

Strategies for retaining customers: How PT ABC can maintain its position as the laboratory of choice

Lintang Arum Febrian¹, Adhi Setyo Santoso¹

¹ President University

Funding: No specific funding was received for this work.

Potential competing interests: No potential competing interests to declare.

Abstract

PT ABC (alias name), an Indonesian state-owned enterprise, offers inspection, testing, certification, and consultancy services. Being a well-established company, PT ABC encounters challenges in a highly competitive global market. To stay competitive and foster growth, PT ABC must develop new services, expand its international presence, and embrace new technologies. Additionally, diversifying revenue streams by entering new markets and establishing partnerships with other companies can prove advantageous. However, implementing these changes necessitates a well-designed change management process that involves effective communication, strong leadership, and meticulous planning and execution. By successfully implementing a change management process, PT ABC can sustain its competitiveness, deliver high-quality services to its customers, and expand its market reach and revenue streams.

Keywords: Competitive market, new technologies, change management, high-quality services, revenue streams.

1. Introduction

1.1. Introducing the Industry

PT ABC is a leading inspection, testing, and certification company based in Indonesia. Since its establishment in 1956, ABC has been delivering high-quality services to various industries, including oil and gas, mining, power, manufacturing, and trade. The company offers a comprehensive range of services, including laboratory testing, certification, inspection, consulting, and training.

PT ABC has a team of highly qualified and experienced professionals who are dedicated to providing reliable and accurate services to their clients. The company is committed to upholding international standards and regulations, ensuring that its services meet the highest quality requirements. ABC's laboratory services hold accreditation from national and international bodies, making their results globally recognized.

With its expertise spanning across multiple industries, such as mining, oil and gas, automotive, and consumer goods, PT ABC can effectively cater to the diverse needs of its clients. The company also places great importance on sustainability and responsible business practices, which further enhance its reputation and credibility in the market.

PT ABC's commitment to quality, customer satisfaction, innovation, and sustainability will continue to reinforce its position as the preferred laboratory in Indonesia and beyond.

1.2. Business Model

While business models have always existed, the concept of the business model itself is relatively recent (DaSilva & Trkman, 2014; Zott et al., 2011). The understanding among researchers studying business models is gradually converging, and the majority of current definitions align with that of Teece (2010), as cited in the Journal of Marko Niemimaa et al. (2019). A business model can be described as the logic or architecture governing the mechanisms of value creation, delivery, and capture within a firm (Foss & Saebi, 2017). That is, it 'reflects management's hypothesis about what customers want, how they want it, and how the enterprise can organize to best meet those needs, get paid for doing so, and make a profit' (Teece, 2010).

PT ABC's business model centers around offering testing, inspection, and certification services across various industries. The company generates revenue by implementing fees for its services, which include:

- **Testing Services:** PT ABC conducts laboratory tests to ensure the safety and quality compliance of various products, including food, consumer goods, and industrial items.
- **Inspection Services:** PT ABC provides inspection services for various industries, including oil and gas, mining, and agriculture. The company conducts inspections to verify compliance with regulations and safety standards.
- **Certification Services:** PT ABC provides certification services to companies that comply with international standards such as ISO, OHSAS, and HACCP. The company issues certificates to companies that meet these standards, which can increase their credibility and competitiveness.
- **Training and Consultancy Services:** PT ABC provides training and consultancy services to help companies improve their operations, safety, and quality. The company charges fees for these services, which can generate additional revenue.

PT ABC's business model is focused on providing high-quality services to its clients while maintaining profitability. The company has diversified its services and expanded its operations to other countries in Southeast Asia to increase its revenue streams. Additionally, PT ABC has adopted new technologies to enhance its services, which has helped the company maintain its competitive edge in the industry.

