

STRATEGIC MANAGEMENT FOR RESTAURANT BUSINESS (CASE STUDY: KEDAI PAPA LIEM)

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Abstract. This research devoted to evaluate the business strategy that currently being used by Kedai Papa Liem, a small restaurant that serve for all day dining occasion from breakfast until dinner. The restaurant purposely located near Setra Duta Real Estate main gate to scoop up all residents that lived inside Setra Duta Real Estate that said to be Kedai Papa Liem's main target market. Kedai Papa Liem first opening was in late-November 2013. They received a good response from the market. But since mid-January 2014 Kedai Papa Liem faces some difficulty to growth. The market started to saturated along with many new restaurant that opened around Pasteur road. Moreover those new restaurants are popular in Jakarta, so it attract many people included Setra Duta Resident which is Kedai Papa Liem's main customer to try them. This condition would disturb their plan to hold a Grand Opening in early February 2014, to celebrate Chinese New Year. The main problem they encountered was from internal factor, which is bad human resources management and business process. The other factor was because of the competition of Restaurant Industry in Bandung that keep tightens. On other hand she has a chance to broaden the market reach of her restaurant. Seeing the growth opportunities that available to grow her business, she start to think whether her restaurant able to be developed and how to do it. To start the research, first thing to do was analyzed internal and external factor that influenced Kedai Papa Liem's performance. The result would be used as the basis for EFAS and IFAS calculation to determine what directional strategy that suitable for corporate level. After that Business Strategy determined through Porter Competitive analysis with cost production and market size as the consideration. Last, TOWS matrix analysis would be conducted to determine functional strategies that used for each division in Kedai Papa Liem. The results were showing that Kedai Papa Liem could develop their business by using Growth Strategy because both result of IFAS and EFAS calculations showing positive number. On other hand, Business Strategy that suitable for Kedai Papa Liem was Integrated Competitive Strategy. This strategy would be used to win the competition among other restaurant so their sales performance will be To support their development plan in expansion, they should have more market share in Bandung's Restaurant Industry by provide more variant in product, with more affordable price than their competitors.

Keyword: Strategic Management, Restaurant.

Introduction

According to Michael Hartono, Director of Marketing & Communications National Rekso Food who licensing McDonald's in Indonesia, urban communities began to pay attention the importance of having breakfast in the morning (Suprpto, 2013). The trends became more popular since McDonald's breakfast menu succeeds to attract people's attention in 2011. The number of fast food restaurants that followed the breakfast trend were increased in each year up until now, indicate there was an increase of need for Outside of Home Breakfast among Indonesian people. There also some Casual dining restaurant who usually that start to offer a European and American breakfast menu in the morning with a limited time. They would change their menu into regular menu after the breakfast time ran out. It could be assumed that there was a high demand of foreign breakfast menu from Indonesian people. It made breakfast become a part of lifestyle for urban communities, especially for executive who always in tight schedule and college student who study abroad from

outside Bandung. Most of them were from middle-high economy because the price of European breakfast menus were relatively high compared to Indonesian traditional breakfast. Breakfast menu not only enjoyed in morning, some of restaurant also made it available to be ordered in other meal time.

This condition created a business opportunities. Since the same trend also occurred in Bandung, Mrs. Septhany open a restaurant that open in the early morning, to provides many kind regular main course food, also some of breakfast menu. This restaurant was positioned as a breakfast place especially for people around Setra Duta, because there were no restaurants or coffee shops that start to open in the early morning around Setra Duta area. Their market awareness were still low among Bandung people, it could be seen from the social media activities that the traffic mostly still the owner's friends and family. Furthermore, as a late mover in Bandung, they had to do extra effort to gain market that already owned by popular restaurant that also offer breakfast menu in the morning to grow their business. Kedai Papa Liem had to gain more market from outside Pasteur area to grow their business. Moreover those other restaurants location was in the central entertainment of Bandung city such as dago, Riau, and Setia Budi. However Kedai Papa Liem's location was ideal for them consider their current primary target market were Setra Duta's resident.

Kedai Papa Liem had a comfortable place that big enough for costumer to eat with a group of people. Unfortunately, their front parking space made customer difficult to park their car. Moreover, in peak time customer had to park their car a bit far from the restaurant, at the empty land inside the Setra Duta housing. This part would show how the theories correlated, and grouped together into themes that frame the subject of this project. It was the process of identifying a core set of connectors within a topic, and showing how they fit together. The theoretical framework of this project would be shown in the following figure (all step move to the right)

