THE SWOT ANALYSIS AND DEVELOPMENT STRATEGY OF A FOREIGN COMPANY IN GLOBAL MARKET
(A Case Study of PT. Sunlot Indonesia Company)

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THESIS ADVISOR

RECOMMENDATION LETTER

This thesis entitled “THE SWOT ANALYSIS AND DEVELOPMENT STRATEGY OF A FOREIGN COMPANY IN GLOBAL MARKET (A case study of PT SUNLOT Indonesia)” prepared and submitted by Wang Caifei in partial fulfillment of the requirements for the degree of bachelor in Faculty of Economic has been reviewed and found to have satisfied the requirements for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, February, 2013

Aknowledged by: Recommended by:

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Head of Management Study Program Thesis Adviser
DECLARATION OF ORIGINALLY

I declare that this thesis, entitled “The SWOT Analysis and Development Strategy of a Foreign Company in Global Market (A case study of PT SUNLOT Indonesia)” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, February, 2013

Wang Caifei
THE Panel of Examiners declares that the thesis entitled “The SWOT Analysis and Development Strategy of Foreign Company in Global Market (A case study of PT SUNLOT Indonesia)” that was submitted by Wang Caifei majoring in International Business from the Faculty of Economics was assessed and approved to have passed the Oral Examinations in February, 2013.

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ABSTRACT

This study was about a foreign company environment factors analysis for business development strategy in global market. This case is using SWOT analysis of the PT. Sunlot Indonesia to analysis the company environment factors and the development strategy in the Indonesia market. PT SUNLOT Indonesia is established in April 2011; also can called new company in Indonesia. As a new company they must to analyze the company environment in the market, and to know how to make strategic to development.

This thesis is supposed to use SWOT analysis research the company environment of PT SUNLOT Indonesia. And then use the SWOT Matrix to develop the strategies based on the SWOT Analysis.

Based on SWOT Analysis, researcher has developed the strategies as follow: through franchise stores distribution to build the strong brand in Indonesia market, and improve the service quality and production technology to compete with competitors. Use strong supply force and SUNLOT Group scales, take full advantage of Center Company’s support, attract more investors join with the company, develop other markets, and visit potential new customers. And re-arrange the employee recruit plan, improve employees’ works efficiency. And for the supplier payment they use the long term liabilities to reduce the threat of currency exchange rate instability.

Key Words: Foreign Company, SWOT Analysis, SWOT Matrix, Development strategy
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Cikarang, Indonesia, February, 2013

Wang Caifei
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CHAPTER I

INTRODUCTION

1.1 Background of study

Because of the global business fast development in the modern market, many companies have recognized the importance of conducting business activities outside the home country. Industries that were essentially national in scope only a few years ago are dominated today by a handful of global companies. In most industries, the companies that will survive and prosper in the twenty-first century will be global enterprise.

When a company has decided to enter or expand overseas it must decide the organizational nature of its operations in that foreign country. And the company must to know the competition environment of the market. From the market environment factors to analysis the company’s competitive strength. That will be clearly to understand the company’s business development direction. If we have a well-known market analysis and perfect developmental strategy, we are determined to win.

Firms nowadays are internationalizing much more than before, they are also internationalizing faster than ever. Indonesia is the largest economy in Southeast Asia and is one of the emerging market economies of the world. The country is also a member of G-20 major economies. It has a market economy in which the government plays a significant role by owning more than 164 enterprises and administers prices on several basic goods, including fuel, rice, and electricity. The Indonesia market was a very huge potential market, if we have a well-known market analysis and perfect developmental strategy, we are determined to win. (http://en.wikipedia.org/wiki/Economy_of_Indonesia)
1.2 Indonesia Country Profile

Indonesia is considered as Republic country. It declared its independence on 17th August 1945 from Japan so 17th August is the national holiday. Indonesia’s legal rules and regulations are based on Roman-Dutch law. Their constitution has abrogated by Federal Constitution in 1949 and Provisional Constitution abrogated in 1950 which restored on 5 July 1959. (Sunderasan, 2009, p.5)

In Indonesia after every five year election is being contested for president and vice president post by direct vote of the citizenry. Last time it was held on 8 July 2009 (next to be held in July 2014) Susilo Bambang has been elected as president and Muhammad Yusuf Kalla is the Vice-President. Similarly, Cabinet also appointed by the president. So for next 5 years there are more chances of stability of the government. Indonesia labor forces by occupation have 42.1% on agriculture, 18.6% on industry, and 39.3% on services.

Indonesia is considered as a developing country. Due to the government policies and treasure of national resources, their GDP growth has been increasing rapidly from last few years. They spend 23.5% of their GDP to develop their nation. According to 2007 announced budget they had revenues $92.62 billion and expenditures $98.88 billion in 2008. They have hub of natural resources such as in Oil production, it has 23rd rank, in natural gas production and in export it is on 8th position. (Sunderasan, 2009, p.7)

Foreign direct investment is one of the most important factors for every country. It plays a vital role in Indonesia growth rate. It is a developing country so they have good inflow of FDI. It was $67.3 billion in 2008 compare to $58.96 billion in 2007 and they are on 45th position in FDI stock.

Due to change in population, income, import and export in Indonesia are increasing every year. The total import in 2008 was $125 billion compare to $85.26 billion in 2007. The major import commodities are machinery, equipment, chemicals, fuels and foodstuffs. The major import partners are Singapore 16.9%, China 11.8%, Japan 11.7%, Malaysia 6.9%, US 6.1%, South Korea 5.4%, Thailand 4.9% (2008). In the same way due to economic growth improvement in productivity, government policies,
export is also increasing rapidly. It was $93.3 billion in 2008 compare to $83 billion in 2007. The major export commodities are oil and gas, electrical appliances, plywood, textiles and rubber. The major export partner countries are Japan 20.2%, US 9.5%, Singapore 9.4%, China 8.5%, South Korea 6.7%, India 5.2%, Malaysia 4.7%. (Sunderasan, 2009, p.13)

Indonesia has a large population, which is increasing at a steady rate. It is on the 5th position all over the world with total 240,271,522 populations which is growing at 1.13%. The birth rate in Indonesia is 18.84 births/1,000 and the mortality rate is 29.25 deaths/1,000 populations. The total life expectancy rate is 70.76 years in which for male its 68.26 years and for female its 73.38 years. 52% of total populations live in urban areas which are increasing at 3.2% every year.

Indonesia has effective and highly developed transport system with 139 airports, railways with 8529 km and water ways covering 21579 km and major ports are Banjarmasin, Belawan, Ciwandan, Kotabaru, Krueg Geukueh, Palembang, Panjang, Sungai Pakning, Tanjung Perak, Tanjung Priok. It has one of the largest merchant moraine with 971 in which 114 is already registered in foreign country.

Its geographic environment is one of the most complexes and varied in the world. By one count, it has situated in South-Eastern Asia between the Indian Ocean and the Pacific Ocean. It has total 1,904,569 sq km area in that land is 1,811,569 sq km and water is 93,000 sq km. Basically it is hot and humid country. At least 669 distinct languages and well over 1,100 different dialects are spoken. The nation encompasses some 13,667 islands; the landscape ranges from rain forests and steaming mangrove swamps to arid plains and snowcapped mountains. (Sunderasan, 2009, p.16)
1.3 Company Profile

1.3.1 History of Sunlot Group

In January 2002, Jiangsu famous brand career promotion association awarded "Jiangsu market recognized brand products"; at July, China building hardware products association awarded "China famous brand faucet industry 10" title, and opening ceremony held in the great hall of the people.

In May 2003, the first in the industry was awarded "national water saving product" title; and the company developed by leading domestic level "control gravity JiaoZhuJi" and "control double cavity induction furnace frequency", make traditional sand casting process has the historic breakthrough and development, fill a blank in China, for the development of the foundry industry made great contributions; On October 1, the fifth anniversary of the group has established a new factory area and completion of celebration activities, and hold inaugural ceremony;

In April 2004, China building health ceramic association awarded "China defends bath product industry well-known brand" title; In July, the company developed a new water saving appliances-constant water tap, and got the patent, the product in the same conditions water saving 60% more, and in the domestic and international of pioneering; At August, the authentication center awarded "national water saving contribution" title; At September, the production of ceramics piece seal water mouth, health equipment and other products with hose special campaigns by the Beijing municipal building materials market leading group rated as "quality credit products"; Till November, the enterprise name changed to be "ShenLu group Co., LTD.", in the trade in China is the first enterprise legal name not with the name of the regional enterprise; In December, the Chinese hardware products association awarded "the product high quality prize" title;

April 2005 ShenLu group Co., LTD. is the Asian economic and trade cooperation committee, the United States international quality certification commission and the China international brand association named "Chinese famous brand", "the
international famous brand development enterprise; In May, the company awarded "2004 in Fujian province quality management advanced enterprise" by Fujian quality technology supervision bureau. On September 1, the national quality supervision, inspection and quarantine awarded the title of "China famous brand" products.

