employee loyalty	0.25	4	1.00
39. Strong customer loyalty	0.25	4	1.00
40. Strong distribution network	0.25	4	1.00
41. Strong financial position	0.25	4	1.00
42. Strong employee relations	0.25	4	1.00
43. Strong brand name	0.25	4	1.00
44. High employee loyalty	0.25	4	1.00
45. Strong customer loyalty	0.25	4	1.00
46. Strong distribution network	0.25	4	1.00
47. Strong financial position	0.25	4	1.00
48. Strong employee relations	0.25	4	1.00
49. Strong brand name	0.25	4	1.00
50. High employee loyalty	0.25	4	1.00
51. Strong customer loyalty	0.25	4	1.00
52. Strong distribution network	0.25	4	1.00
53. Strong financial position	0.25	4	1.00
54. Strong employee relations	0.25	4	1.00
55. Strong brand name	0.25	4	1.00
56. High employee loyalty	0.25	4	1.00
57. Strong customer loyalty	0.25	4	1.00
58. Strong distribution network	0.25	4	1.00
59. Strong financial position	0.25	4	1.00
60. Strong employee relations	0.25	4	1.00
61. Strong brand name	0.25	4	1.00
62. High employee loyalty	0.25	4	1.00
63. Strong customer loyalty	0.25	4	1.00
64. Strong distribution network	0.25	4	1.00
65. Strong financial position	0.25	4	1.00
66. Strong employee relations	0.25	4	1.00
67. Strong brand name	0.25	4	1.00
68. High employee loyalty	0.25	4	1.00
69. Strong customer loyalty	0.25	4	1.00
70. Strong distribution network	0.25	4	1.00
71. Strong financial position	0.25	4	1.00
72. Strong employee relations	0.25	4	1.00
73. Strong brand name	0.25	4	1.00
74. High employee loyalty	0.25	4	1.00
75. Strong customer loyalty	0.25	4	1.00
76. Strong distribution network	0.25	4	1.00
77. Strong financial position	0.25	4	1.00
78. Strong employee relations	0.25	4	1.00
79. Strong brand name	0.25	4	1.00
80. High employee loyalty	0.25	4	1.00
81. Strong customer loyalty	0.25	4	1.00
82. Strong distribution network	0.25	4	1.00
83. Strong financial position	0.25	4	1.00
84. Strong employee relations	0.25	4	1.00
85. Strong brand name	0.25	4	1.00
86. High employee loyalty	0.25	4	1.00
87. Strong customer loyalty	0.25	4	1.00
88. Strong distribution network	0.25	4	1.00
89. Strong financial position	0.25	4	1.00
90. Strong employee relations	0.25	4	1.00
91. Strong brand name	0.25	4	1.00
92. High employee loyalty	0.25	4	1.00
93. Strong customer loyalty	0.25	4	1.00
94. Strong distribution network	0.25	4	1.00
95. Strong financial position	0.25	4	1.00
96. Strong employee relations	0.25	4	1.00
97. Strong brand name	0.25	4	1.00
98. High employee loyalty	0.25	4	1.00
99. Strong customer loyalty	0.25	4	1.00
100. Strong distribution network	0.25	4	1.00

