RENEWAL STRATEGIES TO SUSTAIN PROFITABLE GROWTH IN PT. ADIRA DINAMIKA MULTI FINANCE, TBK (ADIRA FINANCE)

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ABSTRACT

Profit and growth are the essence of a business. Without profit and growth, a company will not be able to survive in this rapid change and toughness in the industry. In order to keep it's sustain profitable growth over its competitors in the industry, the company has build distinctive competencies in order to gain competitive advantages that favorable to its customers. These competitive advantages should also be maintained and changed if necessary according to the global trend and technology changing that impact to the business. Therefore, the company has to have renewal strategies to overcome challenges and win the market. The objective of the study is to capture how PT. Adira Dinamika Multi Finance, Tbk (Adira Finance) renews its strategies as an real example on how the theory of growth strategies written by Chakravarthy and Lorance in their book "*Profit or Growth? Why you don't have to choose*" is applied. Research methodology applied is a combination of *field research* and *desk research*, where the primary data for this study gathered through interviews and justified by several supporting data which collected directly from the company.As a result of this study, the writer concludes that Adira Finance has been successfully renew its strategies from time to time and achieve tremendous sustain profitable growth for the period of 2001 – 2008. In order to sustain the company growth, Adira Finance has been performing the "protect and extend" strategy type as their main renewal strategy. Therefore, this study becomes an example of how that strategy could be applied in real business situation in Indonesia.

Keywords: renewal strategy, profitable growth, sponsor renewal, competitive advantage

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BACKGROUND

Preview

In order to keep its sustainable growth over its competitors in the industry, a company has to build distinctive competitive advantages that favorable to its customers. These competitive advantages should also be maintained and changed if necessary according to the global trend and technology changing that impact to the business.

Therefore, the relentlessly seeking new opportunities and adding new and distinct capabilities become very important to a company in order to sustain its profitable growth. According to Chakravarthy and Lorange, "commitment to profitable growth is also a commitment to continuous growth".[3] Thus, if a company pursues to have a growth – with profit include in it, then it has to have a continuous spirit of growth.

Strategy is needed to grow. A healthy grow cannot be expected by just waiting the time to reveal it. In order to pursuit a long lasting profitable growth, a company should have a growth strategy that carefully crafted, clear and simple, which provides the best means for a business leader or entrepreneur to maximize corporate value. (Finkelstein, Harvey and Lawton 2007).

On the execution side, a profitable growth should be supported by entrepreneur-managers and renewal sponsor, who initiate or foster the strategies and lead the execution. The main role of the manager is managing all the resources to make sure the correct and smooth implementation of the strategies. Therefore, the style of leadership of the manager will determine how the strategies will be executed.

Problem Statement

Adira Finance as one of the players in multi finance industry has been faced the same challenges that other multi finance companies faced. How did Adira Finance overcome the challenges and come up as a winner as it become the largest multi finance company in the country with leap-frog profit achieved in 2008? What was the strategies applied and how did Adira Finance applied the strategies? How important was the role of Mr. Stanley Setia Atmadja, the President Director, in crafting and executing the strategies applied? How did he lead the execution of the strategies? What kind of leadership style shown by him in leading his team toward the achievement of those strategies?

Significance of Study

The goal of this thesis is to learn and make an example of how an Indonesian company renews its strategies from time to time through new market and new

[3] Bala Chakravarthy & Peter Lorance, Profit or Growth?, 2007, p. 19

distinctive competencies approach in order to sustain its profitable growth and how an entrepreneur-manager needed to support the strategies execution.
The benefits are:

- For company, to understand and compare or use it as an example / reference for their own business strategy in the future.
- For academic view, this thesis can be used to gain some understanding and examples on how a theory works in business world.

Scope/Limitation

The scope that will be analyzed within this thesis would be limited to the renewal strategies developed by Adira Finance to sustain its profitable growth during 1990 – 2008 and leadership style shown by the President Director, Mr. Stanley Setia Atmadja.

LITERATURE REVIEW

Growth and Survival

Patrick Viguerie, Sven Smit & Mehrdad Baghai took a broad insights from their survey among 100 largest companies in the United States during 1984 – 1994 – 2004 (two distinct business cycle) to examine two indicators of performance over this period: revenue growth and shareholder value creation, as measured by Total Return to Shareholders (TRS) (Viguerie, Smit, & Baghai, 2007).

Moreover, companies with above-average revenue growth during the first cycle, whether or not it was accompanied by superior value creation, were more likely to exhibit above-average TRS during the next cycle. Two-fifths of the first-cycle growth giants sustained their performance in both revenue and value creation through the second cycle, and more than half (55 percent) continued creating value at a high rate. Interestingly, both the challenged and unrewarded companies had a better chance of surviving and achieving high TRS during the second cycle than the performers did. It was the performers that faced the worst odds". (Viguerie, Smit, & Baghai, 2007, p. 8)

Renewal Strategies

In order to sustain profitable growth, a company has to commit to the continuous renewal, seeking for opportunities and adding new and distinct capabilities.