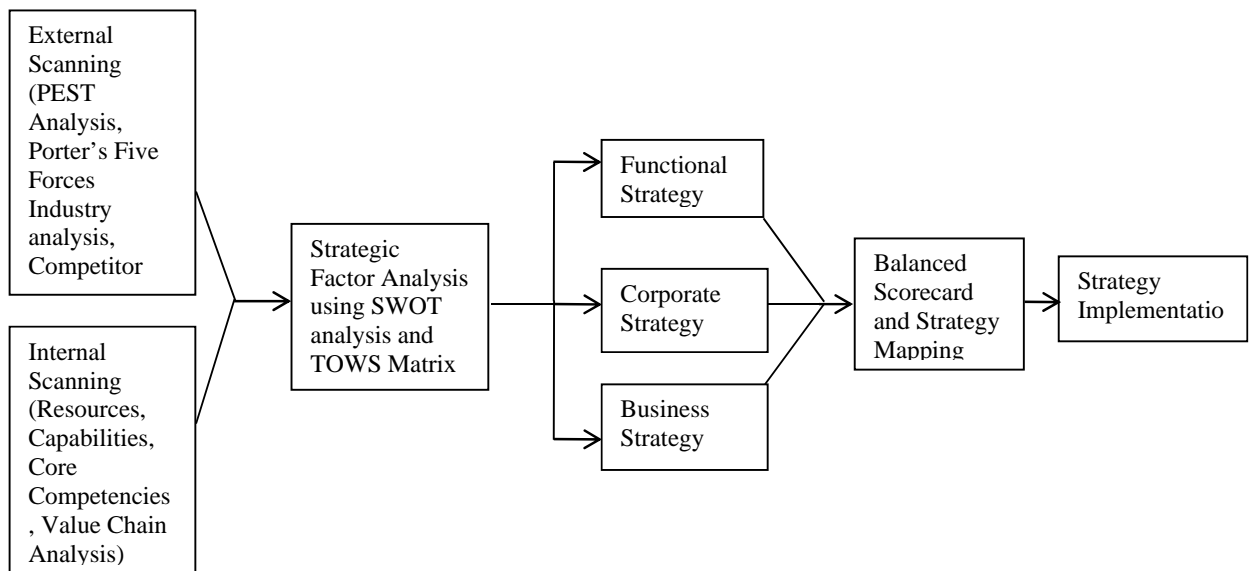


Figure 1. Research Framework

External, and Internal Environment Analysis

To formulate a strategy, organization had to do an environmental scanning in order to identify possible opportunities, threats, and its internal environment which was strength, and weakness. As come from Strategic Management according to Hitt, Ireland and Hoskisson in 1985, the environment divided into two factors which were external, and internal factors.

External Factor

According to Wheelen and Hunger, (2012 p. 94) external factors were formed by the society, physical resources, environment, and climate that could influence industries life, and its company that compete inside. Each company business would be affected by this external condition so it was important to understand the all factor, and its influence, they are:

Social and Demographic Social factors affected the demand for a company's products, and how that company operates. Furthermore, companies might change various management strategies to adapt to the social situation, and condition that occurred.

Political This factor consisted of the political situation of a country, and the world in relation to the country. For example, what sort of government leadership was affecting what decisions of a country. All the policies, all the taxes laws, and every tariff that a government levies over a trade falls under this category of factors.

Economic Economic factors were affecting all businesses, nationally, and globally. Economic factors affect the purchasing power of the customers, and the firms cost of capital. It includes areas like the exchange rates, the inflation rate the economic growth, the interest rate, the monetary or fiscal policies, the foreign exchange rate that affect imports, and exports, all these would determine the direction in which an economy might move.

Technology Technology was driving the businesses, and reduces time to market. Some technological factors were consisted of research, and development activity, automation, and stakeholder expectation. The direct impact usually had impact in productivity aspect. It could lead to more result produced because the capability that had improved, reduce the cost by increasing efficiency or even create something new to differentiate with other product that already circulated in market

Legal

Legal had some significant impact not only on the level of competition within an industry but also on which strategies might be successful. It include healthy, and safety, equal opportunities, advertising standards, consumer rights, and laws, product labeling, and product safety.

Porter's Five Forces

Porter has identified five competitive forces that shape every industry, and every market. These forces determined the intensity of competition, and hence the profitability, and attractiveness of an industry. The objective of corporate strategy should be to modify these competitive forces in a way that improves the position of the organization. Porter's model supported analysis of the driving forces in an industry. Based on the information derived from the Porter's Five Forces Analysis, management could decide how to influence or to exploit particular characteristics of their industry. The five factors that would be discussed are:

Threat of Entry of New Entrants The easier it was for new companies to enter the industry, the more difficult competition there would be. Factors that could limit the threat of new entrants were known as barriers to entry. Some of the barriers are

The threat of substitutes A substitute product was a product that appeared to be different but still could fulfill the same need as the origin product that substituted. To the extent that switching costs were low, substitutes could have a strong effect on an industry.

The bargaining power of suppliers This was how much pressure suppliers could place on a business. If one supplier has had a large enough impact to affect a company's margins, and volumes, then they hold substantial power.

The bargaining power of buyers This point explained how much pressure customers could place on a business. If one customer has a large enough impact to affect a company's margins, and volumes, then they hold substantial power.

The degree of rivalry toward competitor

Rivalry referred to a competitive struggle for market share between firms in an industry. Extreme rivalry among established firms poses a strong threat to profitability.

Competitor Analysis

According to Wheelen, and Hunger (2006), Michael Porter presented a framework for analyzing competitors. This framework is based on the following four key aspects of a competitor, those are Competitor's objectives, Competitor's assumptions, Competitor's strategy, Competitor's resources, and capabilities.

Internal Factor

Internal factors were formed by the strength, and weaknesses of the internal factors of the company that would give certain benefit or loss in fulfill the need of the company target market as a company (Wheelen & Hunger, 2012).