2. Analysis Of Uncertainties

2.1. Identify Uncertainties

Identifying uncertainties requires determining the potential challenges that may compromise the current business model or parts of it. Thus, the focus should be on the business model and on the components that constitute it rather than on the current processes and resources through which the business model is implemented in practice. Traditionally, identifying uncertainties for BC would focus on risks that threaten operations, such as the probability and frequency of a risk of losing a server facility (e.g. because of a flood, etc.), the business impact of losing (all/part of) the data collected during a day (or in two days, in a week, etc.), how alternative customer service processes can be set up promptly, the (absolute) minimum level of service that needs to be delivered, and how long it will suffice. As these issues demonstrate, they focus on the operation-level resources/processes through which the current business-model-in-practice is performed. Relating the concept of the business model to BC considerations results in new questions that threaten the whole business model or parts of it and thus would not flow easily from the value preservation approach. For instance, a design company whose specialty is graphics and logos should identify that the emerging threats provided by crowdsourcing pose significant uncertainty. Potential clients may prefer crowdsourcing platforms to design their new logos, as crowdsourcing can allow them to harvest potential ideas from hundreds or even thousands of designers across the globe. As such, companies are required to not only consider already existing competitors whose business models radically differ from theirs as uncertainties but also to understand emerging technologies that pose uncertainties for the current business model, which should rest on market intelligence and expertise (Marko Niemimaaa et al., 2019).

The identification of uncertainties can be achieved through the utilization of pre-existing scenarios, such as SWOT analysis (Haaker et al., 2017), as well as through brainstorming sessions. Considering the broad spectrum of potential threats, the process of identifying uncertainties greatly benefits from the involvement of a diverse group of participants with varying backgrounds and interests (Kendall et al., 2005). Also, organizational strategic and tactical directives should serve as an input to the process (Gibb & Buchanan, 2006). In particular, technology-savvy employees should be involved. Several new business model contingencies have emerged because of technological development, including crowdsourcing, cloud computing, sharing economy and big data. These advancements that are founded largely on technological progress have severely impaired the business models of some of the largest incumbents on different markets. Thus, organisations should identify the latest radical business model innovations applied by such technology-driven companies such as Uber or Amazon and consider them as sources of uncertainties (Marko Niemimaaa et al., 2019). We will illustrate this in the next chapter.

It is impractical for any organization to analyze every single uncertainty it faces. However, certain uncertainties can be identified as more probable than others. This assessment does not require scientific precision but can be based on estimated likelihood. Qualitative risk analysis methods are extensively documented and widely recognized by organizational planners. Rather than enumerating and estimating the consequences of uncertainties on organizational resources and processes, companies should prioritize evaluating the impact of uncertainties on the level of the business model—the risks they pose to the components of the business model or the business model as a whole (Marko Niemimaaa et al., 2019).

2.2. Analysis Of Uncertainties

PT ABC has established itself as a trusted partner for businesses across various industries in Indonesia, and to maintain its position as the laboratory of choice, the company must effectively manage the uncertainties that may arise. Some of the key uncertainties that PT ABC may face are:

Technological advancements: PT ABC must keep up with the latest technological advancements and equipment to maintain its position as a leading inspection, testing, and certification company. It must continuously invest in new technologies and equipment to remain competitive and provide high-quality services.

Competitors: With the increasing number of inspection, testing, and certification companies in Indonesia, PT ABC faces competition from both local and international players. The company must continue to differentiate itself by providing excellent customer service, investing in the latest technologies, and ensuring the accuracy and reliability of its testing and certification services.

Regulatory changes: The regulatory environment in Indonesia may change, and PT ABC must remain updated on any new regulations that may impact its business. The company must also ensure that its laboratories are accredited by national and international organizations to comply with regulatory requirements.

Economic and political uncertainties: Economic and political uncertainties have the potential to impact the demand for PT ABC's services. The company must have a contingency plan to manage any fluctuations in demand and ensure that it can continue to provide high-quality services to its clients.

Environmental and social issues: PT ABC must also manage environmental and social issues, as stakeholders increasingly demand responsible and sustainable business practices. The company must have policies and procedures in place to address these issues and ensure that it meets the expectations of its stakeholders.

PT ABC must effectively manage the uncertainties that arise to maintain its position as the laboratory of choice in Indonesia. The company must continue to invest in new technologies and equipment, provide excellent customer service, comply with regulatory requirements, have contingency plans in place, and address environmental and social issues to remain competitive and meet the expectations of its stakeholders.