"Seeking sustained profitability triggers the re-engineering of a firm's business processes and the trimming of its business portfolio. Moreover, sustained profitability is possible only if the firm has distinctive capabilities that remain superior to that of its competitors. A focus on sustained growth, on the other hand, helps the firm to look beyond current opportunities and to explore new markets. Continuous renewal is about renovation, innovation and more" (Chakravarthy & Lorange, 2007, p. 19).

"Renovation is about protecting and extending a firm's existing market share. It is achieved through continuous improvements in operating performance. It also calls for new product introductions, new approaches to servicing the customer, and new ways of segmenting the existing market, but without diversifying the competence base of the firm or the markets in which it competes. Renovation provides profitability and growth in the short run.

Innovation on the other hand is about entering new markets and serving them using competencies that are also new to the firm. It stakes out a new business domain for the firm to grow profitably in the future.

Renovation and innovation span a shared spectrum. They sharpened by four distinct renewal strategies: (1) protect and extend (essentially a renovation strategy), (2) transform (an innovation strategy), and two important strategies in between – (3) leverage and (4) build. These strategies are not four independent choices but rather four linked strategies. A well-managed firm should pursue all four of the renewal strategies in order to sustain profitable growth, albeit with differing emphases as appropriate to its business context" (Chakravarthy & Lorange, 2007, pp. 20-21).

The four distinct renewal strategies are shown in the figure below:

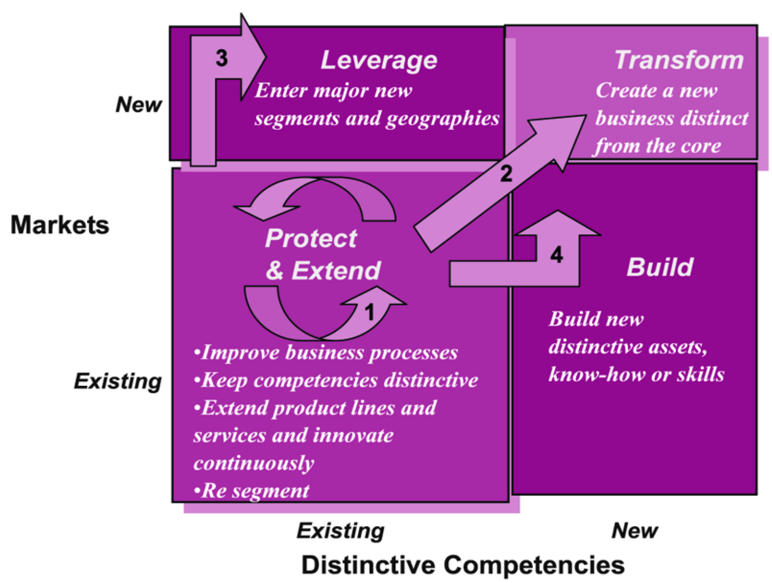

Figure 1. Four Distinct Renewal Strategies
Source: (Chakravarthy & Lorange, 2007, p. 29)

Risk in Renewal

"Renewal is not without risks. Clearly, transformation is the most risky, and protects and extends the least. Leverage and build are both moderately risky. However, failure to renew is also risky. So emphasizing protect and extend alone is not the answer. Complementing a protect and extend strategy with well-thought-out leverage and build strategies is the best approach to ensure continuous renewal without taking undue risks" (Chakravarthy & Lorange, 2007, p. 36).

"Risk with a protect and extend strategy are imitation, obsolescence (substitution of products/services), complacence (ignoring market entrants) and market saturation" (Chakravarthy & Lorange, 2007, p. 36).

"Risk in a leverage strategy come from not understanding the needs of the customers in the new markets that the firm enters. This is often an under-appreciated risk, especially when a firm is not just entering a well-established market that is merely new to it but rather seeking to create a brand new market opportunity" (Chakravarthy & Lorange, 2007, p. 37).

"The risks with a build strategy come from difficulties in the competence development process. The new competence platform may be harder to build than first thought or more expensive than budgeted. Worse still the anticipated uses for the new competence may not materialize" (Chakravarthy & Lorange, 2007, p. 38).