In March 2006 "special ceramic" brand products expand to "national water-saving product certification"; In June, the company invested RMB 20 million renovation Huaying metal plating factory, and the introduction of automatic plating lines and wastewater membrane treatment method technology. In July, the company to invest RMB 140 million Yuan in the construction of industrial areas south of Wai sanitary ceramics production lines; In October, certified by the radius of the center of ISO9001, ISO14001, and OHSAS18001 management system certification; In October 2006 the company invested RMB 100 million Yuan in the construction of industrial areas south of Wai sanitary ceramics production base, China's first company to achieve the integration of sanitary ware plumbing business; In November, China Building Sanitary Ceramics Association awarded the "sanitary industry in China Famous Brand"; And China Building Sanitary Ceramics Association, bathroom accessories Branch awarded the "China Green taps" title; the company was again China Standard Certification Center awarded the "water-saving contribution Award"; In December, "Shenluda", "special ceramic" brand products at the same time by the State General Administration of Quality Supervision, Inspection and Quarantine awarded the "national exemption product" title of honor; December 2006 - 2007 "Shenluda", "special ceramic" brand products in Fujian Province famous brand products are assessed simultaneously Committee awarded the "Fujian Famous Brand" title; In 2006 constant Osaka valve base 200 acres of land purchased for Shenluda Group's new plant rebuilt in Nanan City, the company began the development of "integrated smart toilet"

In June 2007 the government awarded the Quanzhou Quanzhou class "Shenluda Group Co., Ltd. Technology Center" title; In September, "Shenluda" trademark by the State Administration for Industry as "China Famous Trademark", the formation of a justice, well-known two-identified business enterprises; and the Group by China
Brand Research Institute named as the first "China Science and Technology brand 500"; In October, in the drafting of national standards for the smart toilet preparation; In 2007 the company began the development of "digital thermostatic faucets"; In December, "Shenluda, especially pottery," Tap approved the inclusion of "energy-saving products in government procurement list" for the mandatory purchase catalog products by the Ministry of Finance, National Development and Reform Commission; and the Shenluda Group Co., Ltd. Technology Center was recognized as "Fujian Provincial Enterprise Technology Center";
Drafted in March 2008 to develop "digital thermostatic faucets" national standards; April 2008 "Shenluda, special ceramic" sanitary ware products through the "China Environmental Label Product" certification, and selected the NDRC, the Ministry of Finance jointly issued a compulsory purchase directories of government; May 2008 Shenluda officially arrived in Osaka in the constant production of the valve base; In June 2, the company released by World Brand Lab named "2008 China Top 500 most valuable brands," the first 489; In June 8, the company won the first national "AAA-grade corporate credit rating certificate"; In September, "Shenluda" trademark was identified as Fujian Provincial Department of Foreign Trade "Fujian well-known international brand"; In October, China National Hardware Association Building Hardware Branch awarded the "Professional Committee of plumbing ware and valves" vice-chairman; and Quanzhou Federation of Trade Unions awarded "advanced unit of foreign workers caring" title; In November, China Building Sanitary Ceramics Association awarded the "China sanitary Famous Brand"; and China Building Sanitary Ceramics Association, bathroom accessories Branch awarded the "China Green taps" title. In December, China National Hardware Association awarded Shenluda brand ceramic sealing leading to the 2008 "Product Excellence Award"; In December 26, China National Hardware Association awarded the "National Metal products industry advanced collective"; and served as the Fourth Council of China Hardware Association, vice chairman of the unit; 2008 Corporation tax Shenluda total topped 100 million yuan (10.02 million yuan); 2009 Shenluda Group developed numerical constant temperature basin faucets,
shower faucets digital thermostats and other products listed on the official; In February 10, Shenluda industrial park start of the project; and the industry as the “well-known enterprises in Fujian Province famous” by Fujian Provincial Administration. June 16, 2009 published by the World Brand Laboratory selected the "2009 China Top 500 most valuable brands," the first 428; in July, the Shenluda Group responsible for drafting the GB/T24293-2009 "digital thermostat Tap standard" officially upgraded to national standards. August 2009 appeared in the "top 300 industrial enterprises in Fujian Province," No. 291; in August, "Shenluda" trademark was awarded Office of Fujian Provincial Foreign Trade 2008-2009 "Fujian well-known international brand" (reviewed by August 2008); in September, China National Hardware Association awarded the NC thermostat faucets as "innovative products". In October, Shenluda Group subsidiary Huaying metal plating factory moved to Southampton City Plating centralized control center, and add three automatic electroplating production line;

In March 2, 2010, Shenluda Bath won the "2009 Top Ten most popular bathroom brand dealer". In April 9, Shenluda selected Real Estate Assessment Center China 2009 China top 500 building materials, real estate development business class sanitary ware brand of choice for procurement. June 28, 2010, by the (seventh) Shenluda brand to 1.778 billion yuan of brand value listed in the World Brand Lab in 2010 awarded the "China 500 Most Valuable Brands" ranking No. 399. At September 19, China National Hardware Association issued a document agreed Shenluda stock company taps the museum building is named "China taps Museum", which is to tap China's first history museum for the content

Reached in 2011 Sunlot French film screenings for the eighth and the Sixth China-France Culture Spring "French Culture Spring - French Film Festival," senior strategic partner; at April 12, Sunlot bathroom in the Great Hall of the Henan Hall was honored as "China Top Ten Brands bathroom".(Sunlot Group history, http://en.sunlot.cn/history)
1.3.2 Sunlot Group

SUNLOT GROUP started its business in 1978, which has been a professional manufacturer of sanitary wares for over 34 years. Its 2 brands "SUNLOT" and "TETAO" are well known in China as one of Top 10 famous brands. (sunlot profile, http://en.sunlot.cn/)

Main products of SUNLOT have various kinds of basin faucets, kitchen faucets, bidet faucets, electronic sensor sanitary wares, shower, washing valves, sanitary ceramics, smart toilets, shower rooms, bathroom cabinets, stainless steel sinks, bathroom fittings, hardware accessories, industrial valves and other over 100 series products. There have some sample photos of our products at following, (sunlot profile, http://en.sunlot.cn/)

SUNLOT have over 1200 acres garden-style industrial park, and possesses strong technical force, excellent production equipment, such as: low-pressure casting machine, gravity casting machine, CNC mold machining center, CNC lathes, automatic polishing equipment, spectrum analyzer and so on, and the world's leading Sanitary Plumbing technology testing laboratories. It participated in more than 30 National Standards drafting, including GB/T24293-2009 "numerical thermostatic Tap" and GB18145-2003 "ceramic seal Tap". SUNLOT is awarded China's environmental label certification, one of the international brands in Fujian Province, Fujian Province-level enterprise technology center, China's well-known brand sanitary industry, China Green taps, Chinese famous brand products, one of China Science Technology famous 500, one of China 500 Most Valuable brands, the state hi-tech enterprise, as well as judicial and business identified by pairs of "Famous Chinese Trademark" and many other honorary titles over the years. (sunlot profile, http://en.sunlot.cn/)

In the Changing market and fierce competition, with leading-edge products and quality service, SUNLOT help dealers grasping opportunities and gain a competitive
and sustained long-term cooperation with dealers. Conversely, the dealers’ success make SUNLOT succeed. Now SUNLOT owns more than 3,000 domestic franchise and stores, whose products well benefit various consumers of all ages. Having constant upgrading and technological transformation, SUNLOT owns Sanitary Wares in high-grade, medium-grade are of different styles and specifications, in order to satisfy consumers’ demands. SUNLOT will continue to make efforts to explore and improve the ability of independent innovation, accelerate the upgrading of products to provide better quality guarantee and after-sales service.

They are adhering to the "integrity-based, quality first, service focus, technology-based" service concept; SUNLOT staffs commit themselves to technological innovation, refined products, continuously deepening the reform and triggering a new revolution in water use to create a new Water Culture for users!

1.3.3 PT. Sunlot Indonesia

The company head office and showroom in Jakarta is located in Jakarta Barat, the address is: Street Pinangsia Timur No.22ABCDE, West Jakarta 11110, Indonesia.

PT. Sunlot Indonesia is a subsidiary company of Sunlot Group. As a foreign investment company in Indonesia, the office was built in Jarkata in April 2011. The main project is import and to find the province/city agencies to developing the productions market. They expand the market by the exclusive agency and to build the franchised stores. And now, they already have the franchised stores in Jarkarta, Bali, Makasar, Cirebon, Pontianak, Belitung, and so on. And these stores are running their business well. Sunlot production focus on the quality and service, that make them to use the franchised stores to be the market channel to build their brand awareness, make people get the new image for Chinese products. In the other way, the Sunlot invest and distribute some small/medium size entrepreneurs in some city of Indonesia.
1.3.4 Mission & Vision

Vision: To become the No.1 brand in sanitary wares of China with most respect brand.


1.4 Problem Identified

Currently, there are many companies into Indonesia market. And some small and medium sized companies often start with ignorance about foreign markets, and then they become conscious of exports but still do nothing. That makes the business decline. The marketing environment surrounds and impacts upon the organization. So we should understand and analyze the market environment factors influence business development.

1.5 Problem Statement

Based on the background of the above problems, then the problem can be formulated as follows:

(a) What are the factors of internal & external responsible that affect the SUNLOT business development in the Indonesia market?
(b) What are the development strategies formulation and policy based on the SWOT analysis?

1.6 Research Objectives

This research’s objectives are:

(a). To find out the strengths, weaknesses, opportunities and threats factors of the PT. Sunlot company in Indonesia market; and identified the key success factors
formulation and policy.

(b). Using SWOT Matrix to develop the strategies.

1.7 Significance of the Study

This research has this purpose:

a). For the Company

This research tries to find out what the problem that the company faced. Why the company’s products expanding slowly. After we know the situation, this research will give some developmental strategies based on the SWOT Matrix.

b). For the Researcher

The research activities will enrich of knowledge and skill in formulating and used in the actuated of global company as well as development in Indonesia – PT. Sunlot Indonesia. It can be true and the reader will be more understanding.

1.8 Theoretical Framework

The SWOT framework can be used for an analysis of the internal and external environment. Internal analysis includes strengths and weaknesses, that’s the company own characters. External analysis includes opportunities and threats. It effects by the external environment which we can try to grab or avoid. The framework (see Figure 1) below shows how SWOT fits in to the environmental scan.
1.8.1 Explanations of SWOT factors

1.8.1.1 Strengths

Strengths are the company’s internal factor. The company owns the strengths the more the better. It can be used as a tool to compete with others. Strengths could include:

a). Capital strength
b). Advanced technique ability
c). Leading brand
d). new market distribution channel
e). product quality

1.8.1.2 Weaknesses factors

Weaknesses are the things that lack of giving competitive advantage of the company. Weaknesses could include:

a). Poor brand image
b). Lack of brand awareness
c). Lack of competencies/skills
d). Lack of distribution channel
e). lack of regulation or rule of host country

1.8.1.3 Opportunities factor

Opportunities are external environment factor. The company should find out the opportunities as many as possible. That is an advantage for competition so that the company has the strong position to stand in the market. Opportunities could include:
a). New markets
b). New technology
c). cater to the closet competitor
d). trends of consumer preference
e). business relationship

1.8.1.4 Threats factor

Threats are the factors that company should pay attention to. Threats like a symbol of risk. We cannot make some decision without knowing the current and the future threats. Threats could include:
a). new Competitor enter
b). government policies
c). economic condition
d). customers behavior
e). substituted products

1.8.2 The SWOT Matrix

The stages of research SWOT will be apply to SWOT Matrix to develop the strategies. The SWOT Matrix (see Table 1) can be used for analyze the development strategy. The matrix of SWOT as below:
Table 1: SWOT Matrix

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S-O Strategies</td>
<td>W-O Strategies</td>
</tr>
<tr>
<td></td>
<td>Exploit</td>
<td>Search</td>
</tr>
<tr>
<td>Threats</td>
<td>S-T Strategies</td>
<td>W-T Strategies</td>
</tr>
<tr>
<td></td>
<td>Confront</td>
<td>Avoid</td>
</tr>
</tbody>
</table>

Source: http://www2.ifm.eng.cam.ac.uk/dstools/paradigm/swot.html

1.8.2.1 S-O Strategies

The company needs to leverage the strengths to explore benefit from the opportunities.