Resources According to toWheelen, and Hunger, (2012 p. 138) resources are firm's assets, including people, and the value inside the organization. Resources that were valuable and rare could lead to the creation of competitive advantage. Competitive advantage could be sustained over longer time periods to the extent that the firm was able to protect against resource imitation, transfer, or substitution. Resources classified in to two types based on their form they are Tangible and Intangible.

Capabilities Capabilities were the firm's capacity deploys resources that have been purposely integrated in achieving a company's goal. (Wheelen & Hunger, 2012). It also refers to a company's ability to exploit its resources. They consisted of processes, and routines that manage the interaction among resources to turn inputs into outputs.

Core Competencies Competency was a cross-functional integration, and coordination of capabilities. Meanwhile the term competence was used to explain a collection of competencies that crosses divisional boundaries, wide spread within the corporation.

SWOT Analysis

According to toWheelen, and Hunger, (2012 p. 176) SWOT analysis was an internal, and external factor analysis that ensures that objectives for a project were clearly defined, and that all factors related to the project were properly identified. This method created by Albert Humphrey in 1970. The SWOT analysis process involves four areas: Strengths, Weaknesses, Opportunities, and Threats.

Corporate Strategy

According to Wheelen, and Hunger (2006), corporate strategy was a strategy that used to determine a firm's direction as whole by enclosed all division, to improve their performances. The decision from all division would be integrated to manage the firm's business or product portfolio. Generally, there were three directional of strategy that identified as the path for firms to be developed: Growth, Stability, Retrenchment.

Business Strategy

According to Wheelen, and Hunger (2006), business strategy approach focuses on increasing positioning competitiveness on their products or services they offer in a specific industry where the company competing. There were two strategies that could be used in business level to improving the competitive position of a company's product; competitive strategy, and cooperative strategy

Functional Strategy (Using TOWS Matrix, and Value-Chain Analysis)

According to toWheelen and Hunger, (2012 p. 182) functional strategy was the approach a functional area takes to achieve corporate, and business unit objectives, and strategies by maximizing resource productivity. This strategy focuses on exploit the specific competence to be created into a competitive advantage for company. This strategy located in main business function level, such as sales, production, purchasing, human resources, and finance. The objective was to help a company to achieve the corporate strategy's goal by supporting the strategic business unit.

Value-Chain Analysis

Value-Chain Analysis was a process where a firm Identifies its primary and support activities that add value to its final product and then analyze these activities to reduce costs or increase of differentiation (Wheelen & Hunger, 2012, p. 144). Value chain represented the internal activities a firm engages in when transforming inputs into outputs by company take raw materials from the suppliers, process the raw material until design the marketing strategy of the product then distribute the final product to the end customers.

Balanced Scorecard and Strategy Map

Recently many companies around the world try to compete with each other not only from their ability to invest and manage physical asset, but also from exploit information that would affect their intangible asset performances that measured and managed by a method that called Balanced Scorecard. This Method were created by David Norton and Robert Kaplan in 1992. Not only measuring financial aspect from a company, it also using three other perspective that used to planning a new strategy that needed by a company, those are customer perspective, Business Process Perspective, Learn and Growth Perspective.

Research Methodology Overview

Research methodology was defined as highly intellectual activity used in the investigation of nature, and matter, and deals specifically with the technique in which data were collected, analyzed, and interpreted. This chapter would explain the research design and each tool that used to carry out this project in order to find the answer of the research question that shown in the first chapter, related to problem statement in this project. The research design would help reader more understand in conceived the whole project direction.

In-depth interview was used to evaluate participant who was the owner of Kedai Papa Liem to collecting data that needed. This research design would be showing the framework of this project, and explain all the methods that used to gather, and process the data that required for this project. The flow of the process would be shown on figure below



Figure 2 Research Methodology

Data Analysis

This Part would be contained all the data that collected through primary, and secondary research. Primary researches were consisted of external and internal factor that had influence to Kedai Papa Liem's business activities. External factor scanning were conducted using PEST analysis theory, and Porter's five force theory. The factor that gathered could be an opportunities that support Kedai Papa Liem's business activities or as threat. Internal scanning done based on value chain, and Porter's competitive strategy theories. The source of data would be explored from Kedai Papa Liem's resources, capabilities, and core competencies. The data were gathered through In-Depth Interview, observation, and empirical research.

In-Depth Interview

This part explored the information about the management, and development of Kedai Papa Liem restaurant. The information gathered through the interview that conducted with

MrsSepthanySantoso and MrsEvelineSubiana. They were selected as the informant because of their knowledge about aboutKedai Papa Liem that needed as the basis to analyze their current condition. The that collected were all internal and external factor that would be analyze using SWOT tools.

Observation and Analysis

To evaluate the condition, and situation of Kedai Papa Liem, observation about external, and internal analysis needed to be conducted. The result would be some factors that a

External Analysis

This part would analyze factors that affect the business from the outside of the company. External factors were formed by the society that affects industry, and company growth. It came from the society, government intervention in business and the general environment. Some of information also gathered from the discussion with owner, and Kedai Papa Liem's employee.