"There are five major risks with a transform strategy: market development, competence development, financial, reputational and disconnectedness. The market development and competence development risks are similar to those in leverage or build strategy, except that in a transformation strategy both market and competence development are attempted simultaneously. Financial risk pertains primarily to transformation through acquisitions and divestitures but could also apply to internal development projects aimed at transformation. A related risk, whether transformation is pursued through acquisitions or internal development, is the reputation of the firm. High-profile transformation projects attract a lot of media attention and, when they fail, the fallout for the firm can be catastrophic. A fifth risk that managers must contend with is the tendency of the new venture to become disconnected from the core. This isolates the venture from the firm's competencies and market access. While the transformation venture needs to be given its own space and management attention, it also has to be connected to the core. That is one way to manage this risk" (Chakravarthy & Lorange, 2007, pp. 39-40).

Continuous Renewal

"Continuous renewal calls for planned allocation of resources to a sequence of leverage/build initiatives:

1. Projects that pursue a new market opportunity aggressively but do so by first leveraging available competencies within the firm
2. Projects that build new platforms of competencies to fuel future growth but do so first by strengthening the firm's competitive advantage in existing markets.

The firm is transformed over time but through a sustained sequence of leverage (leading to build) and build (leading to leverage) strategies. Top management must have the stamina and dedication to persist with this effort through changes in its own ranks" (Chakravarthy & Lorange, 2007, p. 44).

Sponsor the Renewal

"Organic growth requires both a top-down and bottom-up effort (see Figure 2). Top Management sets the broad vision for the firm and specifies the scope and pace of renewal. This is based on the assessment of the rate at which the firm's markets are maturing and its competence platforms losing their distinction; and on management's vision for where the firm should be headed in terms of new markets and competencies, and how quickly.

"…Entrepreneur-Managers are the engines that drive continuous renewal. Behind every successful entrepreneur-manager though there is an effective sponsor. Sponsors are senior executives, usually heads of business divisions or regions. Occasionally the CEO himself may be the sponsor.

Good sponsors are well-respected senior executives with an excellent track record of delivering results. They will need the accumulated credibility to perform their jobs well. Sponsors are also distinguished by the skills that they display in performing five critical roles: (1) defining the scope of a renewal project, (2) finding the entrepreneur-manager to run it, (3) locating a suitable organizational home for the project, (4) tailoring the firm's control and incentives systems to help with its implementation, and (5) coaching and supporting the entrepreneur-manager". (Chakravarthy & Lorange, 2007, pp. 103 - 104).

Resource-Based View

Research on the skills of general managers, institutional leaders, economic rents, and firm growth have recently been brought together to develop a rigorous model that can be used to analyze a firm's strengths and weaknesses. This general framework, usually called the **resource-based view of the firm**, focuses on the idiosyncratic, costly-to-copy resources controlled by a firm – resources whose exploitation may give a firm a competitive advantage.

Any of a wide range of firm attributes could be considered resources in this context. In general, firm resources are all assets, capabilities, competencies, organizational processes, firm attributes, information, knowledge, and so forth, that are controlled by a firm and that enable the firm to conceive of and implement strategies designed to improve its efficiency and effectiveness. Generally, these resources can be conveniently divided into four categories: financial capital, physical capital, human capital and organizational capital.

"VRIO Framework could be used to analyze firm's resources and capabilities. It is structured in a series of four questions to be asked about the business activities in which a firm engages: (1) the question of **value**, (2) the question of **rarity**, (3) the question of **imitability**, and (4) the question of **organization.** The answers of these questions determine whether a particular firm resource or capability is a strength or a weakness". Table 1. summarizes the questions.

Table 1. Questions for conducting a Resource-Based Analysis of a Firm's Internal Strengths and Weaknesses

1. The Question of Value: Do a firm's resources and capabilities enable the firm to respond to environmental threats or opportunities?
2. The Question of Rarity: Is a resource currently controlled by only a small number of competing firms?
3. The Question of Imitability: Do firms without a resource face a cost disadvantage in obtaining or developing it?
4. The Question of Organization: Are a firm's other policies and procedures organized to support the exploitation of its valuable, rare and costly-to-imitate resources?

Source: (Barney, 2007, p. 138)

The questions of value, rarity, imitability, and organization can be brought together in a single framework to understand the return potential associated with exploiting any of a firm's resources or capabilities. This is done in Table 2. The relationship of the VRIO framework to strengths and weaknesses is presented in Table 3.