1.8.2.2 W-O Strategies

To reduces or avoid weakness to get and explore the competitive advantage from the opportunities of the company.

1.8.2.3 S-T Strategies

Using strengths factors to avoid threats, S-T strategies are the ways that use our strengths to minimize the impact of threats.

1.8.2.4 W-T Strategies

W-T strategies are the ways that need to fix weaknesses which can make threats have a real impact. We should try to avoid the weaknesses and penetrate the threats as possible as we can.
1.9 Scope and Limitation of Study

Since this research is about the Chinese investment company which is in Indonesia. The limitation of conditions is this research just can be done in Indonesia headquarters office.

Besides, the research is about company environment situation in Sunlot Indonesia Company. It needs some data such as Supply and Demand situation or recent Financial Statement. Actually I know the information about the company is just in my internship period. I only can use the first-half year’s data of 2012 to do my research. When I finished my internship, I am out of all information. So I just can use the data which I got during my internship to analyze.

1.10 Definition of Terms

**SWOT Analysis** is a strategic planning method used to evaluate the Strengths, Weaknesses/Limitations, Opportunities, and Threats involved in a project or in a business venture. A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths (S) or weaknesses (W), and those external to the firm can be classified as opportunities (O) or threats (T). Such an analysis of the strategic environment is referred to as a SWOT analysis.

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection (SWOT Analysis, http://www.quickmba.com/strategy/swot/).

In short, SWOT Analysis is a strategic planning method that is often involved in ventures to assess the Strengths, Weaknesses, Opportunities, and Threats. Prior to
conducting such analysis, it is essential that we focus on clear objectives of the ventures and identify internal and external factors to achieve such objectives (Albert Humphrey, 1926).

**Strategy Development**, also known as strategic planning, is fundamental to creating and running a business. Simply put, it’s a game plan that sets specific goals and objectives but like a game plan, it is capable of being changed in response to shifting market dynamics. Do a SWOT Analysis, this enables company to honestly evaluate the company’s strengths and weaknesses, and based on the market data you’ve gathered. It will also be forced to evaluate opportunities and threats. (http://www.ehow.com/how_4423250_define-strategy-development.html).
CHAPTER II

LITERATURES REVIEW

All the companies in every industry have their own stress. Whether the internal environment or external environment affects the company’s economy and development, the company should be paid attention to. Or it will be dropped behind its competitors. SWOT Analysis is widely used in the business operation. It’s the usual tool to know much about the situation of company. Because every company must have its strengths, weaknesses, opportunities, threats. It’s necessary to make a decision or consideration by analyzing SWOT. To be further, under the condition of the market, what action we should take is an important thing. Let’s review the relevant literature as below.

2.1 understanding of environmental scan

Environmental scanning is one component of the global environmental analysis. Environmental monitoring, environmental forecasting and environmental assessment complete the global environmental analysis. The global environment refers to the macro environment which comprises industries, markets, companies, clients and competitors. Consequently, there exist corresponding analyses on the micro-level. Suppliers, customers and competitors representing the micro environment of a company are analyzed within the industry analysis. (http://en.wikipedia.org/wiki/Environmental_scanning)

Environmental scanning can be defined as ‘the study and interpretation of the political, economic, social and technological events and trends which influence a business, an industry or even a total market’. The factors which need to be considered for environmental scanning are events, trends, issues and expectations of the different interest groups. Issues are often forerunners of trend breaks. A trend break could be a value shift in society, a technological innovation that might be permanent or a
paradigm change. Issues are less deep-seated and can be 'a temporary short-lived reaction to a social phenomenon'. A trend can be defined as an ‘environmental phenomenon that has adopted a structural character’

Whether companies are planning a trip, or an excursion to buy groceries, or the direction of a corporation, they need to consider the larger external environment. For example, people want to go grocery shopping in the next town. People should like to get this done as quickly as possible. So, he/she turn on the radio to listen to the traffic report. Oops. There's been an accident on the highway people usually take to get to the store. What do people do? They plan to take an alternate route that will keep them out of the traffic jam. They have done a limited form of environmental scan. (http://work911.com/planningmaster/faq/scan.htm)

In terms of organizations and strategic planning, an environmental scan involves considering the factors that will influence the direction and goals of your organization. And, it includes consideration of both present and future factors that might affect the organization, since, of course, we're planning for the future, not just the present.

While some suggest the environmental scan should address only factors external to the organization (e.g. markets, legislation and government actions, demographics, marketing trends, etc), we suggest that you also do an internal environment scan.

An internal environmental scan involves looking at the present capabilities of the organization (infrastructure, hardware, personnel, abilities, structure, etc) and that information can be compared to what the organization will need in the future to achieve its strategic goals. (http://work911.com/planningmaster/faq/scan.htm)
2.2 Understanding of SWOT Analysis

2.2.1 Background and History of SWOT Analysis

The origins of the SWOT Analysis technique is credited by Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s. And now more and more company, especially the top companies would like to use data from many top companies (http://rapidbi.com/swotanalysis/).

At that time, the questions which were about “What is good in the present is Satisfactory, good in the future is an Opportunity; bad in the present is a Fault and bad in the future is a Threat.”, it was asked by Albert Humphrey and the original research team. They worked together and got the information from the authoritative institutions and the strong companies to try to prove the analysis was available.

Some researchers reference the 1965 publication “business Policy, text and cases” by Learned, Christensen, Andrews and Guth (from Harvard University) in which a framework is used which closely resembles SWOT, however these words are not used and certainly the framework is not described as simple as we know it today. Until today the SWOT Analysis is as simple as we feel. But if we do it in detail, we also get complicated. Because it should be collected much information, both internal and external. It may waste our time to do this, but it’s a must in order to develop the company.

2.2.2 Early Research on SWOT Analysis

There were so many researchers choose SWOT Analysis to do the study research. Early, this method was used by the Indigenous Australians in order to find out the disadvantaged and advantages of creating a tourism micro-enterprise in Australia, this research was done by Don Fuller (1931), Jeremy Buultjens (1764) and Eileen Cummings (1946). Because the SWOT components give us the clear mind, we follow
those components and compare with the data we need. It will be more correct. Actually, this method has grown in its credibility since it has been used by many companies in their attempt to recreate themselves. (http://rapidbi.com/swotanalysis/)

2.2.3 SWOT Analysis Framework

The SWOT Analysis framework is both simple and authoritative. It’s easy to understand for strategy development. However, like any planning tool, SWOT is only as good as the information it contains. We can do the planning based on that framework before we make the market research. By the way, market research is important to find the necessary information in the internal and external environment for the SWOT Analysis. (http://rapidbi.com/swotanalysis/)

Strengths and weaknesses belong to internal environment. It focuses on internal factors to meet what the company’s target market needs. It has its own advantages and disadvantages so that the company can find the market demand.

The External Analysis which is determined the opportunities and threats in the external environment. Every company must have its opportunities and threats. The company should consider what are the opportunities and threats that exist in its external environment. If the company wants to find out the answer, it should analyze external factors.

2.2.4 SWOT Analysis Definition

SWOT is an acronym used to describe the particular Strengths, Weaknesses, Opportunities, and Threats that are strategic factors for a specific company. A SWOT Analysis should not only result in the identification of a corporation’s core competencies, but also in the identification of opportunities that the company is not currently able to take advantage of due to a lack of appropriate resources (Wheelen Hunger, 1998, p.107).
It’s the simple way to analyze the company’s performance. We use this method and then we can see the complete situation of the company. SWOT is not only available for the company in different industry, but also available for the people self-evaluation. So SWOT Analysis is a diversified tool.

In this research, we can judge SWOT Analysis is a planning approach and developmental tool. SWOT is widely used in the part of a strategic planning process. To list what the situation is now which includes the internal and external factors.

Basically, the strengths and weaknesses are the factors relative to competitors. The opportunities and threats are opposite factors that come from company’s external environment. The SWOT Analysis is used as a company’s structured approach that helps the managers to analyze the situation that affect the accomplishment of the corporate culture such as vision, mission, goals, and value. The SWOT Analysis can easily evaluate the past, present, and future information to consider internal and external environment.

a). Strengths

Strengths can show the advantage of a company. Strengths should be an important factor that needs to focus on. If the customers want to know the company’s profile, we should tell them the strengths of the company as many as we can. And they can consider whether making the cooperation with them or not.

By strengths it means the resources, products, and capabilities available which enable you to achieve a competitive advantage (http://www.expertprogrammanagement.com/2010/07/swot-analysis-how-to/).

Here are some questions that can use to help determine company’s strengths:
1). Do you have strong organization support?
2). Do you have any production advantages?
3). Do you make use of exclusive distribution rights?
4). What do you do better than anyone else?

It’s the positive tangible and intangible attributes, internal of an organization.

Understanding the strengths of the company you are investing in is a big deal. For many companies, leveraging their strengths is what has made them successful over the years. For instance, it is rare that a company doesn’t have a competitor in their space. Google is a prime example; it has been so successful because it has shown strength in developing a superior search product. Others try to compete, but are not as successful. The same is true for many other companies. Every company and every market will have different strengths. Many tech and pharmaceutical companies rely on patent protection for their products, however, these patents are granted because of people or research, or maybe good acquisitions. It is important to know the whys and analyze the strengths. (http://www.igrad.com/articles/how-to-use-swot-analysis-for-investments).

Strengths are the qualities that enable us to accomplish the organization’s mission. These are the basis on which continued success can be made and continued/sustained. Strengths can be either tangible or intangible. These are what you are well-versed in or what you have expertise in, the traits and qualities your employees possess (individually and as a team) and the distinct features that give your organization its consistency. Strengths are the beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. Examples of organizational strengths are huge financial resources, broad product line, no debt, committed employees, etc. (http://www.managementstudyguide.com/swot-analysis.htm).

b). Weaknesses

Weaknesses are the qualities that prevent us from accomplishing our mission and achieving our full potential. These weaknesses deteriorate influences on the
organizational success and growth. Weaknesses are the factors which do not meet the standards we feel they should meet. Weaknesses in an organization may be depreciating machinery, insufficient research and development facilities, narrow product range, poor decision-making, etc. Weaknesses are controllable. They must be minimized and eliminated. For instance - to overcome obsolete machinery, new machinery can be purchased. Other examples of organizational weaknesses are huge debts, high employee turnover, complex decision making process, narrow product range, large wastage of raw materials, etc. (http://www.managementstudyguide.com/swot-analysis.htm).