Social : Social factors in restaurant industries were related to pattern of behavior, tastes, and lifestyles. In Kedai Papa Liem's case, a change in people behavior in having breakfast was a trend that would attract people to come

Economic: Bandung economic in period 2010 - 2012 showed an increase, and significant growth (Produk Domestik Regional Bruto, 2013). It indicates that people in Bandung became wealthier since 2010. This economic condition gave chance to Kedai Papa Liem to gain more market from Bandung's people.

Technological: Technological cooking tools were critical factor that supporting Kedai Papa Liem to create their innovative foods. It used to maximize the result in taste, shape, and create efficiency in time, and cost for the production

Political and Legal: To create a restaurant, there were some terms and conditions that had to be followed; the government rules that regulate the right and obligation of owner, and employees.

Porter's Five Forces

Porter's 5 Forces would show the competitiveness level of the industry. Those 5 forces were threat of entry of new entrants, threat of substitutes, bargaining power of suppliers, bargaining power of buyers, and rivalry among companies.

Bargaining Power of Buyers: Bargaining Power of Buyers of Kedai Papa Liem was considered high because there were much kind of food, and beverage out there that could replace the unique food, and herbal beverages from Kedai Papa Liem

Bargaining Power of Suppliers: bargaining power of supplier were considered low because the material was not rare, and the supplier were able to be replaced and the switching cost not really high.

Rivalry between Restaurants: The growth level of restaurant, and café industry in Bandung was high. There are so many new restaurant, and café with each different concept to attract customers.

Threat of Substitutes: It was easy for Kedai Papa Liem's customer to replace their breakfast with those substitutes foods because it was easy to find, and the price that even lower. The conditions above indicate that the threat of substitutes for Kedai Papa Liem was medium.

Threat of Entry of New Entrants: The Economy condition in Bandung increased every year that made the business opportunities in the sectors of food industry were become popular, it would make many people want to try to create a restaurant, so the threat is high.

Competitor Analysis

Kedai Papa Liem as a small casual dining restaurant has some competitors who also make a similar concept with them. First one was Morning Glory Café. This café located in Setra Sari, about 20 minutes in distances without bad traffic from Setraduta. Actually this café had established before Kedai Papa Liem. The concept were similar, they create a comfortable space for hangout, and provide many cuisine from Asian, Western, and complemented with a high quality coffee. The different was they focused on café concept, a place to enjoy a coffee.

The other restaurant that had a similar concept was Kop TiamHochiak. This restaurant also opens their restaurant in the early morning. Their menus were similar in type, and varieties. It also located in Setra Sari area. Overall, Kedai Papa Liem was better than this restaurant. The other restaurants

were indirect competitors who offer a different food, and concept, such as Korean BBQ Chun GiWa, domino's pizza, Satay Hadori, and others.

Internal Analysis

Internal factors are formed by the strength, and weaknesses of the company that give certain benefit or loss in fulfilling need of company target market. The data were based on In-depth interview, and Focus group discussion that displayed in previous parts.

Resources: Kedai Papa Liem located beside the main gate of Setraduta housing. This location was strategic considered their main target market were people who live in Setra Duta housing. They seek the potential of the location because it near the Middle High housing that the area still lack of restaurant, and café. The restaurant was conceptualized to an old style Chinese bar that mixed with modern theme to attract people who passed by. Kedai Papa Liem had 14 employees in total that divided into two shifts with 6 persons in each of it, two others work in procurement activities, supervised by MrsEveline that control all activities when the owner not in the restaurant.

Capabilities: Corresponded with their position that a casual dining restaurant for all meal time especially for breakfast, Kedai Papa Liem able to serve their customer start in the early morning. The most competitive advantage of Kedai Papa Liem was their food, and beverages which were the creation of Kedai Papa Liem's chefs. Unfortunately, despite the food that said were delicious, the process of production time were still need to be improved. To complement their service, Kedai Papa Liem also provided a delivery service for customer want to eat their food in their house.

Core Competencies: Their main objective of Kedai Papa Liem was fulfill needs of people in Setra Duta area with a high quality food, drinks, and place to gather with family, and friends. They also aim to be a best place for breakfast for people who lived in that area, so people did not need to go far to fulfill their need of food in each time, especially for breakfast. To achieve that, they opened their restaurant in the early morning, and provide a full service since the beginning. The owner stated that everything must be done to ensure customer satisfaction and make it as the priority. When there was a customer who displeased, Kedai Papa Liem would try to fix that condition with give them some discount or free item.

Value Chain Analysis

This Value chain analysis was used to build Kedai Papa Liem's competitive advantage through analyzing the Kedai Papa Liem's business activities and to found out which activities were the key value chains from the whole activities, and then identified the linkages between each activity.

Primary activities Identification

Inbound Logistics: The activities for this part were handling, and ware housing the material. Those activities were done by pantry. The material quality was checked and classified based on the chef guidance to make sure there were no defect materials that would produce a bad taste to the customer

Operations:Food processing and Welcoming the customer were the main activities for daily operational in Kedai Papa Liem. Foods and beverages processing were done by the chef, helped by the pantry. On other hand, welcoming the customer was done by the waiter.

Outbound Logistics:Kedai Papa Liem was a restaurant industry that offered a dining place in the restaurant, that basically did not contain outbound logistic activities.