Table 2. The VRIO Framework

Is a resource or capability…

Valuable?	***Rare?***	***Costly to Imitate?***	***Exploited by Organization?***	***Competitive Implications***
No	–	–	No	Competitive disadvantage
Yes	No	–	–	Competitive parity
Yes	Yes	No	–	Temporary competitive advantage
Yes	Yes	Yes	Yes	Sustained competitive advantage

Source: (Barney, 2007, p. 150)

Table 3. The Relationship Between the VRIO Framework and Organizational Strengths and Weaknesses

Is a resource or capability…

Valuable?	*Rare?*	*Costly to Imitate?*	*Exploited by Organization?*	*Strength or Weakness*
No	–	–	No	Weakness
Yes	No	–	–	Strength
Yes	Yes	No	–	Strength & distinctive competence
Yes	Yes	Yes	Yes	Strength & sustainable distinctive competence

Source: (Barney, 2007, p. 151)

METHODOLOGY

Research Objective

As a case study research, the research objective is to applied theoretical model in the real world situation, in this case Adira Finance. By collecting data and analysis through the theory given, the outcome of the research will be a conclusion or an example of how the theory applied and translated in the particular case.

Research Methods

Research methodology used is a combination of *field research* and *desk research*. In field research, the writer is gotten *primary data* through interviews with executives of PT. Adira Dinamika Multi Finance, Tbk and collects related files (soft copy and hard copy) to support the data collected.

Included in *desk research* are the study of literatures and *internet research (arm-chair)*. Literature and internet research are meant to collect *secondary data* which related and support primary data.

Case Study Type

Case study for PT. Adira Dinamika Multi Finance, Tbk is a *company case study*. A *company case study* is a type of case study which describe the problems situations and actions of the company (as organization) in related with the topic that writer is focused on.

Methodology Framework

The framework of a case study is actually the scenario of the case study.

This case study will describe a flash back situations and actions of PT. Adira Dinamika Multi Finance, Tbk, in related with renewal strategies they made in different situation in different period of time, with the main actor is Mr. Stanley Setia Atmadja as the *President Director*.

The time line of this case study is mainly from 2004 – 2008 and the location of the case study is Graha Adira building, floor 5-6 and 10-12, Jl. Menteng Raya No. 21, Jakarta 10340.

In developing this case study, the writer has done literatures and internet research at the first time to collect all the data related to the Company as much as he can and list down preliminary questions related to the topic. After that, the writer make appointment with the executive of PT. Adira Dinamika Multi Finance, Tbk, Bpk. Ho Lioeng Min, Risk Management Deputy Director, which appointed by Mr. Stanley as the liaison officer to the case study.

After all data and information are collected, the next step is writing the case study and make some analysis through the theory given and end with a conclusion and recommendation. See Figure 2. for detail workflow of the research:

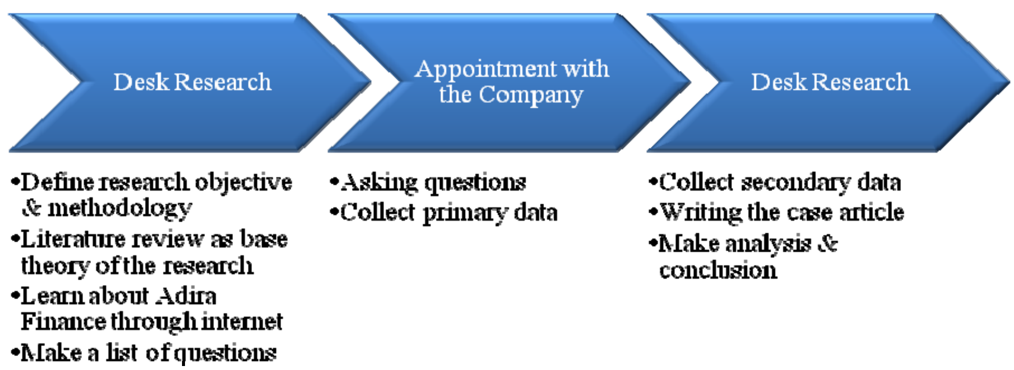

Figure 2. Research Workflow

Type and Sources of Data

Primary Data

Primary data used in this case study is taken from the interview with Mr. Ho Lioeng Min as the executive of PT. Adira Dinamika Multi Finance, Tbk.

The interviews were done three times, taken place in his office in Graha Adira building, 12th floor and also over the phone calls to clarify certain things.

Secondary Data

Secondary data was mostly taken from 2008 Annual Report of PT. Adira Dinamika Multi Finance, Tbk, official website of the Company, other websites which contain related information needed, and two popular books titled Indonesian Top CEO Wisdom and Making The Giant Leap, all published by PT. Gramedia Pustaka Utama, Jakarta.

Analysis Method

Analysis Method of the case study is using qualitative method, whereas the writer is doing a deep thinking to analyze the situations happen in PT. Adira Dinamika Multi Finance, Tbk using the theory given.

RESULT AND ANALYSIS

Growth and Survival

Adira Finance was established in 1990. It can be said that it has been existed in the industry for the last 19 years. That long period of existence can be divided into 2 parts; 1990 – 1999 as the first business cycle, and 2000 – 2009 as the second business cycle. Along its history of growth, Adira Finance's growth direction was an organic growth.