### Definition

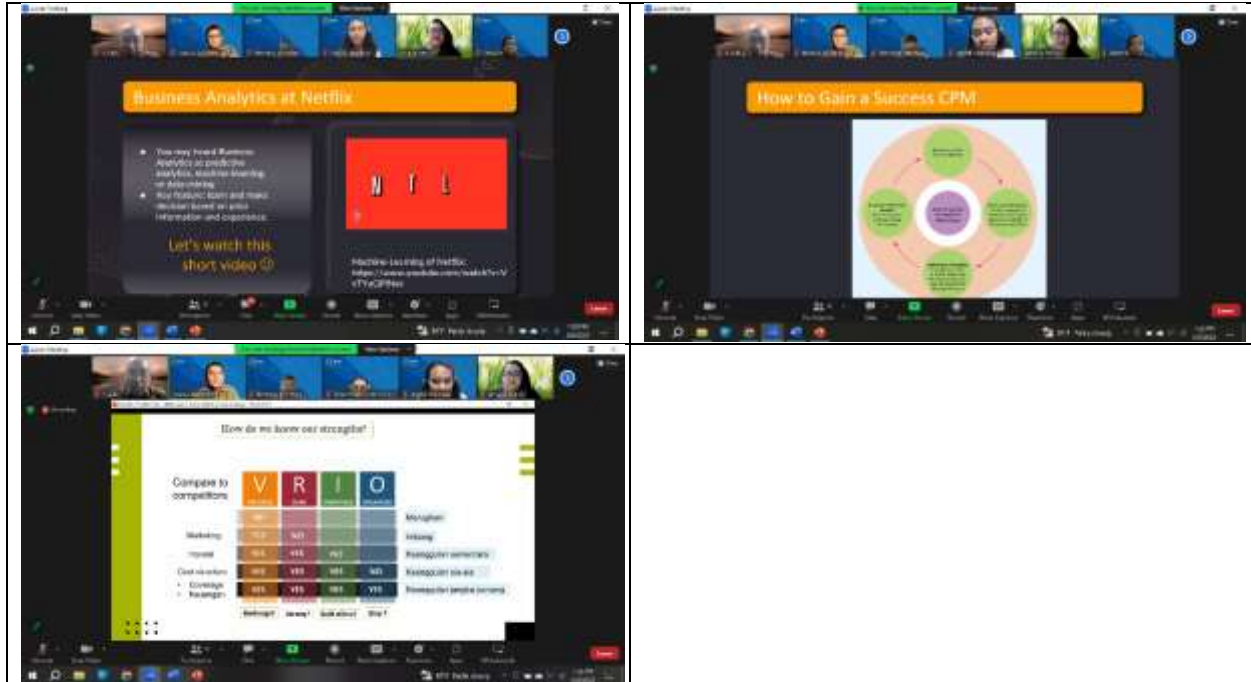
Environmental scanning

Industry analysis

External

### Why External Audits?

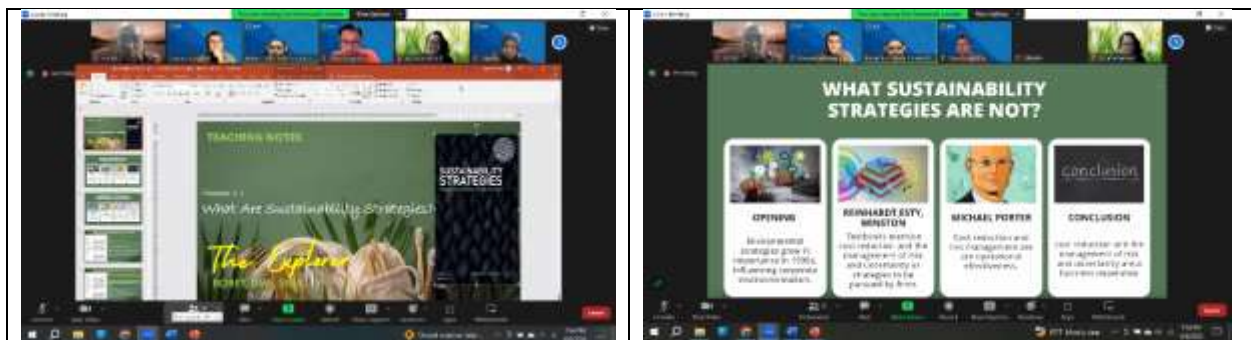
External Audits → Actionable Response → Strategic Planning