3. Analysis of Impact from the Uncertainties

Assessing the impact of the identified uncertainties is dependent on their type. For instance, if a legislative change is identified as an uncertainty for a business, then the impact of the change on the business model should be evaluated. This can be done by considering systematically the impact of the legislative change across the business model component parts (e.g., how it affects the customer base, how it changes the value proposition, whether changes to the technologies that deliver the product/service are needed). As discussed above, the uncertainties can also relate to a newcomer's impact on the market. In this scenario, the business models of the new entrants should be described in a

similar manner to the company's own business model. However, it is important to acknowledge that the descriptions will be based on the available information, which is likely not perfect. The specific details of a company's various business models are often treated as confidential information. In fact, we typically become aware of the business models adopted by companies like Google or Facebook regarding the utilization of our personal data through revelations and legal proceedings (Zuboff, 2015). However, this should not hinder analysis or discourage further examination. Organizations should utilize the best information accessible to them and base their analysis on it (Marko Niemimaa et al., 2019).

PT ABC can effectively manage uncertainty and analyze its potential impact on the business by implementing the following actions:

Conduct a risk assessment: PT ABC can identify potential uncertainties and conduct a risk assessment to understand the likelihood and potential impact of each uncertainty on its business. This process can help the company prioritize its resources and focus on the most critical uncertainties.

Develop contingency plans: Based on the results of the risk assessment, PT ABC can develop contingency plans to manage the potential impact of uncertainties on its business. These plans can include identifying alternative suppliers, diversifying its services, or implementing cost-cutting measures.

Stay up-to-date with regulatory changes: PT ABC can monitor regulatory changes and adapt its processes and procedures to comply with new regulations. The company can also proactively engage with regulatory bodies to understand potential changes and provide input on how these changes may impact its business.

Monitor economic and political developments: PT ABC can monitor economic and political developments to identify potential fluctuations in demand for its services. The company can develop scenarios to assess the potential impact of these fluctuations and adjust its resources and services accordingly.

Address environmental and social issues: PT ABC can implement policies and procedures to address environmental and social issues, such as reducing its carbon footprint, ensuring responsible sourcing of materials, and promoting diversity and inclusion in its workforce. By doing so, the company can maintain its reputation and meet the expectations of its stakeholders.

By conducting risk assessments, developing contingency plans, staying up-to-date with regulatory changes, monitoring economic and political developments, and addressing environmental and social issues, PT ABC can effectively manage uncertainties and minimize their potential impact on its business.

4. Design of the Changes

After the potential impact has been documented, strategies for change can be developed. Whilst some impacts can be addressed easily, some may require significant effort and take a long time to implement, or they may even turn out to be impossible to address. For instance, developing a smartphone app can be considered relatively easy, but integrating this

app with an organisation's existing infrastructure and resource planning systems can be a thornier task. Some strategies to mitigate the impact could even include changes to legislation, which may take years to implement or may turn out to be unfeasible. However, at this point in the process, the emphasis is to develop tentative strategies rather than estimate their feasibility. Choosing and executing changes will follow in the next phase (Marko Niemimaa et al., 2019).

In its Analysis of the Business Continuity, PT ABC could take the following actions:

Table 1. Analysis of the Business Continuity of PT ABC.

| | PT ABC Original BM (Before Deregulation) | PT XYZ (example of a Competitor) | Impact On PT ABC Original BM | PT ABC's New BM | | |
|------------------------------------|---|--|--|--|--|--|
| Customers Value Proposition | <ul style="list-style-type: none"> PT ABC is a state-owned company in Indonesia. PT ABC offers a range of inspection, testing, and certification services to ensure that products and services meet the required quality standards. PT ABC has expertise in regulatory compliance, including environmental, health and safety, and social responsibility regulations. PT ABC offers risk management services to help customers identify and mitigate risks in their operations. PT ABC helps customers to streamline their operations by providing fast and efficient services. PT ABC has a reputation for integrity, impartiality, and reliability. This helps customers to build trust and credibility with their own customers, partners, and stakeholders. | <p>PT XYZ is centered around quality, safety, expertise, innovation, global presence, and customer satisfaction. The company's services help businesses comply with regulations, reduce risks, and improve their reputation, while also providing customized solutions and excellent customer service.</p> | | | | |
| Resource | <ul style="list-style-type: none"> PT ABC has a team of highly trained and experienced professionals, including engineers, technicians, inspectors, and auditors, who provide services to customers. PT ABC has a range of testing and inspection equipment, including laboratory equipment, measuring instruments, and inspection tools. PT ABC uses information technology to manage its operations, including customer relationship management, data management, and reporting. PT ABC has a range of certifications and accreditations that demonstrate its competence and credibility as a | <ul style="list-style-type: none"> Highly skilled personnel. State-of-the-art equipment. Laboratories. Global network. Partnerships. Training programs. | <ul style="list-style-type: none"> PT ABC could consider expanding its service offerings to include new or complementary services that are in high demand in the market. For example, the company could offer new testing, inspection, and certification services for emerging industries such as renewable energy or electric vehicles. Investing in new technologies such as automation, artificial intelligence, and robotics can help PT ABC improve the efficiency and accuracy of its testing and inspection services, which can give it a competitive edge in the market. Improving the customer experience by offering personalized services, | <ul style="list-style-type: none"> PT ABC can offer integrated testing, inspection, and certification solutions for its customers in various industries. This approach can provide a one-stop-shop for customers, streamlining the process of getting multiple services from different providers. PT ABC can transform its business by implementing digital technologies, such as Internet of Things (IoT) sensors, big data analytics, and cloud computing. This approach can improve the efficiency and accuracy of its services, reduce costs, and provide customers with real-time data insights. PT ABC can develop industry-specific solutions that cater to the unique needs of its customers in different industries. For example, the company can develop specialized testing and certification services | | |