Marketing and Sales:Kedai Papa Liem did not give any effort in promoting its existence to people outside Setra Duta area. They only relied on customer review through Word of Mouth process.

Service: The owner always instruct the waiter to addressing customer compliments by asking them what more they need after having their order on table. Unsatisfied customers would be given a letter of regret, and a gift as a form of apology.

Support activities Identification

Firm Infrastructue: Kedai Papa Liem organizational structure was a divisional structure that consisted of two divisions, Support division, and Operational division.

Human Resource Management: Human Resource Management were handled by Mrs. Eveline, owner's assistant who also the head chef for Kedai Papa Liem. The training was focused for chef on

how to create all of menu that offered by Kedai Papa Liem to the customer. The receipt of menus were be taught directly by her to make sure the new chef able to master the procedure.

Product, and Technology Development: Kedai Papa Liem's had an operational car that used by support division when purchasing the foods and beverages material that were important for daily operational activities. To support their customer service activities, Kedai Papa Liem utilized Blackberry cellular phone as a media to communicate to their customer.

Procurement: Kedai Papa Liem's procurement activities were buying all food and beverages material from the supplier. The schedule for vegetables purchasing were every day in the morning, and for other material such as beef, pasta, oil and beverages material were depend on the stock in their inventory. The primary supplier for raw material products were from Setiabudi Supermarket

SWOT Analysis

This analysis created based on internal, and external analysis through interview result, and observation. The analysis consisted of the strength, weakness, opportunities, and threats that would influence Kedai Papa Liem business activities. The data would be shown in the next part in strategy formulation.

Strategy Formulation

This part would discuss the strategy that would be suitable for Kedai Papa Liem's current condition based on their mission objective in improving their performances. The theory that used were Grand Matrix Strategy, Porter's competitive Strategy, TOWS Matrix strategy, and Value Chain analysis based on its competitive advantage.

Grand Matrix Strategy

To revealed the condition of Kedai Papa Liem, and determine what kind of appropriate strategy to support the performance improvement, a grand matrix that contained the IFAS (Internal Factors Analysis Summary), and EFAS (External Factors Analysis Summary) that the rating of each factor were discussed with the owner.

Table 1 IFAS of Kedai Papa Liem

No	Strengths	Importance	Weight	Rating	Weighted Score
1.	Unique and delicious Foods and Beverages	5	0.13	4	0.52
2.	Good Delivery Service	4	0.11	5	0.55
3.	Comfortable place for dine and good facilitation	3	0.08	4	0.32
4.	Strategic Location	4	0.11	3	0.33
5.	Customer-oriented Culture	5	0.13	4	0.52
No	Weaknesses	Importance	Weight	Rating	Weighted Score
1.	Lack of marketing activities (advertisement, promotion)	5	0.13	-4	-0.52
2.	Unclear preposition valueas Breakfast Restaurant	5	0.13	-5	-0.65
3.	Bad Dine-in Service	4	0.11	-3	-0.33
4.	Small parking lot	3	0.08	-4	-0.32
	Total		1		+0.42

The total score of measurement of IFAS is 0.42, it could be concluded that the company strength is bigger than the weakness even the differences were so small. That means Kedai Papa Liem should grow the business since they have a good potential in doing their business by utilize their resources, and capabilities.

Table 2 EFAS of Kedai Papa Liem

No	Strengths	Importance	Weight	Rating	Weighted Score
1.	Unique and delicious Foods and Beverages	5	0.13	4	0.52
2.	Good Delivery Service	4	0.11	5	0.55
3.	Comfortable place for dine and good facilitation	3	0.08	4	0.32
4.	Strategic Location	4	0.11	3	0.33
5.	Customer-oriented Culture	5	0.13	4	0.52
No	Weaknesses	Importance	Weight	Rating	Weighted Score
1.	Lack of marketing activities (advertisement, promotion)	5	0.13	-4	-0.52
2.	Unclear preposition valueas Breakfast Restaurant	5	0.13	-5	-0.65
3.	Bad Dine-in Service	4	0.11	-3	-0.33
4.	Small parking lot	3	0.08	-4	-0.32
	Total		1		+0.42

Based on the calculation from the table above, the total score of measurement of EFAS was 0.23, a positive result. It could be concluded that the company opportunity factors has bigger affect than the threat factors. It means Kedai Papa Liem should develop their business by utilize every opportunity that available to support their business.

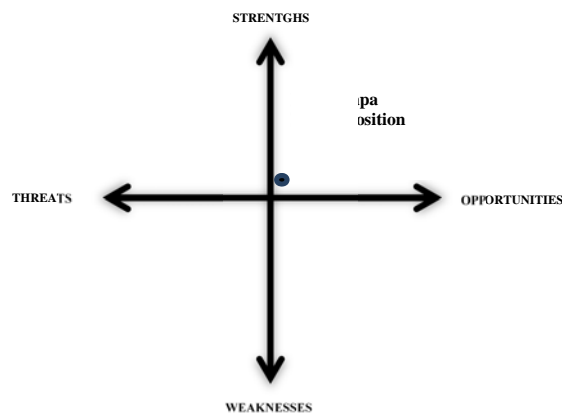


Figure 3. Kedai Papa Liem's Growth position

Based in the Grand Strategy Matrix, the position of Kedai Papa Liem was on quadrant 1 which is "Growth" where the x coordinate falls in 0.23, and the y coordinate fall in 0.075. This situation means that growth strategy was the suitable strategy for Kedai Papa Liem since there are a lot of business opportunities, and Kedai Papa Liem has the capability to grow.