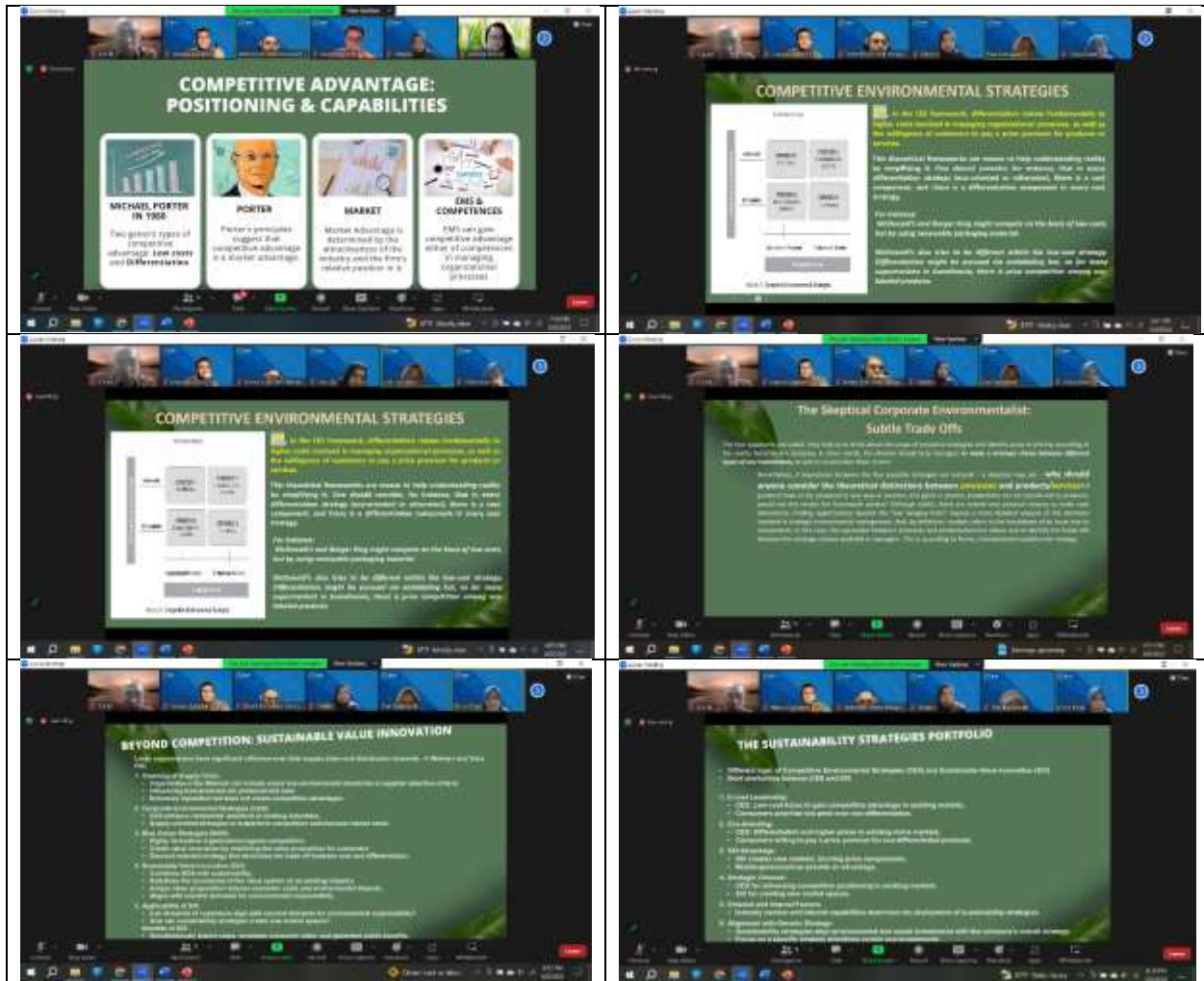


## Sustainability Strategies

Bobeth, Dwi Ratnawati, Sylvia

- Sustainability strategies are they not?
- Competitive advantages = positioning vs. capabilities
- Low costs vs differentiation as the stage model, what is this become the more advanced ones as strategies 1, 2, 3, or 4 as Eco Efficiency to Environmentally Cost Leadership?
- Beyond competition for various greening supply chain, corporate environmental strategies, blue ocean strategies, sustainable value innovation, what are those for?
- How do the strategies are different from each other between sustainability portfolios?
- The first step is to have **profitability** (1<sup>st</sup>) before you can take on **responsibility** (2<sup>nd</sup>) then **sustainability** (3<sup>rd</sup>).





**Facebook**  
**Wilmar, Rifki, Dian Nugroho**

- Tencent vs Facebook
- Private data vs public data = tech companies = confidentiality?
- Conglomerate Facebook vs. Tencent = Silicon Valley, cultural differences, should it bear on the great wall of China?
- Aside the GeoPolitics, Facebook is still usable until today? How fast it evolves and/or how slow it reduces or possible to merge = **is it the more the merrier?**

## Content

Tencent 腾讯  
facebook

- Introduction
- Competition
- Innovation
- Strategic Growth Done
- Challenges
- Main Issue
- SWOT Analysis
- Summaries (Answering main issues)
- Proposed Strategy

## Competition

- Facebook and Tencent are global tech giants competing in different markets.
- They both offer messaging platforms, BUT
  - Tencent's WeChat dominates in China
  - while Facebook's WhatsApp has a strong global presence.
- Tencent's gaming division is a major competitor to Facebook's gaming initiatives.
- Both companies are involved in the virtual reality space, with Facebook's Oculus VR and Tencent's VR investments.

## Innovation

- Information technology plays a vital role in driving innovation for both Facebook and Tencent.
- Facebook utilizes AI, AR, and data analytics to enhance user experiences and content moderation.
- Tencent focuses on technologies like AI-powered voice recognition, facial recognition, and cloud computing to offer advanced services.
- Both companies have introduced unique features and services, transforming from imitators to innovators.

## Strategic Growth Done

- Both companies have pursued growth through strategic acquisitions.
  - Facebook has acquired Instagram, WhatsApp, and Oculus VR, expanding its services and market reach.
  - Tencent has acquired Riot Games, Supercell, and Epic Games, solidifying its position in the gaming industry.
- Tencent has also made investments in various international companies, expanding its global presence.