Weaknesses are the limitations that block a company to develop. Sometimes the company itself cannot see the weaknesses of it. But the customers and the co-operators can see clearly. If the company wants to analyze the markets, it should start the analysis from both strengths and weaknesses. Especially the weaknesses, we should not be weaknesses to customer requirements. Only those strengths that relate to satisfying a customer need should be considered true core competencies.

This is just as important as knowing the strengths of the company—the weaknesses will tell you the potential downfalls. Many times, it can be hard to figure out a company’s weaknesses because most work very hard to only show their strengths. A good place to look for company weaknesses is in the annual report, especially the notes to the demand situation. It is in this section that the company discloses their potential market, as well as where they see potential competition. With this information, you can gauge the company’s weaknesses and make a more informed investment decision Once again, depending on the market; every company’s potential weakness will be different. Take a look at utility companies; they don’t have to worry about competition because they have a monopoly over their service area. However, regulation of utilities can impact financial strength, and can also create high liabilities in areas such as environment or safety (http://www.igrad.com/articles/how-to-use-swot-analysis-for-investments).
Weaknesses are obviously the opposite of strengths or even just the absence of strengths in particular areas (http://www.expertprogram-management.com/2010/07/swot-analysis-how-to/). Here are some questions that can use to determine a company’s weaknesses:

1). Are your resources too expensive, or your cost structure too expensive?
2). If you have a weak brand awareness in oversea market?
3). What do your competitors do better than you?
4). What might your competitors see as your weakness?

Factors that are within an organization’s control that reduces from its ability to acquire the desired goal such as the lack of marketing investor in a blank market so that the company cannot distribution fast and build good image in the whole market.

c). Opportunities

Opportunities are presented by the environment within which our organization operates. These arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. Organizations can gain competitive advantage by making use of opportunities. Organization should be careful and recognize the opportunities and grasp them whenever they arise. Select the targets that will best serve the clients while getting desired results is a difficult task (http://www.managementstudyguide.com/swot-analysis.htm).

Opportunities are usually related to the company’s advantage. So the company should be better to find the opportunities as much as possible so that it can bring the company much more benefit.

This can be a hard one for individual investors to figure out. It basically means determining what opportunities this company has to grow further, or otherwise increase profitability for shareholders. Some companies can benefit from
macro-economic trends that are easy to spot, but for other companies it can be much more difficult (http://www.haukeborow.org/2012/04/how-to-make-a-swot-analysis-2/).

Opportunities may arise from market, competition, industry and technology. Increasing demand for telecommunications accompanied by deregulation is a great opportunity for new companies to enter telecom sector and compete with existing companies for revenue (http://www.managementstudyguide.com/swot-analysis.htm).

It’s the external factor that represents the reason for an organization to exist and develop. To know that what opportunities exist in the environment, which will propel the organization? And identify them by their “time frames” If the company meet the high season of the goods, the volume of incoming and outgoing cargo will be increased. That’s a good opportunity to find more customers.

Examining the external environment may result in identifying new opportunities. Another way to approach this is to examine a company’s completed strengths and determine if any of them could evolve into opportunities. Additionally, the company could examine its weaknesses to see if resolving any of them would lead to opportunities(http://www.expertprogrammanagement.com/2010/07/swot-analysis-how-to/). Here are some questions to help identify opportunities:
1). What are the trends in government policy/law?
2). What is likely to be your competitors focus in the coming years?
3). What are customers asking for?
4). How are peoples lifestyles, working environments changing?

**d). Threats**

The external factors, out of the company’s control, which could affect the company’s operation. It’s a risk. The company may be afraid that the competitors of new or potential use the strategies such as pricing and promotion to attract customers.
Finally, every investor needs to look at direct threats to their investments. This is more than just the weaknesses of the company—these are direct impact items that everyone needs to pay attention to. For example, a weakness of a toy company could be that it has high liability potential around selling toys to kids. However, the direct threat to the company can be pending litigation around toy safety. Every company has threats, and these external factors need to be carefully considered by potential investors. Once again, the notes to the financial statements can provide great insights into potential threats to the company (http://www.igrad.com/articles/how-to-use-swot-analysis-for-investments).

Here is to list what changes in the external environment could pose a threat (http://www.expertprogrammanagement.com/2010/07/swot-analysis-how-to/):

1). Are there potentially new laws or regulations which could impact you?
2). Is the currency exchange rate unstable impact your business benefit?
3). Can you determine your competitor’s strategy and how much should you be worried about this?
4). What barriers are in your way preventing you from getting to where you want to be, and can these be overcome?

Threats are uncontrollable. Threats also exist in the external environment. If the competitor exists, the company must face the threats. The best thing it should do is try to avoid the threats and think out the solution.

Threats arise when conditions in external environment jeopardize the reliability and profitability of the organization’s business. They compound the vulnerability when they relate to the weaknesses. When a threat comes, the stability and survival can be at stake. Examples of threats are - unrest among employees; ever changing technology; increasing competition leading to excess capacity, price wars and reducing industry profits; etc. (http://www.managementstudyguide.com/swot-analysis.htm).
2.2.5 Advantages of SWOT Analysis

SWOT Analysis is instrumental in strategy formulation and selection. It is a strong tool, but it involves a great subjective element. It is best when used as a guide, and not as a prescription. Successful businesses build on their strengths, correct their weakness and protect against internal weaknesses and external threats. They also keep a watch on their overall business environment and recognize and exploit new opportunities faster than its competitors (http://www.managementstudyguide.com/swot-analysis.htm).

SWOT Analysis helps in strategic planning in following manner:
- a) It is a source of information for strategic planning.
- b) Builds organization’s strengths.
- c) Reverse its weaknesses.
- d) Maximize its response to opportunities.
- e) Overcome organization’s threats.
- f) It helps in identifying core competencies of the company.
- g) It helps in setting of objectives for strategic planning.
- h) It helps in knowing past, present and future so that by using past and current data, future plans can be shown (http://www.managementstudy-guide.com/swot-analysis.htm).

2.3 Understanding of SWOT Matrix

A SWOT Matrix is 2 x 2 matrixes which are basically divided by having one factor determine each axis of the matrix. Once the factors are aligned within the matrix the SWOT matrix helps us decide the strategies which an organization can use. SWOT Matrix gives a set of strategies by analyzing internal capacity of the company and external environment of the industry. It is a matching tool for constructing four types of strategies which are: SO, WO, ST, and WT. Here it should be noted that there is no best set of matching external and internal factors due to which analysis becomes
difficult to some extent (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html). The explanation of SO, WO, ST, and WT strategies is given below:

a). S-O Strategies

These strategies should take advantage of opportunities that fit the strengths of the business. Explain how specific company strengths could help the company take advantage of market opportunities. Company use such strategies to grab the external opportunities by using the internal strengths. For example, a company has a strong financial position but it is losing its market share; now with the help of strong financial position it can introduce innovative products by investing in research and development sector. Organizations always try to overcome major weaknesses and make them strengths. Similarly, organizations try to avoid threats and concentrate on opportunities (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html). S-O strategies pursue opportunities that are a good fit to the company’s strengths.

b). W-O Strategies

These strategies are used for the purpose of improving internal weaknesses by using external opportunities. Explain how the company can minimize its weaknesses to take advantage of market opportunities. It is possible that a company has good external opportunity but cannot avail it due to internal weakness. For example, a company may find an opportunity of increasing its production by introducing new technology but the company may lack the skilled workers required for the production. In such case, a possible WO Strategies would be to hire and train people with the essential technical skills (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html). W-O strategies overcome weaknesses to pursue opportunities. These strategies should enable it to overcome the weaknesses of the business while we utilize the opportunities.
c). S-T Strategies

These strategies should allow the use of strength sides, while eliminate or reduce the threats from the environment. Explain how specific company strengths could be used to avoid or minimize external threats. Such strategies are used by the organization for the purpose of reducing the impact of external threats by using its internal strengths. For example, a company with strong legal department (strength) can avoid external threats such as copying ideas, innovations, and patented products. Similarly, an organization with strong line of quality products may face the threat of low priced products of rivals. In such case the organization can apply ST Strategy of mass production to reduce the unit cost of production (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html). S-T strategies identify ways that the company can use its strengths to reduce its vulnerability to external threats.

d). W-T Strategies

These strategies should allow the elimination of weaknesses and preventing external threats to reach exact those weaknesses of the business. Explain how, acting defensively, the company the company can minimize its weaknesses and, in the process, avoid or minimize external threats. WT Strategies are mainly used by those companies which are not in a good and stable position. Basically, these strategies are defensive because organizations try to reduce internal weaknesses while avoiding the external threats. For example, if an organization has weak financial position (weakness) and the demand for its products is reducing (threat) then the possible WT Strategies would be to retrench or merge (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html). W-T strategies establish a defensive plan to prevent the company’s weaknesses from making it highly susceptible to external threats.

To construe the SWOT Matrix, there are several steps as below:
a) List down the important strengths of the company.
b) List down the important weaknesses of the company.
c) List down the important threats of the company.
d) List down the important opportunities of the company.

Now match internal strength with external opportunity and type the appropriate SO strategy in the SO cell. Similarly, match the internal weaknesses with external opportunities and type the appropriate WO strategy in WO cell. Match internal strengths with external threats and type the appropriate ST strategy in ST cell. Match internal weaknesses with external threats and type the appropriate WT strategy in WT cell (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html).

SWOT Matrix for Whirlpool is provided in the above figure. SWOT Matrix contains nine cells in which four are key factor cells, four strategy cells and one blank cell. First of all, the four key factor cells are completed which are labeled as: S, W, O, and T then the four strategy cells will be constructed which are labeled as: SO, WO, ST, and WT.

It is important to note that not all the strategies developed in the SWOT Matrix will be selected for implementation. The matrix only points out the possible strategies which can be implemented. It does not help in determining the best strategies for implementation. (http://mba-lectures.com/management/strategic-management/1259/swot-or-tows-matrix-analysis.html)

A company should not necessarily pursue the more lucrative opportunities. Rather, it may have a better chance at developing a competitive advantage by identifying a fit between the company’s strengths and upcoming opportunities. In some cases, the company can overcome a weakness in order to prepare itself to pursue a compelling opportunity (http://timmermansconsulting.nl/en/overige-diensten/).