Porter's Competitive Strategy

From the advantages aspect or the strong point of the product, Kedai Papa Liem provides much kind of foods, and beverages that delicious, unique, and affordable. Competitive strategy that would suitable for Kedai Papa Liem's current condition was the Focus Integrated Competitive Strategy where they aimed for the product uniqueness but still in affordable price. Their current targets were a niche market which was people around the restaurant location.

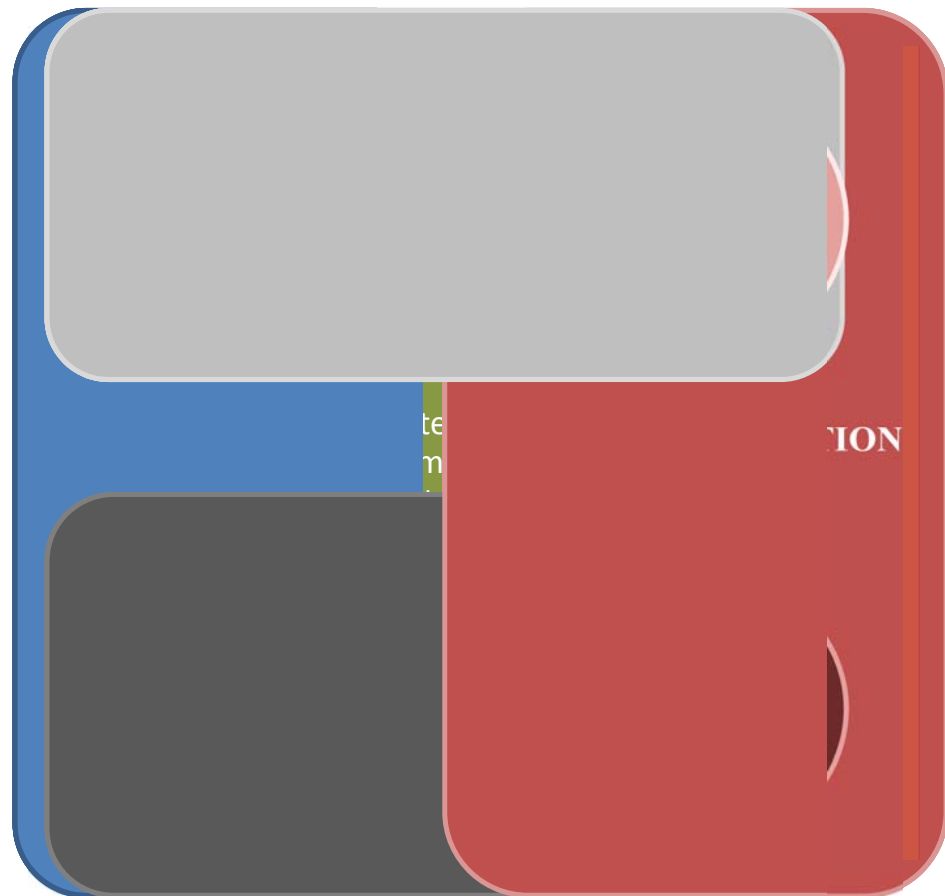


Figure 4: Kedai Papa Liem's Competitive Strategy

TOWS Matrix Analysis

The analysis would use the strategic factor based on SWOT analysis that explained in the previous part. It contained Kedai Papa Liem's Strengths, Weaknesses, Opportunities, and Threats that collected from observation, and interview.

Table 3 TOWS Matrix Analysis

IFAS EFAS	STRENGTHS (S) S1. Unique and delicious of Foods and Beverages S2. Good Delivery Service S3. Comfortable place for eat, and good facilitation S4. Strategic Location S5. Customer-oriented Culture	WEAKNESSES (W) W1. Lack of marketing activities W2. Unclear preposition value as the breakfast restaurant W3. Bad dine-in service W4. Lack of parking lot
OPPORTUNITIES (O) O1. Trend of hanging out among college students O2. Well known of its delicious Chinese street vendor menu O3. Free promotional marketing from its customer O4. Breakfast outside of home occasion trends	Opportunity – Strength Strategies(OS) 1. Develop more variety of breakfast menus (O4, S1) 2. Create a halal version of Chinese street food selection (O2, O4) 3. Improve the food, and beverages presentation to make it more attractive when reviewed by customer (O3, S1) 4. Make the interior more comfortable for hang out (O1, S3)	Opportunity – Weakness Strategies(OW) Encourage customer by Giving a discount for customer who share their experience in Kedai Papa Liem (O3, W1)
THREATS (T) T1. Existence of similar restaurant T2. Price inflation in Food material T3. Threat of popular restaurant that recently open T4. Threat of other restaurant that wanted to hijack Kedai Papa Liem's employee	Threat-Strength Strategies (TS) 1.Improve the food taste, and varieties to win the competition toward other restaurant that had potential to threatening (T1, T3, S1) 2. Develop new menu that require a low price material. (T2, S1)	Threat-Weakness Strategies(TW) 1.Make an effective Human Resources Strategy (T4, W2) 2. Create an effective Marketing Strategy(T1, T3, W1)

Recommendations

From the Grand Strategy matrix, Kedai Papa Liem was located in the "Growth" quadrant which means that this restaurant has the capability to grow and gain more market, that means they need a direction of how they should do to develop the their performances.