| | | | | | | |
|-------------------------|--|--|---|--|--|--|
| | <p>service provider. These certifications and accreditations include ISO 9001, ISO 14001, ISO 45001, OHSAS 18001, and accreditation from the National Accreditation Committee (KAN).</p> <ul style="list-style-type: none"> PT ABC has a network of offices and laboratories throughout Indonesia, which allows it to provide services to customers across the country. | | <p>improving communication, and providing timely feedback can help PT ABC retain existing customers and attract new ones.</p> <ul style="list-style-type: none"> Ensuring the highest quality of service and maintaining a strong reputation for reliability and accuracy can help PT ABC stand out from competitors. Partnering with other companies in the industry to offer joint services or collaborate on research and development initiatives can help PT ABC expand its market reach and enhance its service offerings. Exploring new markets, either domestically or internationally, can help PT ABC reach new customers and expand its revenue streams. | <p>and certification services for the automotive industry or the food and beverage industry.</p> <ul style="list-style-type: none"> PT ABC can expand its services to include sustainability testing, inspection, and certification services. This approach can help companies meet their sustainability goals and improve their environmental, social, and governance (ESG) performance. PT ABC can offer value-added services such as training and consulting services to help its customers improve their operations and comply with industry standards and regulations. PT ABC can form strategic partnerships with other companies in the testing, inspection, and certification industry to offer joint services and expand its market reach. | | |
| Channel | <ul style="list-style-type: none"> Website/online. Direct Sales. Partnerships Referral marketing Events and exhibitions | <ul style="list-style-type: none"> Online platforms. Physical offices. Partner networks Mobile services and training programs | | | | |
| Technical Design | <p>PT ABC technical design is focused on providing high-quality, reliable, and efficient inspection, testing, and certification services to customers. The design is built around established procedures, a robust quality management system, advanced laboratory facilities, information technology systems, and regulatory compliance expertise.</p> | <p>PT XYZ technical design is focused on providing testing, inspection, and certification services to help businesses ensure quality and safety, comply with regulations, and improve their reputation.</p> | | | | |
| Payment Methods | <p>Payment via debit/credit card or cash, or using PO/SPK/MOU/Contracts as outlined in the agreement</p> | <p>Payment via debit/credit card or cash</p> | | | | |
| Cost | <p>Labor, Equipment and facility, Material, Overhead</p> | <p>Cost of PT XYZ services is typically determined based on a combination of factors, and the company strives to provide cost-effective solutions to its customers while ensuring high-quality services.</p> | | | | |
| Revenues | <p>Regulated list prices. In 2020, PT ABC revenue was reported to be IDR 1.95 trillion (approximately USD 134 million), with a net profit of IDR 95.8 billion (approximately USD 6.5 million).</p> | <p>€1.1 billion (approximately IDR 18.5 trillion) in 2020.</p> | | | | |

5. Project of Change Execution Plan

5.1. Plan the Change

A change management plan is essential to ensure that the change is implemented smoothly and effectively. The plan should include the scope of the change, the timeline for implementation, the resources needed, and the stakeholders involved. Effective communication is critical for successful change management.