2.4 Development Strategy Study

Today’s companies must face their strong competitors. So understanding customers is the first step in the competition environment. We should build the good relationships between the company and customers. If only to build a good relationship with our customers for developing the company strategy is not enough. To get more competitive advantage, companies must use this understanding to design market demand so that we can win much more customers.

2.4.1 Understanding of Strategy

Look up “strategy” in any dictionary, or in almost any of the thousands of books and articles on the subject. There is clear consensus on what that word means, and it is not pattern, but plan, in one form or another, that is, some intentions for the future (Henry Mintzberg, 2007, p.3).

Strategy is a deliberate search for a plan of action that will develop a business’s competitive advantage and compound it. For any company, the search is an iterative process that begins with recognition of where you are and what you have now. Your most dangerous competitors are those that are most like you. The differences between you and your competitors are the basis of your advantage. If you are in business and are self-supporting, you already have some kind of competitive advantage, no matter how small or subtle. Otherwise, you would have gradually lost customers faster than you gained them. The objective is to enlarge the scope of your advantage, which can happen only at someone else’s expense (Montgomery and Porter, 1997, p.5)

2.4.2 Development Strategy Planning

Once having evaluated the affecting competition in an industry and their basis reason, the corporate strategist can identify the company’s strengths and weaknesses. The important strengths and weaknesses from a strategic standpoint are the company’s
attitude and development.

We can make a plan of action that may include:

a). Positioning the company so that its capabilities provide the best defense against the competitive force” (Montgomery and Porter, 1997, p.22)

1). this approach takes the structure of the industry as given and matches the company’s strengths and weaknesses to it.

2). Strategy can help the company find what the position it is in the industry? Is it strong position or medium position?

b). Influencing the balance of the forces through strategic moves, thereby improving the company’s position (Montgomery and Porter, 1997, pp.22-23)

1). the company can do more action and focus on its marking department. Marketing Department is a core of the company. It can collect the market data and analyze the strategy to improve the company position.

2). the strategies need to update in the periodic time due to the market demand is multivariable.

c). Exploiting industry change (Montgomery and Porter, 1997, p.23)

2.4.3 Development Strategy for Different Market Objects

2.4.3.1 Development Strategy for Market Leader

About the development strategy of market leader, the company can take any of three actions:

a). The company tries to find the good ways to expand the market’s demand.

b). The company must keep its current market share in a fix position through the effective actions.

c). The company furthers its market share percentage to improve the position of the company.
2.4.3.2 Development Strategy for Market Challenger

A market challenger must first define which competitors to challenge and its strategic objective. The challenger can attack the market leader, a high-risk but potentially high-gain strategy (Kotler, 2009, pp. 509-510)

There are several strategies available:
a). For the direct attack, improve the product in quality, advertise its product, make some promotion activity. It can attack the competitor’s strengths rather than its weaknesses.
b). For the indirect attack, to cover the competitor’s market with the competitor’s weaknesses.

2.4.3.3 Development Strategy for Market Follower

Challenges are easy to take by the leaders. If the challengers make the strategies with low prices, good customer service or additional product, the leader can quickly follow these strategies to reduce the attack.

Market followers must balance to find out the solution which can acquire the customers from the leader and try to avoid the retaliation. Each follower tries to use its variable advantages to its target market such as location, brand and good quality services.
CHAPTER III

METHODOLOGY

In this chapter the methodological approach of the study is presented. The Figure 2 below gives an overview of the headings of the chapter and how these link together.

3.1 Research Method

Research method is important before researchers start the study. The researchers have to figure out the research method which would be probably used later on. It is the tool to ensure the whole study to carry out as planned, get the correct data they want, prove the hypothesis, and make conclusions as well.

There are two different ways to approach a research which are quantitative research and qualitative research.
3.1.1 Quantitative Research

Quantitative research is based on number of people with calculative approaches and methods. This research method concerned with calculating frequency data using statistic and mathematical tools. It uses numbers to prove or disprove a notion or hypothesis. Quantitative research uses data that are structured in the form of numbers or that can be immediately transported into numbers (Ross, 1999). Formulas are tools just made to analyze the data. The results are usually presented by statistics, tables and graphs to be distinguished from qualitative methods. For example it uses statistical tools, e.g. mean ratings, correlations, regression, etc. to analyze data.

3.1.2 Qualitative Research

Qualitative research is a naturalistic, interpretative approach concerned with understanding the meanings of certain observed phenomena or actions. It examines analyzes and interprets observations for the purpose of discovering underlying meanings and patterns of relationships in a manner that does not involve mathematical models. On the other hand, qualitative research is more theoretical and provides deeper understanding about the phenomena under deeper investigation, using tools like personal or open interviews about a topic to acquire more detailed information, to define and explain the problem. Qualitative research also provides explanation of reasons and associations between social variables. The data in this type of analysis is not in the form of numbers (Ritchie and Lewis, 2003; Royse 1999). Choosing qualitative research, the researchers usually have to go to the people, setting, or institution to observe or record behavior in its natural setting. It is mainly demonstrated by the words and pictures. Definitely, this would be a huge work for the researcher not only because collecting the data but also the analysis. Some examples of data collection methods are through focus group discussions, interviews, field observations, diaries, and memoirs, letters, reports, etc.
3.1.3 Method of This Study

The research method was used in this study will be qualitative research. The objective of this research is to find out what the strengths, weaknesses, opportunities and threats of Sunlot Indonesia Company for expanding the business. This research is done by asking the employees of subsidiaries. The list of questions is attached base on the Chapter 2 (See Appendix 1).

3.2 Research Time and Place

The researcher considers it is impossible to complete the research on a single day or a short of time. So the study is repeated over an extended period of time. The source of information and data which I get is from my internship. So I can say that my research time is from April 2012 until my research finish. But sometimes I need more additional information if it’s not too confidential, I also can ask the contact person in other city. And this study is about to explore the factors that influence the company to developing business under the global market. Due to the limitation, I cannot come to these cities to do my research. But I can communicate with the contact person in other cities’ franchise stores who join the Sunlot Group. They can provide the necessary information to me so that I can finish my study in campus.

3.3 Research Instrument and Data Collection

Research instruments are tools used by the researcher to gather information, get data, and analyze the target. Instrument that will be used to obtain data is face to face interview.

Interview as a method for a qualitative research involves a face-to-face meeting between interviewer and interviewee to ask a series of questions. The qualitative research interview is to describe and the meanings of central themes in the life world of the subjects. The main task in interviewing is to understand the meaning of what the
interviewees say. There are seven stages of an interview investigation. They are designing, interviewing, transcribing, analyzing, verifying and reporting. (Kvale 1996, 88)

The data will be got from two resource persons of PT SUNLOT Indonesia who known the company’s inside information and market situation. These resource persons are:

a) Miau Zu, the Marketing Department manager. Her main job is to managing the marketing members. She has a responsibility to communicate with the agencies or buyer of Indonesia. She helps to arrange the task in each department which is given by franchise stores in Indonesia. In addition, she helps to record the minutes of meeting with bilingual edition.

b) Xie Jianhua, the general manager of Sunlot Indonesia. He is responsible for communicating with the franchise agencies of Indonesia and headquarters manager of China. His fixed responsibility is to managing and expanding the company’s business operation in Indonesia market.

Besides from the questions interview to get the information, this research also uses data from the company during the researcher’s internship period such as daily report, weekly report, monthly report, minutes of meeting, sale report of every month, summary report, etc.

For data analysis, this research uses qualitative analysis by using SWOT Analysis and SWOT Matrix to do the research.

3.3.1 Data collection result

Questionnaire, with a list of research, is one of a range of ways for getting information from the people and collecting appropriate data when doing a social investigation. Researchers work out questions or tables to ask respondents for opinions, suggestions, demands, feedback, complaints etc. according to the research topic and objectives. (Gillham 2000, 16)

Are there any strengths of PT SUNLOT Indonesia? Such as capital, technology,
quality, customer service, information system, supply chain or other.

From the interview with the managers, SUNLOT Indonesia has the advantage capital support, strong backward supplier, high standard quality and quality management, unified and standardized service management, and the franchise distribution. Advantage capital is a pioneer in utilizing public-private partnerships to raise venture capital and small business capital for investments and loans in underserved areas. The advantage capital can providing capital to help businesses grow and communities prosper, and brings businesses, technologies and jobs to communities that have historically lacked access to investment capital, building a good partnership (http://ezinearticles.com/?The-Importance-of-Capital&id=319633). For investors that favor companies with good fundamentals, a "strong" balance sheet is an important consideration for investing in a company (http://www.investopedia.com/articles/basics/06/capitalstructure.asp#ixzz2LRUXk9GY). It is okay to need more capital so long as your growth plans and future profits can support the payback of more capital (John Nowly, 2006). A good supplier can make the company has the ability to provide the volumes you want that product at the best price with a thread a certain specification, available and the supplier able to maintain that supply (Garethfc, 2009). Quality is the core element of competitive, quality competency is inevitable trend of global economics development (Liang Xuhua, 2008). Quality advantage is not only short-time advantage but also the long-time advantage in competency (Yijijison, Chaneevelyn, Shines, quality competency, http://baike.baidu.com/view/1338001.htm). Standardized service management can improve the public image and brand believes, it is one way of marketing management strategy (Tan Xiaofang, 2010). Franchise is an alternative to building chain stores to distribute goods that avoids the investments and liability of a chain. Franchising is one of the only means available to access venture investment capital without the need to give up control of the operation of the chain and build a distribution system for servicing it. After the brand and formula are carefully designed and properly executed, franchisors are able to sell franchises and expand rapidly across countries and continents using the capital and resources of their franchisees while reducing their own risk (http://en.wikipedia.org/wiki/Franchising).
What are the weaknesses of PT SUNLOT Indonesia? Such as technology, brand awareness, competitors, information system, ordering, supply chain, sales or other.

The poor images of Chinese products affect other Chinese products development in the market, and lack of the brand awareness are SUNLOT Indonesia Company’s oversea market weakness, lack of the talent market employees also can called lack of human resource management, and because of the competitors have a strong market than Sunlot Indonesia, that make the new business enter have a weakness to development in the market.

A poor image will impact the communication with customer to a business, and brand awareness also is a major the lack of communication. Poor communication will strain the productivity of the organization. Awareness of such problems in communication is the first step toward solving them. To establish a strong business relationship, affective communication practices must be established (http://smallbusiness.chron.com/effects-poor-communication-business-345.html).