Viguerie, Smit & Baghai concluded that a company which grew more slowly than GDP for the first economic (business) cycle was five times more likely to disappear as a going concern before the end of the next cycle than a company that expanded more rapidly. To apply this survey conclusion into Adira Finance's situation in the first business cycle, the revenue growth of the Company should be compared with the growth of GDP of Indonesia. As shown in Figure 3 below (unfortunately, the data is limited from 1997 and after), Adira Finance's growth always much higher than Indonesia's GDP growth, except in 1999 as the effect of monetary crisis in 1998 and 2006 as the effect of fuel price hike which impacted to consumer behavior in buying car or motorcycle.

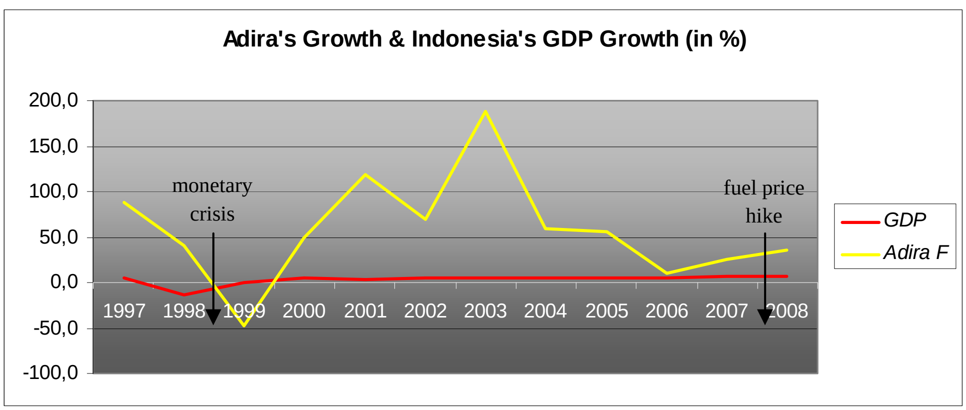

Figure 3. Adira's Revenue Growth and Indonesia's GDP Growth[4]

[4] source: Adira Finance's document and http://www.indexmundi.com/indonesia/gdp_real_growth_rate.html, 23 January, 2010

In average, Adira Finance has been growth by 57.8% per year from 1977 – 2008 (12 years period), while Indonesia's GDP average growth was 3,3% per year in the same period of time. By this information, the writer can conclude that Adira Finance's growth has been far beyond Indonesia's GDP, therefore the chance of the Company to survive on the next business cycle is presumably good. Due to limitation of data provided, the writer is not be able to conclude whether Adira Finance is a growth giant company or else.

Renewal Strategies

Cakravarthy and Lorange argue that in order to sustain profitable growth, a company has to commit to the continuous renewal, seeking for opportunities and adding new and distinct capabilities. Through this concept, we can see that Adira Finance has been always renewing its strategies in almost every 4 years period. The management of Adira Finance called these periods as stages of transformation (the term "transformation" is has a different meaning with what Chakravarthy and Lorange. It is actually more on an operational transformation or improvement):

1. Survival and Growth (1990 – 2000)
    a. Operating Standard and Productivity (1990 – 1996)
    b. Diversification and Network Expansion (1997 – 2000)
2. Journey to Excellence (2000 – 2008)
    a. Management and Infrastructure (2000 – 2003)
    b. Business Integration and Strategic Alliances[5] (2004 – 2008)

Further, Cakravarthy and Lorange said that seeking sustained profitability triggers the re-engineering of a firm's business processes and the trimming of its business portfolio. Through the years of experiences, Adira Finance found that the growth of the company will depend on 3 major factors which is Receivable (include new booking/disbursement), OPEX and Credit Lost. Receivable will be driven by the automotive market, while OPEX and Credit Lost will be driven by the internal management and operation. Therefore, the company put much effort on how to minimize the OPEX and Credit Lost by operational excellence and standard procedures that enabled by IT intensification. One of the example is the usage of mobile system devices to inform which customers should be visit by the collectors while they are in field. With this operation model, the process of collection and repossess the financing asset (if needed) is much faster and efficient. Moreover, the company has been introduced paperless system for application process and other administrative things in branches, which is called Ad1Flow. This system has

[5] The Company was used the term "Alliances" to show the strategic action taken from the Company side. From the market side, it was actually an "Acquisition" by Bank Danamon.

been integrated with Ad1Sys.Online and Ad1Sys.HQ system, therefore journal process has been performed automatically based on the data resulted in workflow system. The achievement of the workflow processes as explained above has succeeded in saving cost with significant amount of Rp. 12 billion per year[6].

