

## **4 Strategic Plan**

The government's move to make Malaysia a developed country by year 2020 relies heavily on its success to transform the current and future workforce from unskilled to skilled workers who are able to use IT to improve the efficient and productivity of each worker. APIIT who has positioned itself as a specialised business and IT educational institute will benefit substantially from this surge in demand created by the government if the management is able to compete effectively.

We will propose an overall strategy direction and specific strategies that may be useful for APIIT to remain competitive in the future market place. Overall strategy direction defines the ultimate business philosophy and corporate direction of the company. Michael Porter postulates that for an organisation to survive, it needs to create and sustain competitive advantage. Meanwhile, specific strategies are strategies that serve to provide the means that will enable the company to achieve the strategic direction stated above. The above evaluations show that efforts shall continue to focus on improving internal competencies to enable the company to create and sustain competitive advantage. Only through these means will the company be more effective in delivering strategies to exploit opportunities, grow its market share and minimise the external threats that confronts the company. With this in mind, APIIT's strategies will include enhancing its existing core competencies; strengthen its internal organisation towards being more competitive and responsive to externalities, commercialised its R&D and expand regionally.

### **4.1 Overall Strategic Direction – Increase Market Share Locally and Regionally**

The result of financial analysis and SWOT analysis will determine the company's existing capabilities to manage the constraints in light of the changes occurring in the external environment. In this context, it is recommended that APIIT continue to develop its business around the differentiation strategy in services and support to the customers, and apply

differentiation focus on its technical and technological capabilities and quality. These elements are as discussed below:

#### Differentiation

Differentiation refers to how the company's product is to be perceived by industry and by customers as being unique. Differentiation relates to services and support, may also be defined broadly as distinctive features, which are more superior in a particular aspect when compared to the competitors. This will have two significant advantages to APIIT that are the ability to penetrate the dominant market by its competitors and the ability to obtain premium prices because of the perceived uniqueness of the products and technologies offered.

#### Differentiation Focus – Generic Strategy

The long-term profitability and growth of APIIT depends on its ability to develop technical and technological capabilities that are difficult to be copied by its competitors. APIIT's ability to maintain its existing quality courseware and delivery will serve as its core competencies to support and capture the opportunities found in this sector. APIIT will further differentiate by providing effective service and support to its graduates who were seeking employment or new skills to advance their professional career.

### **4.2 Specific Strategy**

Specific strategy refers to enhancing APIIT's activities by creating and strengthening its ability to achieve competitive advantage and follows by developing specific strategies to develop and grow through the competitive advantage sustained. The critical success factor desired to achieve competitive advantage and to strengthen internal organisation is developed through benchmarking.

#### Critical Success Factor

There is a need to continuously review the shape of business in order to re-focus it as the core strength that will allow APIIT to identify the best opportunity for internal competencies. This leads to maximisation of utility through optimising the use of strengths and overcoming inherent weaknesses to best exploit opportunity while minimising the impact of threat.

Table 4.1 Characteristics of the Most Successful Organisation

1	A bias for action	<ul style="list-style-type: none"> <li>• Greater emphasis on trying things rather than talking about them and seeking solution rather than resolution</li> <li>• Use of task forces to tackle special problem</li> </ul>
2	Close to the Customer	<ul style="list-style-type: none"> <li>• Company is customer driven, not technology driven, not product driven, not strategy driven</li> <li>• Company knows what the customers want, and provide it better than its competitors</li> </ul>
3	Autonomy and entrepreneurship	<ul style="list-style-type: none"> <li>• Management are authorised to be enterprising rather than tied too rigidly by rules and system</li> </ul>
4	Productivity through people	<ul style="list-style-type: none"> <li>• Productivity improvements by activating and stimulating employees, using involvement and communications.</li> <li>• Corny merit awards, like badges and stars, work if they are properly managed and not just used as gimmick</li> </ul>
5	Hands-on, value driven	<ul style="list-style-type: none"> <li>• Productivity improvements by activating and stimulating employees, using involvement and communications.</li> <li>• Corny merit awards, like badges and stars, work if they are properly managed and not just used as gimmick</li> </ul>
6	Stick to the knitting	<ul style="list-style-type: none"> <li>• Successful companies know what they do well and concentrate on doing it well</li> </ul>
7	Simple form, lean staff	<ul style="list-style-type: none"> <li>• Simple structure</li> </ul>
8	Simultaneous loose-tight properties	<ul style="list-style-type: none"> <li>• An effective combination of central directions and industry autonomy</li> <li>• Certain control variables, such as a particular financial return measure or the no of employees, are managed tightly, for other things managers are encouraged to be flexible.</li> </ul>

(Source: Summarised from Peters, T.J. and Waterman, R.H. Jr (1982))

To ensure strategic success, APIIT is shown to be able to manage its resources, according to the key success factors featured by Peter and Waterman in Table 4.1.