The company should communicate the change to its employees, customers, and other stakeholders, explaining the reasons for the change, the objectives, and the benefits. The implementation phase involves putting the change into action. This may involve training employees, upgrading technology, and making operational changes. Once the change is implemented, it is important to monitor and evaluate its effectiveness.

This involves measuring the results against the objectives set, identifying any issues or challenges, and making adjustments as necessary. Sustaining the change involves embedding it into the company's culture and operations. This may involve creating new policies and procedures, providing ongoing training and support, and ensuring that the change becomes a permanent part of the company's operations. planning a change for ABC will require careful planning, effective communication, and ongoing monitoring and evaluation to ensure that the change is successful and sustainable.

5.2. *Execute the Changes*

A change management team should be established with members from different departments and levels of the organization. The team should have a clear understanding of the change objectives and be responsible for planning and implementing the change.

An action plan should be developed that outlines the steps needed to implement the change. This plan should include timelines, milestones, resources needed, and the roles and responsibilities of team members. Effective communication is critical to the success of the change. The change management team should develop a communication plan that includes messages to employees, customers, and other stakeholders. The messages should be clear, consistent, and focused on the benefits of the change. Employees should be trained on the new processes, procedures, and technologies that will be implemented as part of the change. Training should be ongoing, and employees should be provided with the support they need to adapt to the new ways of working. The change should be implemented in stages, with progress monitored and evaluated at each stage. The change management team should work closely with employees to ensure that the new processes and procedures are implemented effectively.

The change management team should monitor the progress of the change and evaluate its effectiveness. Feedback should be gathered from employees, customers, and other stakeholders to identify areas where improvements can be made. To sustain the change, new policies and procedures should be developed to embed the change into the company's culture and operations. Ongoing training and support should be provided to ensure that employees are confident and competent in the new ways of working.

Executing a change for ABC will require strong leadership, effective communication, and careful management to ensure that the change is implemented successfully and sustained over the long term.

6. Conclusion

PT ABC is a well-established Indonesian state-owned enterprise that provides a wide range of inspection, testing,

certification, and consultancy services. The company has a strong reputation for quality and reliability, but faces challenges in the increasingly competitive global market.

To remain competitive and grow in the future, ABC needs to focus on developing new services, expanding its international presence, and adopting new technologies. The company can also benefit from diversifying its revenue streams by entering new markets and partnering with other companies.

However, implementing such changes requires a well-designed change management process that involves effective communication, strong leadership, and careful planning and execution. By successfully implementing a change management process, ABC can remain competitive and continue to provide high-quality services to its customers while also expanding its market reach and revenue streams.

Acknowledgement

This work is a part of Erasmus+ CBHE Building Universities in Leading Disaster Resilience (BUI LD) project activities from Work Package 2.3. Enhancing Disaster Management Curricula during 2019 – 2023.

References

- DaSilva, C. M., & Trkman, P. (2014). *Business model: What it is and what it is not. Long Range Planning*. (6th ed., Vol. 47).
- Foss, N. J., & Saebi, T. (2017). Fifteen years of research on business model innovation: How far have we come, and where should we go?. *Journal of Management*, 43(1), 200–227.
- Gibb, F., & Buchanan, S. (2006). A framework for business continuity management. *International Journal of Information Management*, 26(2), 128–141.
- Haaker, T., Bouwman, H., Janssen, W., & de Reuver, M. (2017). *Business model stress testing: A practical approach to test the robustness of a business model*. 89, 14–25.
- Kendall, K. E., Kendall, J. E., & Lee, K. C. (2005). *Understanding disaster recovery planning through a theatre metaphor: Rehearsing for a show that might never open. Communications of the Association for Information Systems*. (1st ed., Vol. 16).
- Marko Niemimaa, Marikka Heikkilä, Jukka Heikkilä, & Jonna Järveläinen. (2019). Business continuity of business models: Evaluating the resilience of business models for contingencies. *International Journal of Information Management*, 49, 208–216.
- Teece, D. J. (2010). *Business models, business strategy and innovation. Long Range Planning*, (2nd ed., Vol. 43).
- Zott, C., Amit, R., & Massa, L. (2011). The business model: Recent developments and future research. *Journal of Management*, 37(4), 1019–1042.
- Zuboff, S. (2015). Big other: Surveillance capitalism and the prospects of an information civilization. *Journal of Information Technology*, 30(1), 75–89.