Since the Company established until now, profit is always gained and growth is never stop. The writer can draw in the figure below to show how the profit and assets growth is in-line with the strategies:

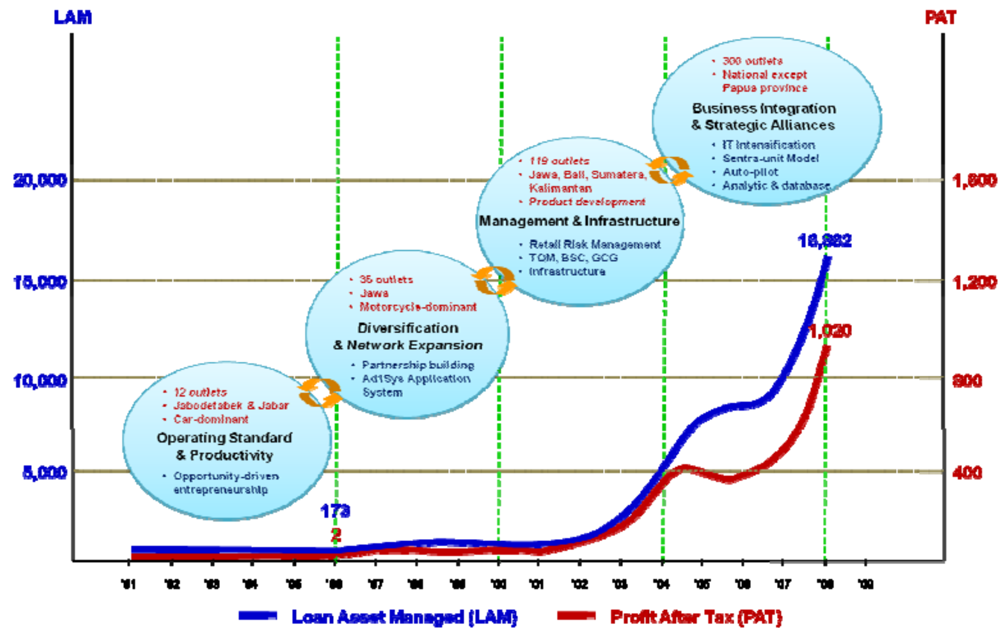

Figure 4. Aligning renewal strategies with the LAM & PAT of Adira Finance

In the **first stage**, Adira Finance was focus on car financing since it was given big margin turn over, and kept seeking opportunity to growth by using the approach of *multi-brand*, meaning that Adira Finance did not loyal to finance only one brand of car. These two strategies were proven as the right strategies to the Company. Until before the time of financial crisis in 1997, the Company had always in the health condition and never had a negative profit.

In 1997, the Company actually had planned to open another 15 branches, but due to the financial crisis, the management prefers to change the plan and did operational consolidation. During the crisis, car productions were drastically decrease from around 390 thousand unit per year before the crisis to only around 58 thousand units per year in 1997 – 1998. Motorcycle got the same impact, decreased from 1.8 million units to below 500 thousand units during

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[6] source: Annual Report 2008 PT Adira Dinamika Multi Finance, Tbk., p. 81

the crisis. But start from 1999, the production of motorcycle eventually back to increase consistently. The management of Adira Finance saw these phenomena and concluded that people had tried to find transportation alternative beside car, as the increase of motorcycle much more fast compared to the increase of car production.

Looking at this situation, Mr. Stanley moved fast and decided to focus more on motorcycle financing and enter the second stage of the Company.

The **second stage** is a **protect and extend strategy**. Although the Company was entered new geographies and re-segments the market, the core business was still the same as the previous. New geographies were signed by expanding the branches from 12 to 35, while re-segment the market was signed by focusing on the development of motorcycle financing. The Company also strategically has developed partnership with motorcycle producers and dealers. The outlet expansion was continued throughout the next stages as the branches grew to 199 branches in the third stage and 300 branches in the fourth stage.

The **third stage** is still a **protect & extend strategy**. As the Company has more stable growth in term of asset and profit, the management decided to develop new capabilities in management system and infrastructure. The business map was created through Balance Scored Card, the business process was strengthen by implementing Total Quality Management, and the accountability of each employee was measured with Key Performance Indicator. The Company was also implemented Good Corporate Governance through developing and implementing policies related to the customer, dealer and internal process. All the new competencies built are supported by the strong corporate values.

The **fourth stage** is also a **protect and extend strategy**. Adira Finance has growth from a small finance company to a leading public-owned multi finance company with sophisticated technology and analytic tools that enabled the Company to have *auto-pilot* indicator in approving and collecting processes. Yet, the Company has not leaving its core business until this stage, but more on doing renovation of the business processes.