Business Strategy

This business strategy would be used on improving Kedai Papa Liem's competitive position in Food Industry of Bandung. Based on Porter's Competitive strategy, Competitor analysis and Value Chain analysis result, strategy that needed by Kedai Papa Liem was integrated competitive strategy. Currently, Kedai Papa Liem was concerned in Differentiation Focus strategy to obtain their narrow target market which is Setra Duta residents. However, to grow their business, Kedai Papa Liem had to suppress the cost they spent to provide a low price product. In other hand, Kedai Papa Liem also needs to create a differentiation to penetrate the market where many competitors had already possesses loyal customer in certain amount. To win the market, they should improve their atmosphere's place and product quality in the same level of their competitor, even higher, but with a lower price to attract the market.

Functional strategy

Functional strategy was formulated to achieve corporate and business unit objectives and strategies of Kedai Papa Liem by maximizing their resource and productivity. The orientation of these

strategies was dictated by Kedai Papa Liem's business strategy which was Integrated Competitive Strategy that collaborate the Focus competitive strategy and differentiation strategy. There would be three functional area that had to be improved by implementing the strategy; marketing, operation, and human resources

Marketing Strategy: A marketing strategy that needed was product development strategy. They had to develop a new product for their existing main market, which was breakfast consumer to prevent the market bored with Kedai Papa Liem's menu and to make them interested to visit Kedai Papa Liem more frequently. They also could create a new product for a new market, such as create more dessert variant. Dessert industries also had a good response from Bandung people.

For the next step, they could use market development strategies to capture larger share of an existing market through market saturation and market penetration. In order to that, their market awareness had to be increased.

Operation Strategy: They have to improve their efficiency in some of their activities especially in restaurant industry's key value chain activities, procurement and inbound logistics. Kedai Papa Liem could use E-Procurement program service where the order and purchasing were done online. They should not have to visit the supplier to order and transport the items they purchased to the restaurant because all of activities were done by the supplier.

The other alternative option to cut the expense was by having another supplier from traditional market. Compared to Setiabudi Supermarket, Traditional Market price was far lower. Their quality and freshness also not lose from items that available in Super Market.

Human Resources Strategy: To improve their Human Resources performances, Kedai Papa Liem should conduct some training to improve the employee's skill and teamwork. They also have to create a clear and proper provision for employee's payment for their employee to prevent unfair treatment, such as pay for performance, giving incentives and rewards. It would encourage employees to work harder because their payment was based on their performance. Employees also would get a higher income when they achieve some goals that defined by owner.

1.1.1.1 Balance Scorecard and Strategy Map

In this research, Balanced Scorecard would be used to summarize all Kedai Papa Liem's strategy and the one that had been determined after analyzed Kedai Papa Liem's internal and external factor that translated into strategies along with their objectives, measures, and target that needed to be achieved.

Table 5Balanced Scorecard of Kedai Papa Liem

KEDAI PAPA LIEM'S BALANCE SCORE CARD	Objectives	Measures	Targets	Initiatives
Financial	<ul style="list-style-type: none"> • Wealthy Financial Performance • Positive Cash Flow • Have potential to be Developed into a Bigger Scale Restaurant • Ready for Expansion 	Sales	Increase	<ul style="list-style-type: none"> •Intensive Marketing Activities •Develop New Product •Develop New Market
		Profit		<ul style="list-style-type: none"> •Reduce Operational Cost by Enhance Efficiency •Streamline the Operational Activities

Customer	<ul style="list-style-type: none"> • Delicious and healthy beverages • Well known as a Creative and Innovative restaurant • Recommended place for breakfast • Have an excellent service • Authentic taste of chinese cuisine 	Market Share	Increase	<ul style="list-style-type: none"> • Product Development • Accepting Critic and Suggestion from Customer • Membership Program • Promotional Program
		Market Size		<ul style="list-style-type: none"> • Market Development • Create Attractive Communications Kit for Marketing Program • Opening New Branch • Start the restaurant's activities from 5 am
Business Process	Increase Operational Efficiency	Cost	Reduce	<ul style="list-style-type: none"> • E-Procurement Program Implementation • Computerizing Key Activities • Effecting Value Chain Activities
	Increase Product Varieties	Customer Satisfaction	Improve	<ul style="list-style-type: none"> • Trend and Behavior Analysis • Chef Training • Frequent Quality Control • Develop More Food and Drink Variant • Complement Delivery Staff with Location Tracker • Provide more cooking tools and enlarge the kitchen
	Provide Excellent Product and Service			
Learning/Growth	Bring Out a Skillful and Customer Satisfaction Oriented Employees	<ul style="list-style-type: none"> • Product Quality • Service Quality 	Improve	<ul style="list-style-type: none"> • Introducing Advanced Technology to Improve Product and Service Quality • Employees Training and Development • Hire more chef to help delivery order • Make the restaurant open earlier
	Improve Employee's engagement	<ul style="list-style-type: none"> • Employee's Motivation • Employee's 	Improved	<ul style="list-style-type: none"> • Performance Appraisal • Regular Incentive