Managing the human aspect of the organization is very vital as the success of the entire organization depends on its workforce (Shameena Silva, 01-Mar-2009). Human resources account for a large proportion of many businesses’ costs and it is the people that invariably drive a business. Management of these resources therefore is an integral part of business success (Bized, 2004, http://www.bized.co.uk/educators/16-19/business/hrm/lesson/hrm1.htm). The employees lack will affect the business efficiently works, also influence the company’s operation speed and development.

Every business having competition, another word of business is competition. Strong image of the competitors will make the customers first recalls when they need the products, that will influence the new brand have a hard process to break their mind and behavior of brand awareness. Generally, the industry enterprises will get low pay back in highly competitive (Michael A. Hitt, R. Duane Ireland, Robert E. Hoskisson, 2012). In the same industry, the companies have many same strategy elements, such
as the degree of technological leadership, standard product quality, price strategy, and customer service. That the easy recall have an advantage in the market. (M. W. Peng, J. Tan, T. W. Tong, 2004)

Are there any Opportunities of PT SUNLOT Indonesia? Such as the government policy/law, new distribution chain, or other.

From the interview with managers and the market situation, SUNLOT Indonesia has good opportunities of government policy and market distribution. In august 1945, provided the context within which Indonesia’s independent and active foreign policy principle was promulgated. Indonesia’s decision to establish diplomatic relations with China (Rizal Sukma, 1999). Indonesia with China build a free trade agreement that creates and offers many opportunities for marketing and service of products, and the government give many support for foreign business investment in Indonesia (Sunderasan, 2009). In Indonesia, here lack of the franchising distribution chain in the sanitary industry, and the government make a strengthen ceramics import regulation; make same small and bad standards products enter. That offers a good market environment for SUNLOT product development in Indonesia (Vicky Rachman, Abdul Malk, 2011). Franchise distribution is a popular distribution strategy in the modern market, and the distribution chains have a good way to developing market, and the franchising has accounted for an increasing share of emerging economies in 21st century global market, the successful rate was high, such as McDonalds, Marriott International, Subway, and Ace Hardware (L. Sanders, 2009; B. Duckett, 2008). And on the another hand, they have a relationship with Indonesia Chinese businessman also is a good opportunities for Chinese business doing in Indonesia.

What are the threats of PT SUNLOT Indonesia? Such as new government policy/law, currency exchange rate, competitors, and market barriers.

There have some threats of SUNLOT Indonesia; those are potentially new laws or regulation, currency exchange rate instable, and competitors. Indonesia trade agreement is instable, almost changed every year that make the company always changed the certificate and sometimes influence the container delay delivery. And the currency exchange rate has some affect for profit and payment value. Some
competitors make a price war to be a competency. The political/legal segment is a stage—between various organizations and government attempts to influence each other and how to understand the impact of government strategic action (R. H. Lester, A. Hillman, A. Zardkoohi, A. A. Cannella, Jr., 2008; C. Oliver, I. Holzinger, 2008). The potentially new policy/regulation will influence some business development, for example, the early signals of the Obama administration that may be introduced in an attempt to reduce the American corporate policy of outsourcing to other countries, that may affect IT outsourcing company in India and other countries (M. Srivastava, 2009). And on the other hand, if there have an anti damping regulation, the business will into a barrier of the market. In the cycle of international trade, changes in relative incomes, inflation rates, product prices, and interest rates can affect the international value of currencies. And at the same time, changes in the international value of currencies can affect the demand for products and securities in the international marketplace (http://www.econedlink.org/lessons/index.php?lid=342&type=student).

3.4 SWOT Analysis and SWOT Matrix

SWOT Analysis, method, or model is a way to analyze competitive position of PT SUNLOT Indonesia. SWOT Analysis uses so-called SWOT Matrix to assess both internal and external aspects of doing the business. The SWOT framework is a tool for auditing an organization and its environment.

3.4.1 SWOT Analysis

In this research, the researcher uses the method based on the company’s strengths, weaknesses, opportunities and threats to do this study. From the interview questions result, the four elements of SWOT research as below:

a). Strengths

The strengths of PT SUNLOT Indonesia are the resources and capabilities that can be used as a basis for developing a competitive advantage as:
1). Strong Organization Support Advantage
2). Product’s quality and service Advantage
3). Exclusive Distribution Rights Advantage
4). Market Position Advantage

PT SUNLOT Indonesia has these advantages above or more. These advantages will be explored in this study. It’s better to find out its strengths as many as possible. Because the more strong and potential factor that exists in internal environment of the company, the better, so that the company has the ability to compete with others.

b). Weaknesses

If the company is lack of resources or capabilities that can prevent it to gain a competitive advantage, that’s the weakness of it. Moreover, PT SUNLOT Indonesia was almost two years to running business in Indonesia market; there exist the main weaknesses as below:

1) Lack of brand awareness in oversea market
2) Poor image of Chinese products
3) Lack of human resource
4) The competitors have strong brand awareness

c). Opportunities

There are some opportunities in PT SUNLOT Indonesia that provide the company with a chance to improve its performance and its competitive advantage. These opportunities may be forecasted, others may be unexpected. However, the key point is how to take full advantage of these opportunities below:

1). Government policy or law
2). New distribution channel
d). Threats

The outside the company try to reduce the level of the company's performance, it must be a threat in the business operation. Every company has its threats in the business environment, so does PT SUNLOT Indonesia, the new company, the more threats they have. The successful company always actively observes its threats and gets the solution so that it has the strong position in the market. The threats of SUNLOT will be listed as follow:

1. Potentially new laws or regulations
2. Currency exchange rate instable
3. Competitors threat

3.4.2 SWOT Matrix

After the researcher lists and explains the strengths, weaknesses, opportunities and threats of SUNLOT, then will combine strengths and opportunities, strengths and threats, weaknesses and opportunities, weaknesses and threats itself to analyze. And exploit the development strategies based on the SWOT Matrix.
CHAPTER IV

DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 SWOT Analysis of PT SUNLOT Indonesia.

Before the researcher gives some developmental strategies, the SWOT of the company should be listed as follow.

4.1.1 Strengths

Strengths are one of the important factors to compete with other companies. So the company should try to find out all of its strengths. It’s the competitive advantage. Here are the strengths of PT SUNLOT Indonesia below:

1. **Strong organization support**

   a. **Strong production ability and scale**

   PT SUNLOT Indonesia products are subsidiary of SUNLOT GROUP in China that has more than 1200 acres industrial park and 7 factories, excellent production equipment, strong technical force. The invest amount of ¥390.33 million Yuan (Sunlot news, http://www.sunlot.cn/network.html)

   SUNLOT Group has had sanitary wares production history more than 30 years begin initial, it is a professional modern Group Corporate to research and development in production of water-saving and intelligent sanitary wares. It was a provincial-level enterprise technical center of Fujian, and as a national high-tech enterprise.

   SUNLOT products sale all over 40 countries of Europe, North America, Southeast Asia, and Hong Kong, Taiwan and inland of China, ate. In domestic market Sunlot Group owns more than 4,000 franchise and stores that through the ISO9001、ISO14001、OHSAS18001 management system certification in China. Having constant upgrading and technological transformation, SUNLOT owns Sanitary Wares in
high-grade, medium-grade are of different styles and specifications, in order to satisfy consumers’ demands. For better control the product quality and enhance the product R&D capabilities, SUNLOT company invest 28 million Yuan for construction of Sunlot National product testing center.

For the hundred series products, the daily production capacity has over 5000 sets of sanitary wares products. The annual electroplating plants processing more than 30 million pieces of sanitary wares, and annual output of more than 100 million sets of industrial ceramics.

![One of SUNLOT Operation System](image)

Source from: SUNLOT Group

Figure 3: Sale situation of SUNLOT Group (2009-2012)

Source from: SUNLOT GROUP
b. Finance and product investment
SUNLOT Group invest cash amount of $2 million US dollars and products amount of $10 million US dollars to PT SUNLOT Indonesia, to support the Indonesia market development.

2. High standard product’s quality and service
   a. product quality and technology certification
In 1994, the ceramic seal faucets developed got the Science & Technology Progress Award in Fujian Province.
In 1995, the single sliding mixing faucets granted “Science & Technology Progress Award” by the provincial government.
In 2002, the product awarded the “China Taps Industry's top ten well-known brand” by China State Construction Hardware Association.
From 2008 to 2011, consecutive the years get the certificate of “China’s 500 Most Valuable Brands”
In 2010, the company independent research and development of CNC thermostatic faucets was awarded as “2010 China Red Star Design Award”

b. Advanced Production Technology
SUNLOT Group creates of the Sunlot Touch constant temperature faucet is the first faucet in the world that using Microcomputer temperature control. Made for water saving and green environment, preventing the malfunctioned of water heating and the water wasting. Touch screen button, numerated water temperature, constant water temperature, customized temperature, only ±1℃, and the real temperature is numbered so user are able customize by their own.

   c. Good service
All of the Sunlot products have five-year maintenance period, if there have some product quality problems, the company will replaced free of qualified products.
Product offering’s well returns have been shown very strong in the investment. (Wen-Ling Liu, 2010)

The franchise store can ensure and offer the after-sales service, if the final customer have some products’ problem.

3. **Exclusive Distribution Chain**

The sanitary wares industry has not the franchise store distribution system in Indonesia. SUNLOT use the professional distribution channel to expanding the market, they through the effective cooperation give the exclusive right to set the franchise stores in local market. And make the franchise store operating to be as the company organization system. Let the stores focus on the one brand to building the brand awareness in the market. That makes the consumer get a different image with other same industries product. This way can make the manager have an effective communication in the business. And also offering a good service level, reduces the customers’ worried if there have some problem of products after they bought, provide ‘feel good factor’ for customers.

The exclusive distribution to supplier can provides an advantage to the supplier because it permits the supplier to dictate some of the retail strategies, make supplier has more control of how they display the image. And depending on the product, lies in the fact that exclusive distribution provides the product with a prestigious image because it can be found as a simple build. Lastly, exclusive distribution gives the retailer a competitive advantage because if the consumer wants to buy the product they must purchase it at that store. In return retailers will provide the opportunity for the product to be displayed in a special section. (http://wiki.answers.com/Q/What_are_the_advantages_of_exclusive_distribution_to_supplier)

The franchise stores distribution are very fast way to branding the product image and it can efficient management for the managers. Franchise stores operating as company system distribution have a successful performance in China:
Since the business beginning in 2011 till new, Franchise stores ware successful to running in Jakarta, Palembang, Medan, Makassar, Belitung, Pontianak, Cirebon, Surabaya, and Bali of Indonesia.