The results of the research by Peters and Waterman in Table 4.1 (1982) concluded that the key success factors for most successful companies exhibit eight common attributes. The company's success was based primarily on good management practice and they serve as valuable guidelines for other companies. Some companies obtain superior financial performance from their cultures, but it does not necessarily mean that companies who copy these attributes will also achieve superior financial results.

Clearly there can be no guarantees, however, ignoring these issues will increase the chance of failure. Peters and Waterman conclude that 'the real role of the Chief Executive is to manage the VALUE of the organisation. The excellent companies live their commitment to PEOPLE.'

Subsequently, Peters (1988) asserts that there are no long-term excellent companies. 'The pace of change has become far too rapid to make any enterprise secure. Tomorrow's winners will have to view chaos, external and internal, not as problem, but as a prime source of 'Competitive Advantage'

Therefore, APIIT will enhance its strategy around these key success factors to sustain its competitive advantages with special emphasis on the following factors:

1. Be Customer Centric

Strong and sustainable relationship is the key success factor. APIIT must strike a 'win-win' relationship to maintain its cost efficiency and to win a long-term and strong relationship with suppliers and customers.

2. Invest in Human Capital

Management styles will shape an organisation and Peter and Waterman research results summarised that the real role of the Chief Executive is to manage the VALUES of the organisation. An excellent company lives by their commitment to PEOPLE. In a people based environment like APIIT, it is critical to manage these values. Creative compensation plans and training and development plans have to be devised and implemented to reduce the high staff turnaround in order to strengthen the company's performance.

### 3. Succession Planning

Great dependency of APIIT on its single most experienced management staff spells trouble for a company to grow in the long run. Proper succession planning has to be put in place so that the loss of any senior staff would not have adverse effects on the long-term survival of the company.

### 4. Improve Technology Transfer

This is made possible by providing a business service aid in the process of pro-actively diagnosing, searching for, and matching available technology to implicit market needs.

### 5. Active Marketing

With the students' databases that APIIT owned, active marketing can be conducted just by targeting these candidates and members of their families. Over the last nine years, APIIT has accumulated over 9,380 students based on Table 3.5. APIIT should capitalise on the existing database by sending their promotional brochures and advertisements to their former graduates and students, thereby capturing the members of their families where relevant.

The key issue is that APIIT must not only strengthen its ability to adopt, adapt and innovate the applications knowledge but also enhances the ability of the recipients to receive and apply what they have learnt.

## 4.3 Strategic Implementation

The strategy proposed for APIIT is one that creates value from intangible assets such as branding, intellectual asset/property and efficient methodology that require several interdependent ingredients for value creation i.e. leadership, processes, IT, skills, climate and organisation. For the strategy to be successfully implemented, a framework has to be put in place that can build a strategy-focused company as follows:

1. Mobilise Change Through Executive Leadership
2. Translate the Strategy to Operational Terms
3. Align the company to the Strategy
4. Make Strategy Everyone's Job

## 5. Make Strategy a Continual Process

One of such tools that are currently gaining favour among major corporations is the Balanced Scorecard that translates the strategy into operational terms. The Balanced Scorecard is a performance management programme that puts strategy at the centre of process i.e. the purpose is to translate strategy into measures that concisely communicate your vision to the company as shown in Table 4.2 for the consideration of APIIT.

Table 4.2 The Four Performance Measurements of a company using the Balanced Scorecard

Perspective	Operational Issues
Financial	To satisfy our shareholders, what financial objectives must we accomplish?
Customer	To achieve our financial objectives, what customer needs must we serve?
Internal	To satisfy our customers, and shareholders, in which internal business processes must we excel?
Learning	To achieve our goals, how must our organisation learn and innovate?

(Source: Kaplan, Robert S. and Norton, David P. (1996))