		Satisfaction		and Benefits •Employees Motivational Program
	Business Expansion	Market Reach	Improve d	•Open New Branch •Broaden Delivery Service's reach
	Effective Organizational Structure	Operataional Efficiency	Improve d	•Using Functional Structure •Assign a Manager position

In this research Strategy Map also used to review progress against the Kedai Papa Liem's strategy that explained in previous chapter. It supports the Strategic Management process. The scorecard part of the Balanced Scorecard approach was used to review operational progress: the Operational Management process.

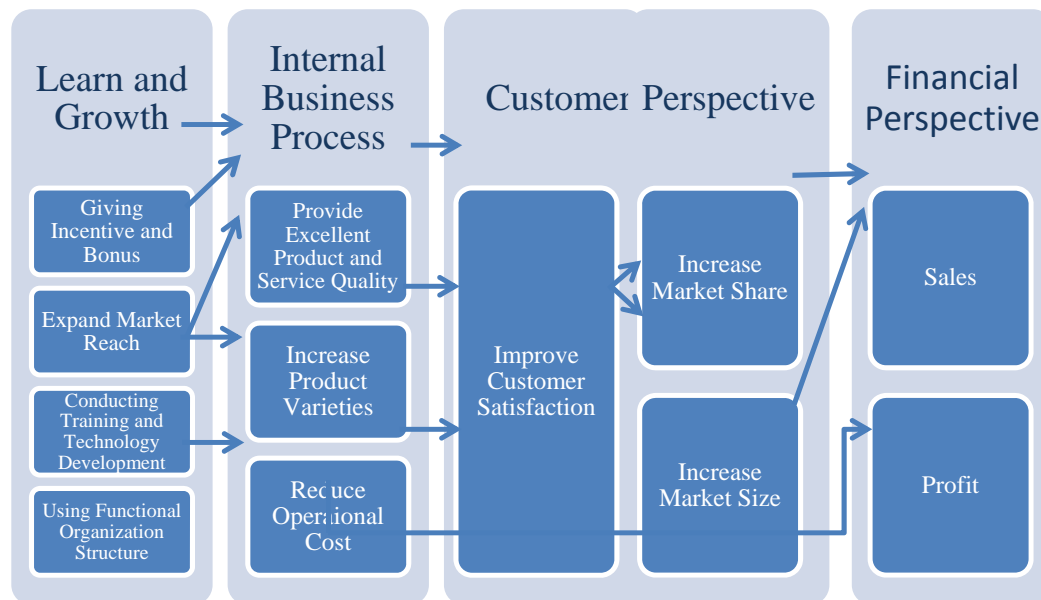


Figure 6 Strategy Map

Implementation Activities

It was the process by which Kedai Papa Liem's objectives and current performances were analyzed and evaluated, then the results were put into action through development of programs, budget and procedures. The purpose of program was to make a strategy action become oriented. The first program that offered was to readjust Kedai Papa Liem core competencies as a Breakfast Restaurant. Their value was not well received by the customer because of the miss open hours that did not match their customer expectation. Kedai Papa Liem have to make their restaurant open more early so people could enjoy Kedai Papa Liem's food before they went out of home to doing their regular activities. They should be able to receive customer's order start from 5am for both dine in service and delivery service. This change should be tested for several weeks to find out customer response regarding Kedai Papa Liem's breakfast service. If the response is negative, Kedai Papa Liem have to change their preposition value, just become a restaurant that offer a breakfast menu that available for all day, because their market's behavior actually did not match their strategy. After that Kedai Papa Liem should change from simple structure to a functional structure. Using a functional structure would help Kedai Papa Liem to implement the strategy.

The second programs were training and development program for all of employees to improve their skills and motivation to work in Kedai Papa Liem. The training also could increase their other soft skill in order to make them able to do a cross tasking when the restaurant traffic was high.

The third program that had to be conducted was promotional program to support Kedai Papa Liem Marketing activities based on product development strategy. To inform the customer regarding Kedai Papa Liem's new product varieties, they had to create a promotional program to make their customer know and interested to try it.

Based on in depth interview result, dine-in customer's orders that took much time to be served were caused by the delivery order that already being processed so the dine-in customer's dine-in order would be delayed. So the fourth program is to overcome this problem, by hire more chef to support the current chef, and enlarge the kitchen also add more cooking tools that needed to improve Kedai Papa Liem's production process. So the fourth program is improve Kedai Papa Liem's production capability by provide more cooking tools and hire more chef, or train some waiter to be able helping the chef in producing customer order.

And the last program to support the strategy that formulated was computerization program. This program would make some of the activities that conducted in Kedai papa Liem become computerized, such as in inventory record, procurement activities, recording customer order and bill, and financial reporting. This program would make cost efficiency that would reduce Kedai Papa Liem's expense in the future.

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