4. Market Position

Sunlot sanitary wares as a leader in Chinese market have a long time, and it’s the one of the top 500 enterprise of China. The products focus on the middle and highly level customers. Even through the brand have a short-time to running in Indonesia market, but the distribution and sale have a fast speed to development. And Sunlot development affect and attention by TOTO Company which has a long history in Indonesia market. In the first year, PT SUNLOT Indonesia was a challenger in the market, and now Sunlot going to be the one of leaders in the market.
4.1.2 Weaknesses

1. Lack of brand awareness in oversea market

SUNLOT Group developing business over 34 years in China, because of Chinese market was a big and potential market before 30 years, and the supply quantity not enough for Chinese customers. In the over 30 years, Sunlot company market focus on domestic brand building and development. Those cause Sunlot products have a blank market in overseas. In the recently few years, the Sunlot company have a rapidly speed to develop and expand the production scales and begin to enter the global market. So the SUNLOT brand has a weak awareness in oversea market that will be difficult to build a strong brand in new market. And the company must have a outstanding strategy to develop the market.

2. Poor Image of Chinese Products

There have many Chinese products entered Indonesia market; they offer a low price to get the profit and the products quality can not ensure it’s good or not. That makes the Chinese products have low images in local customers mind. For the local customer, they think the Chinese product have low price with low quality, that make some great Chinese products developing to a good-grade very hard.

The big Chinese company want to build a good image, that will be a long time to change them mind, and initial develop will have many barriers for business operation. In the fist year operation of company in 2011, the company has a big market barriers, many product are overstock and failing a stagnant solution. From Table 2 the products sale report, we can see the initial business operation is very difficult in the first year.

<table>
<thead>
<tr>
<th>Time</th>
<th>Supply quantity (sets)</th>
<th>Demand quantity (sets)</th>
</tr>
</thead>
<tbody>
<tr>
<td>April to Dec. in 2011</td>
<td>82,530</td>
<td>2,702</td>
</tr>
<tr>
<td>Jan. to Jun. in 2012</td>
<td>68,772</td>
<td>49,751</td>
</tr>
</tbody>
</table>

Source from: PT SUNLOT Indonesia
3. Lack of human resource

PT SUNLOT Indonesia established at 2011, there still lack many human resource. From the HRD reported last year, there have a highly employee turnover, for the finance manager changed two times, and marketing employees are changed many times, the human resource department can not recruit some talent members. The main reason is the HR department have not an efficiently recruitment. And there have many company recruit employees, and the talent employees are limit in the market. For this problem, the headquarters bring 3 personnel from China, and they are changed 2 times, because of the Indonesia market was different with Chinese market, the business communication also are different, that make the Chinese employee cannot the suit the environment. Table 3 shows the employee turnover situation from Feb to Nov in 2012. We can see from Table 4 that the employee turnover is getting high.

Table 3: Employees Turnover in 2012

<table>
<thead>
<tr>
<th></th>
<th>New Recruit</th>
<th>Resigned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feb</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Mar</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Apr</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>May</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Jun</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Jul</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aug</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Sep</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Oct</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Nov</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: PT SUNLOT Indonesia

4. The Competitors have a strong brand awareness

PT SUNLOT Indonesia target competitor is PT Surya TOTO Indonesia, TOTO has the first oversea joint venture subsidiary in Indonesia market in 1977, and it was a long history in Indonesia. And many big architectural and engineering buyer choose TOTO brand sanitary products, it a hard process let the big buyer to change the mind.
4.1.3 Opportunities

1. Government Policy/Law of New market

Indonesia market is a very huge potential market, the economic growth fast, the consumer have an increase tendency. That new market is a good environment to building the valuable brand, and expands the performance in the new market. SUNLOT Indonesia has many new locations to expanding the performance in this market. That means there have much opportunities development strategy for SUNLOT.

Indonesia import and export policy are instable, and the regulation are changed almost every years. Those make some small and middle competitors have an instable or loss situation even move out the market. That will offer a good opportunity for the big and strong company to development in the market.

2. New distribution channel

In sanitary wares industry, there lack of the franchise operating system in Indonesia market, SUNLOT marketing distribution channel include license stores and franchise stores. In some small blank market SUNLOT company use the license right to develop the business. In some big and potential place the company distribution the exclusive right to develop the business. The main distribution channel focus on the franchise stores, is a very good opportunities to use the franchise right distribution channel to expand the business performance. That can make the consumer have a special image to aware the brand. From the demand report of Sunlot Indonesia (table 4), the franchise stores have a great sale performance than license stores, that means the franchise distribution is a good develop tendency.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Sale Quantity (Apr.--Dec. in 2011)</th>
<th>Sale Quantity (Jan.—Jun. in 2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Franchise stores</td>
<td>2,408</td>
<td>43,995</td>
</tr>
<tr>
<td>License stores</td>
<td>294</td>
<td>5,756</td>
</tr>
</tbody>
</table>

Source from: PT SUNLOT Indonesia
3. **Chinese Indonesia business relationship**

Chinese Indonesians have a big group in Indonesia economics development. And they have a strong financial ability and have an easy way to communication for strong Chinese companies. And the Chinese Indonesians have well known about Indonesia market, and they know how to deal business with local people, so that make the Chinese company have a good way to initial the business basis.

4.1.4 **Threats**

1. **Potentially policy or law**

Indonesia potentially trade policy have a high instability changed, that make some import or export always to change the SUCOFINDO International Certification and that affect the containers efficiently received, and sometimes affect the business on-time delivery.

2. **Competitors**

Some competitors and the potential competitors in order to developing the market, they offering a low price for the customers, that affect the Sunlot performance decrease in certain extent. For the developing strategy, Sunlot company must build a stable position and to do some promotion in the market.

3. **currency exchange rate instability**

PT SUNLOT Indonesia account payment deal with US dollars to supplier, and account receive to Indonesia rupiah with agencies. From the currency exchange rate between USD and IDR between 8/18/2012 and 2/13/2013 (see Figure 5), the currency exchange rates are very instability. In Indonesia market, the currency payment with Indonesia rupiah, the US dollars rate increase that make the company’s profit and the solvency decrease. The instability current exchange rates affect the company profit strategy in the development.
4.2 SWOT Matrix of PT SUNLOT Indonesia

If SWOT Analysis just includes the 4 areas of S-W-O-T as a four box matrix, then it’s too simple to develop the strategy. In order to enhance SWOT Analysis, the researcher would like to use individual or collective quadrants to address another quadrant. That’s the SWOT Matrix. According to the strengths, weaknesses, opportunities and threats analysis above, the researcher will analyze the strategies based on the SWOT Matrix (see Table 5).

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>S-O Strategies</strong></td>
<td><strong>W-O Strategies</strong></td>
</tr>
</tbody>
</table>
|               | 1. Attract more investors of exclusive agency to operate into Indonesia cities within the strong organization support.  
2. Try to develop other relevant markets, increase the franchise stores distribution and to give some promotion for customers to | 1. Cooperate with exclusive agencies to developing the new market, And make a good promotion strategies and newly development products to satisfy the market’s need, and to develop the potential customer’s purchasing and assess the |
<table>
<thead>
<tr>
<th>Threats</th>
<th>S-T Strategies</th>
<th>W-T Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Improve the service quality to compete the price war.</td>
<td>1. To exist and develop its core advantages and grape some new opportunities to grow its strength. The team is focused on offer more sales and improve technology to get a high profit in the future. Re-arrange the employee schedule and salary proposal.</td>
</tr>
<tr>
<td></td>
<td>2. Take full advantage of the center company’s support and use the forward settlement for the account payment, to reduce the currency exchange rate problem. Make the currency threat to be an opportunity.</td>
<td>2. Make an outstanding account collection plan.</td>
</tr>
<tr>
<td></td>
<td>3. Improve the product’s price position from S-O strategy, and decrease the production cost within strong technology to avoid price alteration.</td>
<td>3. HRD makes cooperation with college and university.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Recruit one or two employees who have the professional skill and also mandarin communication skill.</td>
</tr>
</tbody>
</table>

### 4.3 Development Strategies

#### 4.3.1 S-O Strategies

This strategy is using strengths to take advantage of opportunities and the explanation is as below.

**a. Integrated cost leadership/differentiation strategy**

In last section, we can know the company has the opportunity which has a strong backward organization support. Meaning that strong finance ability and affectivity
supply can make believable and convincible for customers and that can help intercompany enhanced communication efforts. The strong backward supplier and technology supports can help the company efficient communication with investors. In this situation, the marketing department and commercial department should catch the good opportunity to disseminate the information with the potential investors. Make them have a relieved feel to consider the cooperation with the company. Introduce the company’s production scale can increase the investors interest, and let them to know it’s a big company, and have the investment valuable. Many customers have highly expected in the purchasing products or service. In generally, customers want purchasing the differentiation products with good deal price. For this expected, focus on the strong backward manufacturing ability, the company should make a flexible manufacturing system (FMS) to improve the flexibility of people. Products and resource information, make the company can be integration these elements to production some differentiation goods with a low cost (M. E. Porter, 1980).

b. Franchising

A good distribution is a great opportunity that can rapid the market development in a new market. If the distribution channel is successful to operation, it will be attract others investor join it. This opportunity with the franchise distribution advantage, the Marketing Department and Commercial Department should catch this good opportunity to pay attention maintain and expand the investors’ cooperation. And do some action to find more customers in other new market. Others Department need to continue to strengthen the internal management, make the overall arrangement and ensure the service quality of the customers. Good quality and good service can bring good reputation. As long as the company offers a good products and services, the customers will come again and help to introduce the company to others. (J. Torikka, 2007; P. J. Kaufmann & S. Eroglu, 1999)

c. Build Information System

The Commercial Department should collect the information about other potential customers that the product with a strong technique and leader brand in China. Then
make a plan to visit them and negotiate with them to make the cooperation, give some promotion so that it can bring more new customers. A good product needs to be publicized and got known by customer. It is no doubt that popular people can strength the product’s image and make products are much accounted. For that, Sunlot Indonesia should attend some important promotional activities. And build an information system; make the center factories, supplier, distributors and customers connect together, to improve the company’s products quality and delivery speed to offer a satisfaction requirement for customers (W. S. DeSarbo & R. Grewal, 2008).

d. Create of Customer value
A customer compares the value of a product with the price they have to pay for. A customer calculates the product’s net value by deducting the product’s costs from its benefits, and compares the net value from several alternative products from competitors. Nerveless, customers will select lower costs result in a higher net value (Wim G. Biemans, 2009). So the company decides offering a better deal price with a same quality of competitors to customers. That will improve the joiners.