Risk of Renewal

Consumer financing is a generic product. Basically it is a kind of loan provided by non bank institution. Different with bank which under the supervision and regulated by Bank Indonesia, financing is under the supervision and regulation of Ministry of Finance. One of common difference between bank and finance institution is that the regulation in finance institution is not as tight as what applied in bank. Therefore, speed and accuracy are the key success factors. Adira Finance keep improves its business processes from application to collection. A customer should not wait for days for an application but only hours and collection is maintained by keep monitoring the payment behavior of the customer.

In entering new area, Adira Finance always did a field survey first, in order to know how potential will the market they about to enter. They learned about social characteristic of the people and they behavior toward loan and financing. Adira Finance avoided the risk new competencies build such as TQM, BSC, Risk Management by gaining top management commitment and involve all departments in developing such competencies. Processes are monitored and results used as feedback to improve the competencies. In employees' level, they used to criticize their own working process through Quality Control Circle, a bottom up respond program to Total Quality Management which top down from the management.

Sponsor the Renewal

Chakravarthy and Lorange also mention in their book that entrepreneur-managers will be needed to ensure a successful renewal strategy. Adira Finance, in this case, has a very solid team of management, from Mr. Stanley Setia Atmadja as Chief Executive Officer, Board of Directors, Division Heads until Line Managers in head office and branches.

The role of CEO in Adira Finance is to give vision and broad directions in order to achieve the vision. Within the time frame of this thesis describe, Mr. Stanley had formulated the company's vision twice: To be the Best and Most Reputable Company and Focus on Consumer Finance Services for the vision of 1990 – 2003, and World Class Finance Company for the vision of 2004 beyond.

As the CEO who sponsoring the renewal, Mr. Stanley is well known as a brilliant entrepreneur who in several time received distinguish rewards. Internally, as Chakravarthy and Lorange describe five critical roles of the sponsor, we can see a similar characteristic in Mr. Stanley leadership:

1. Mr. Stanley always led the renewal strategies. He is the one who has given the broad vision and scope of the strategies.
2. Mr. Stanley believes on performance and competencies of his team. Either from inside the organization or taken from outside, he usually find the right person to handle a job or project. Succession from inside of the Company has been organized by Human Resources Development Division with Talent Pool initiative and structured training (e.g. BDET – Business Development Executive Training) as a mandatory requirement for an employee to enter managerial level.
3. Organization structure will follow the need of organization and align to the vision of the Company. One of the examples is when the Corporate

President Office Division was created to support and control TQM, Balanced Score Card and QCC projects.

4. Bonus system is set up to appropriately reward performance. They who work in branches will provide with quite big bonus if they can achieve or even exceed the target set. This bonus scheme is intentionally set bigger than the bonus scheme set for head office employees. Top management belief that branches should be rewarded more because they are the one who produced income for the company and take a bigger risk in facing the customer and the market.
5. In coaching and supporting the team, Mr. Stanley uses the paradigm of managing mindset instead of managing people. He argues that if you have 100 people in your organization, you can manage them one by one, but if you have thousands of people, than you have to manage their mindset to marching together to one direction. Therefore he creates three principals supported by five aspects of leadership to be applied and followed by his employees.

Resource-Based View

To evaluate whether there is distinctive competency built in every stage of renewal strategy of Adira Finance, the writer use the concept created by Jay Barney called Resource-based view. According to this concept, the writer analyze whether the resources or competencies possessed by Adira Finance will give the Company sustainable competitive advantage and distinctive competence. The VRIO Analysis in the Table 4 below will provide the information

At the end of the case described, Mr. Stanley and the team still wondering, whether the next five years big theme implementation, Customer Intimacy, will be another success strategy or a failure. At the same token, the writer can use the above tool to examine the possibility. As described in the case, that Customer Intimacy is a strategy of the Company to know more who the customers really are and in positive term “exploit” that knowledge to provide them better services. The ultimate aim is that in every part of customer’s life cycle related to financing products, they will related to Adira Finance as the center of “spider web”. Thus, this strategy is actually the effort of the Company to add “Exploited by Organization” category to the resource of “big customer based” to become a complete VRIO requirement: valuable, rare, costly to imitate and exploited by the organization. Therefore, we can conclude that this strategy has a big chance to be success because it is a strength and sustainable distinctive competence of the Company, and will give sustained competitive advantage to the Company.