## Challenge

- Privacy concerns have been a challenge for both Facebook and Tencent.
  - Facebook faced controversies like the Cambridge Analytica scandal and data breaches, raising concerns about user privacy.
  - Tencent has dealt with privacy issues and government surveillance concerns due to operating in China's regulatory environment.
- Operating in different markets with varying regulations, internet isolationism, and cultural differences pose challenges for both companies.

## Main Issue of The Case

- Which company, Tencent or Facebook, is better positioned to sustain its growth, accelerate momentum, and capture a larger share of the market?
- Can Tencent expand its platform globally and potentially challenge Silicon Valley giants?
- Should Silicon Valley giants fear the emergence of Chinese companies behind the Great Firewall of China?

## Facebook SWOT

<b>Strengths</b> <ul style="list-style-type: none"> <li>Global reach and strong brand identity</li> <li>Extensive user base and network effects</li> <li>Strong financial performance</li> <li>High-quality content and user engagement</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>Privacy concerns and data breaches</li> <li>Regulatory challenges in various markets</li> <li>Competition from emerging tech giants</li> <li>Over-reliance on advertising revenue</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>Expansion into emerging markets</li> <li>Investment in AI and AR technologies</li> <li>Strategic acquisitions and partnerships</li> <li>Virtual reality and gaming initiatives</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>Intense competition from Tencent and other tech giants</li> <li>Changing regulatory environments</li> <li>Shifts in user preferences and behavior</li> <li>Global economic downturns</li> </ul>

## A Comprehensive Strategic-Management Model

## Summaries

- Sustainable Growth and Momentum:**
  - Both Tencent and Facebook have experienced significant growth.
  - Facebook has a strong user base and diverse revenue from advertising.
  - Tencent has a diversified portfolio in gaming, social media, and finance.
- Expanding Globally and Challenging Silicon Valley Giants:**
  - Tencent has the potential to expand globally and challenge Silicon Valley giants if it can overcome its current challenges.
  - Facebook already has a strong global presence and is expanding its new initiatives.
- The Emergence of Chinese Companies:**
  - China's economic and market conditions highlight the potential of Chinese companies in the global market.
  - Global market giants may need to take note of the innovations and challenges emerging from behind the Great Firewall of China.
  - The growth of China's technology industry is not limited to its players, including Silicon Valley giants, to stay relevant and adaptable.

## Proposed Strategies

<b>Facebook:</b> <ol style="list-style-type: none"> <li>Diversify Revenue Streams: Focus on expanding revenue sources beyond advertising, such as payments, e-commerce, and subscriptions.</li> <li>Develop Emerging Technologies: Invest in research and development in augmented reality, artificial intelligence, and AI to create unique user experiences.</li> <li>Strengthen International Presence: Expand partnerships globally with local regulators, and take initiatives to acquire startups in emerging markets.</li> <li>Enhance Privacy Measures: Invest in robust data protection mechanisms, and take steps to regain user trust and maintain user base.</li> </ol>	<b>Tencent:</b> <ol style="list-style-type: none"> <li>Global Market Expansion: Invest in local partnerships and acquisitions to expand into new markets and regions, especially in the Chinese market.</li> <li>Strategic Focus (Market): Develop targeted market strategies and expand partnerships to tap into the growing global digital economy.</li> <li>Customer-centric Innovation: Leverage user preferences and data to create personalized products and services.</li> <li>Enhance Privacy and Data Protection: Invest in robust data protection mechanisms, and take steps to regain user trust and maintain user base.</li> </ol>
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Facebook Facing Off Against Tencent

**Introduction:** What if your company was being pressured to make a choice about whether to continue to operate in a market that is not profitable for you? Or to expand and operate in a market that is not profitable for you? Or to expand and operate in a market that is not profitable for you?

**First two paragraphs:** What challenges have you faced and how do you feel about it? How do you feel about it? How do you feel about it?

**Last two paragraphs:** How do you feel about it? How do you feel about it? How do you feel about it?

The steps that need to be taken are:

1. Create a summary of the case, what you comprehend. Make sure the reader gets the idea of the case (page 1-2 pages).
2. Identify the main issue or question from the title, the first few paragraphs, and the last few paragraphs of the case study (1 page).
3. Use 1 or 2 business analysis tools (such as PEST, 5 Forces, SWOT, Porter's) to identify the root cause and possible solutions (2-3 pages).
4. Find alternative solutions that align with the analysis results (2 pages).
5. Answer the questions listed in step 2 (1-2 pages).
6. Choose the best solution to solve the main issue, create a suitable strategy and program, and provide justification for choosing that option (2-3 pages).