4.3.2 W-O Strategies

Overcome weaknesses by taking advantage of opportunities which is explained below.

a) maintain the core value and build the core competencies
The new market can be a good opportunity, but if there have not to use the opportunity to build a new image of the product, the opportunity well be a weakness of the company. For the poor brand image awareness in oversea market, if the marketing department catch the opportunities of strong useful information to development which have explained in S-O Strategy part, the problem will be reduces and avoid. So rapid develop the business market distribution, and provide more promotion service to customers, the weakness will be reduce in the future market. For this situation, the company should improve the core philosophy to customers, to improve the brand value, service quality, believe and trustful, and innovations ability.
Through to effective use of the company’s valuable capabilities to catch the opportunities of external environment make the company to create of more value for customers. (Michael A. Hitt, R. Duane Ireland and Robert E. Hoskisson, 2012)

b) Incentive, Authorized and retain employees

Avoid the lack of human resource of SUNLOT Indonesia Company. The manager must catch every opportunity to solve human resource problems. For this situation, the company should make outstanding management planning. And provide training to increasing the employees’ work ability. Recruit one or two professional and talent employees and offer highly salary for them. Make a clear award rules for every employees, improve them works efficiency and provides the “feel good factor”. The manager must ensure the HR have hire strategically, and hiring right to reduced turnover and increased retention. The company has a good HR; the company will have a good operation help company to achieving the targets and increase organization stability. (Michael A. Hitt, R. Duane Ireland and Robert E. Hoskisson, 2012)

4.3.3 S-T Strategies

Use strengths to reduce threats and the explanation are as below.

a) Strengthen the management

Even the sanitary wares industry has a strong competition with the company in price war. For the some company with some investment, the company can improve its quality of service to compete with them, and to build a strong brand image in the company to compete with them. For the bigger company as TOTO which have a large market sale with an international brand, the company gives more promotion and offer better service quality for customers:

1). Continue to strengthen the internal management and the supply.

2). Improve the employees’ enthusiasm so as to let the customers satisfied and reduce customers' complaints.

3). Ensure the quality of service, products and promote the good reputation of the
company.

b) **Accelerate the distributors and sales volume**

The company should continue to focus on franchise agency development. Actively to expand the market, attract more investors join the organization. By the way, try to contact with the potential customers and develop the new customers.

Because of the price war, many customers choose the cheaper products. But the SUNLOT Indonesia cannot give up due to the competition. And it should find out the solution to let the market turn around.

SUNLOT Indonesia is a subsidiary of SUNLOT Group in China. It owns enough in paid-in capital. The first two years, the company responsibility is to expanding the distribution in Indonesia market, to build the brand awareness. So Sunlot offer a very good deal price with investors. That was one of the development strategies of SUNLOT Indonesia. The company offers a good price to their agencies and cooperation to develop the market promotion, and get more cooperation join to build strong group to build the brand, to arrange and stability the good price positions.

During the business develop; the company should keep the communication with the customers in order to understand their plan and consideration. The company needs to strengthen to collect the industry market information so as to update and make marketing plan. The company should continue to follow up the customers’ recommendation to arrange the market ideas. Actively to contact with all the big customers, understand their demand and to know what they want improve about the service. (Michael A. Hitt, R. Duane Ireland and Robert E. Hoskisson, 2012)

### 4.3.4 W-T Strategies

Minimize weaknesses and reduce threats. The explanation is as below.

a) **Strengthen the HR management**

The key internal problem in the company is that the employees are not stable. The new employees usually left the company within 2 to 6 months. The main reason is that they cannot do their work very well, and the HR manager has low efficient work
for recruitment members. Suggested that to adjust the employees and rearrange scheduling. HRD should consider reducing the employees’ recruit times to make good use of human resources to improve the employees' work ability. It needs a clear direction of next-year's training proposal. Suggest that to arrange the examination before recruit people, so that to understand what the employees suit to do.

HRD got a little hard to recruit new employees. So it’s lack of employees in each department. There is another good way to recruit the right person which is to make the employment cooperation with the colleges and universities. In colleges and universities, HRD can look for the students who almost graduate from campus and take the relevant major that they need. Then the company can arrange these students to have an interview. For who achieve their requirement that the students can join the company as internship program or contract employee. For example, the student’s major is marketing; he/she can join to marketing group and offer the training and experience. Thus HRD is easy to recruit the right employee in this way. Because the manager is Chinese people, the many agencies are local people, the have some communication problem for business. It’s better to recruit the employee in each department who has his/her professional knowledge skill and also can speak and read the basic Mandarin. Once the Headquarter sends the email to SUNLOT Indonesia, the relevant department can handle by itself and no need through the translator to translate the email first. It can save a lot of time for understanding what the situation is.

b) Make an Outstanding Financial plan

For those outstanding account payable and account receivable, the relevant departments should make a collection plan in detail. It’s a large amount. The company should talk to the headquarters and remake the detail of account payable in the contract. For account receivable the finance manager should visit several top franchise agencies, send the email or make a call to talk to them. The company may try the best to collect the receivable and avoid these receivable become bad debt.
CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

By having the whole research on the SWOT Analysis as a part for formulate the development strategy of PT SUNLOT Indonesia in the Indonesia market, the researcher is now able to conclude several things that need to answer the research question and thus achieve the objective of this research.

First of all, the factors that are responsible for expanding the business in the market are the weaknesses and threats in PT SUNLOT Indonesia which are listed in Chapter IV. It is concluded based on the external and internal information, report, analysis, and data which are contributed by PT SUNLOT Indonesia. Actually those factors come from the company’s weaknesses and threats; they include internal environment and external environment. It’s impossible that one company only exist its strengths and good opportunities. Every company also has its weaknesses and threats more or less. We cannot control it, but we can try to solve and avoid it so that we are confident to compete with other company.

Then the researcher exploits the development strategies to let the market have a well development based on the SWOT Matrix. The researcher is not sure that these development strategies are all useful to let the market better. But these strategies are researched through the complete analysis. The results are not only from one aspect or simple way. They are combined with different aspects to get it. So they are still good suggestions to analysis company situation and what plan should to complete. At least the company doesn't get loss too much. The importance is that those strategies must have the leaders to manage their teams to do the action. After the research left this company, the two contact person in Sunlot Indonesia tell that now the market is still in a invest process, and have a low profit got in the market. Even we see the good
aspects in the company from its strengths and opportunities, there still in a hard and long time process to turn around the people’s mind of Chinese product situation.

5.2 Recommendations

In this research, the researcher analyzes the strengths, weaknesses, opportunities and threats of PT SUNLOT Indonesia and gives some development strategies. Here are some suggestions from the researcher as follow.

a) For Company

The S-O Strategies, W-O Strategies, S-T Strategies and W-T Strategies are analyzed base on the S.W.O.T of PT SUNLOT Indonesia that the researcher exploits during the internship program. It has the time limitation. Those strategies only can be used in a short-term period. The researcher suggests that the company should connect its latest internal and external environments which are strengths, weaknesses, opportunities and threats to search all the possible strategies. Meanwhile, the company should update and be familiar with the information from its competitors and external business world so that it will have the strong status to beat others.

Furthermore, the manager in the company as the decision-maker should have the clear and right direction to guide the employees. At the same time, remember to motivate the employees. As we know, employees are the main assets of the Company. Without reliable employees, Company strategies and programs could not be executed well. Employees are the ones who ultimately determine whether predetermined performance targets can be achieved. The researcher suggests that the manager should design some policies for encouraging the employees who work hard and performance well such as sent to central company of China to study the management operation and to understand more information of China as a tours. This policy design can reduce the employee turnover so that the employees can got more information of the company.
scale and work in a long time and accumulate more experience, also the company can keep these employees to achieve the short-term goals and long-term goals. That’s the win-win situation.

b) For Further Research

After finding out the strengths, weaknesses, opportunities and threats in the company and combine them to develop the strategies. The researcher suggests the further research to exploit the factors deeper, the more the better. If the aspects are more complete, the study and strategies will be more successful. Especially if one aspect or factor to be researched, try to compare with the market competitors and the primary data, may be the researcher can find out more things to prove that aspect or factor. Moreover, it recommends for the further research that may find another company which has the familiar character in the same industry and do the comparisons between the two companies. The research can be persuaded stronger.
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Appendix

APPENDIX 1 – LIST OF QUESTIONS

1. What is the Sunlot Company’s core value and strategic intent?

2. How about the sanitary wares industry trading situation currently? How about the market competition?

3. Can you give me the data about company trading data of previous years?

4. What are the issues in each department? Especially for export & import department, human resource department and marketing department.

5. Can you give me Sunlot product competitive advantage in the market?

6. How about the sale situation in Indonesia market? Can you give me the supply report and demand report of this year and previous years?

I. Are there any strengths of PT SUNLOT Indonesia? Such as capital, technology, quality, customer service, information system, supply chain or other.

II. What are the weaknesses of PT SUNLOT Indonesia? Such as technology, brand awareness, competitors, information system, ordering, supply chain, sales or other.

III. Are there any Opportunities of PT SUNLOT Indonesia? Such as the government policy/law, new distribution chain, or other.

IV. What are the threats of PT SUNLOT Indonesia? Such as new government policy/law, currency exchange rate, competitors, and market barriers.
APPENDIX 2 – LIST OF CHINESE LANGUAGE QUESTIONS

申鹭达市场环境分析问卷:

1. 公司的核心价值观是什么，战略企图又是什么？

2. 当前卫浴行业的外贸情况如何？市场竞争怎样？

3. 是否能给出公司上年的贸易数额？

4. 公司部门所存在的问题是什么？尤其是进出口部，人力资源部，和销售部。

5. SUNLOT 产品的市场竞争力优势是什么？

6. 在印尼的销售情况怎样？能否给出供需报表？

1. 申鹭达在印尼市场的优势有那些？例如：融资，技术，质量，售后服务，销售模式等。

2. 申鹭达在印尼市场的劣势有那些？品牌知名度，竞争对手，技术，销售或销售渠道，采购等。

3. 申鹭达在印尼市场的机会有哪些？例如：新市场，新销售模式，政府制定或法律。

4. 申鹭达在印尼市场的威胁有哪些？例如：竞争对手，新政府制度，外汇率不稳定，或其他市场阻碍。