Table 4. VRIO Analysis of Adira Finance

Categories	Resources	Reveal in Stage …	VRIO Analysis	Competitive Implication	Strength or Weakness
Financial capital	Strong funding sources from Bank Danamon	4	Valuable Rare	Temporary competitive advantage	Strength & distinctive competence
Physical capital	Ubiquitous Network	2	Valuable	Competitive parity	Strength
	IT intensification	4	Valuable Rare Costly Exploited	Sustained competitive advantage	Strength & sustainable distinctive competence
Human capital	Solid team	2	Valuable Rare Costly Exploited	Sustained competitive advantage	Strength & sustainable distinctive competence
	Structured training & succession planning	3	Valuable	Competitive parity	Strength
	Top Management leadership	1	Valuable Rare Costly Exploited	Sustained competitive advantage	Strength & sustainable distinctive competence
Organizational capital	Partnership within supply chain	2	Valuable Rare	Temporary competitive advantage	Strength & distinctive competence
	Robust management system	3	Valuable Rare	Temporary competitive advantage	Strength & distinctive competence
	Strong corporate culture	3	Valuable Rare Costly Exploited	Sustained competitive advantage	Strength & sustainable distinctive competence
	Big customer based	4	Valuable Rare	Temporary competitive advantage	Strength & distinctive competence

LESSONS LEARNED AND CONCLUSION

Lessons Learned

Understanding the case of Adira Finance as a national multi finance company which starts its debut back in 1990, the writer can list down some precious lessons learned in light of sustainable profitable growth concept as follows:

1. Adira Finance was just another multi finance company at the first time. It was founded as a result of entrepreneurship spirit of Mr. Stanley Setia Atmadja and Mr. Adi Rahmat. What then make the Company difference with other multi finance companies is that it can consistency has excellent leap-frog performances for the last seven years, with 41% average growth of annual net income.
2. In order to sustain its growth, Adira Finance has proactively renewed its strategy in every 4 – 5 years. The management of the Company use the term ”Theme” and ”Key Lever” to name the strategies. The strategy has been given ultimate direction to every employee to harmonize their works toward the achievement set aligned with the strategies. As a result, the Company can move forward from one level of achievement to another, from an ordinary company to a word class company. The Company is one good example of Indonesian company to what Chakravarthy and Lorange suggest about the important of renewal strategies in order to sustain profitable growth.
3. Chakravarthy and Lorange suggest that there are two basic types of Renewal Strategy; (1) Protect and Extend, and (2) Transformation. They also introduce two bridging strategies; (3) Leverage and (4) Build, that usually being experienced by a company which transform its market and distinct competencies away from its core business. Learned from the case, Adira Finance has been practicing Protect and Extend strategy in each of its renewal strategy, since the Company has never been moved away from its core business from the beginning until now (2010).
4. Being aware that competition in financing industry is tight, Adira Finance has been protecting and extending its business in every strategic actions the Company did; network expansion, IT intensification, strategic alliance, and spider web concept that planned to be implemented.
5. All the great strategy might be fail if they are not executed well by a solid team and strong leadership. People are the ultimate key factor of strategy execution. Adira Finance is aware about it, therefore the Company takes this matter seriously. In term of infrastructure, they have built a strong company values and policies as foundation to build a solid team. Organization structure is set based on the needs of the organization in achieving its vision. In term of execution, people performance is measured by their KPI and rewarded appropriately. Training program and succession planning are aligned. In term of leadership, Adira Finance has a strong leader, Mr. Stanley Setia Atmadja, who has been sponsoring their renewal strategies all over the Company history.
6. Adira Finance has been built competencies through its resources. These resources have been developed in order to achieve each of the strategy.

Using VRIO analysis, the writer found that most of the competencies built have given the Company sustained competitive advantage among its competitors.

Conclusion

Profit and growth are the ultimate goal of every company. To sustain a profitable growth, a company has proactively seeking and implements its best strategy and renews it from time to time according to the market and competition situation.

Using the theories described in Chapter II as base for analysis the case of Adira Finance, the writer may conclude as below:

1. Adira Finance has proved itself as a company which grows and survives well from the beginning of its existence until now.
2. To sustain its profitable growth, Adira Finance has been doing protect and extend strategy type in its entire history as renewal strategies and become an example how the theory suggest by Chakravarthy and Lorange could be applied in the real business situation, especially in Indonesia. Proactively, Adira Finance has been renewed its strategy for almost every four years period. And for the near future, it is time to the Company to renew their strategy again. The Company has prepared a grand plan to the next level. After the"Journey to Excellence" theme accomplished, they intend to explore more on"Customer Intimacy" as the ultimate strategy to keep its profitable growth.
3. People are the main key of strategy execution. Without a solid and competence people who marched together to achieve the same vision, a strategy – no matter how good it is – will never be successfully executed. With the excellence leadership of Mr. Stanley Setia Atmadja who has sponsored the renewal strategies, Adira Finance has been able to build a solid team as one of its distinctive competence to execute the strategies.
4. Adira Finance has distinctive competencies that give the Company competitive advantages to sustain its profitable growth.

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