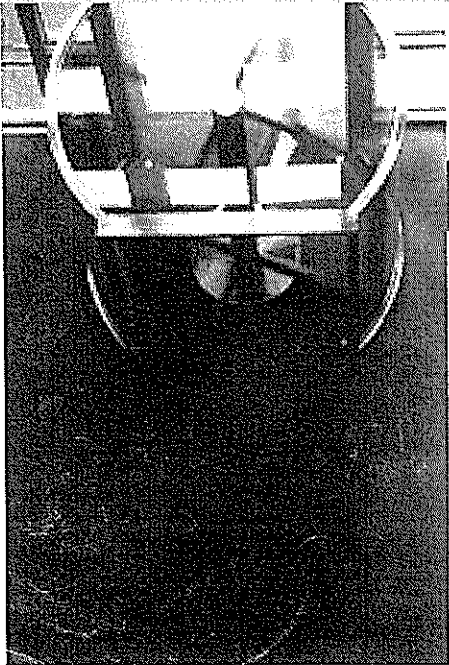




Proposal On BPEN Transformation (2005-2009)



by Rhenald Kasali

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“Transformation is more than carrying out reorganization; it should also consist of change in human resources, particularly the ways they work, render service and complete the job.”

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I. INTRODUCTION

Background

The role of the Government to develop micro-based export is imperative. Monetary crisis in Asia and globalisation pressure teach us that development of macro-based export is not enough. It is necessary but not sufficient.

- Companies create competitive power of export with two means, namely through innovative capacity to create high valued goods at market and through efficiency;
- Companies can not stand on its own, their productivity is highly influenced by location and interaction with many parties;
- Input – factor and sophisticated demand – (for example consumers tending to demand) highly determine quality of export products;
- To stimulate competitive power, macro economic reform is not enough thereby highly requiring productive business environment in particular;
- Export reliable products can not be just procured from inherited prosperity, but from created prosperity through valuable goods;
- Because of natural resources-based, almost all Indonesian exports are commodities (unbranded, bulk, price is influenced by supply-demand) thereby making Indonesian reliable export products impermanent, change in each period, fail to reflect reliability of competitive power, fail to fertilize reputation.

The abovementioned facts motivate Trade Promotions Organization (TPO) to play a more strategic role to develop export.

Background

- Transformation of TPO itself has taken place in various countries. The demand for strategic role is responded by introducing new way of thinking & doing. Change of TPO is applied to not only organizational level, but also operational level .
- Change of organizational level is made structurally and culturally. It means organizational structure should be adjusted to the need (market-driven organization) and cultural change by applying semi-corporative principles. Corporative principles here mean :
 - Giving priority to customers' interest and services (exporters & buyer);
 - Accountability & transparency principles;
 - Response speed;
 - Development of human resources (quality);
 - Output-based performance .

Background

The following actions are required to transform BPEN :

1. Making Benchmarking between BPEN and any institutions of the same type in any other countries);
2. Clearly mapping the current BPEN;
3. Forming contrast between “the Old ways” (BPEN) and “the New Ways” (of BPEN);
4. Forming any programs intended to open insight, perception, etcetera since in the beginning. In this case, cross line task forces from several generations have been formed. Training them to think, seeing new things and learning to sharpen the concept by discussion;
5. Jointly formulating the programs;
6. Holding trainings;
7. Exposing staff to export actors through export forums.

Principles of BPEN Transformation

BPEN Transformation is based on the following principles:

1. Vision originating from management, jointly formed with echelons 2 & 3, produces shared vision;
2. Conceptual change (Corporate Culture, Market-Driven, Brand-based, Cluster-based, International Marketing, Motivation, Leadership, etc);
3. Systematic and gradual change;
4. Forming Competitive, Value-Oriented, Global standard “new men of BPEN”;
5. Top-Bottom & Bottom-Up (Two Ways);
6. Leadership: Friendly, Coordinating, Aspirating, Promoting, Originality, Shaping (rather than controlling).

Note: these phases have begun when we handled BPEN

Encountered Obstacles

I. Normative:

1. Trapped in an old “tradition” (old ways of doing business);
2. Greater number of employees and staff than those needed;
3. Insufficient Reward;
4. Habit of delegating work in layers. Superiors tends to less sharpen their own thoughts.

II. Factual:

1. Most of human resources can not speak English well;
2. More giving priority to loyalty than achievement;
3. Marketing skill and art are very limited;
4. Giving priority to completion of work not output-based;
5. The principle is equal, just, all has the same part;
6. Emphasis: Trade Exhibition, not export development or integrated export marketing;
7. Evaluation and implementation of each activity tend to rely on the same person;
8. Budgetary mechanism is rigid, has no flexibility to self organize for effectiveness, human resources is of “rules” pattern, less creative to make legal breakthroughs, the planning is impressed in a rush, employees and function of work is “restrained” by DIPA (each DIPA has already had its own owner);
9. Human resources control and structure are formed by decisions of State Minister for Control of Machinery of the State requiring a long process;
10. Punishment is less effective.

Contrast between BPEN and TPO Already Making Change

Remark	BPEN (Old Ways)	Advance TPO's (New Ways)
Philosophy	Internal Driven (Supply Side)	Market Driven (Demand Side)
Activity Focus	Trade Exhibition & Trade Mission	Match-maker, Product (Export) Development
Nature of Service	Generic	Segmented, depending on exporter skill & capability
Culture	Pure-Bureaucratic	Entrepreneurial- Professional
Organizational Structure	Per Market Area (Centres as Coordinators)	Functional, in one integrated supply chain

**II. NEGATIVE IMPACT OF “OLD WAYS”,
IN RELATION TO THE CURRENT BPEN
CONDITION**

1. Philosophy : Internal Driven (Supply Side)

The impact:

- Work planning and activity tend to only spend the budget (mostly used up for SPPD), not for substance of principle of benefiting exporters;
- BPEN strategy is ad-hoc in nature, not sustainable and gradual to “big picture” to attain;
- Strengthening, monitoring and evaluation processes are relatively weak;
- Coordination and communication between BPEN and the relevant stakeholders, both government institutions and private parties do not work;
- Development of portfolio of BPEN services does not exist;
- “Trust” between BPEN and exporters tends to weak;
- Image of BPEN in front of the public reduces;
- Market target (exhibitors, training, etcetera) is random in nature and even unselective (mostly followed by non exporters, retailers);
- Organizational structure fails to reflect the need, not coordinative, shackled to the respective silos (market centres). The program is overlapping, inefficient.

2. Activity Focus: Trade Exhibition

The impact :

- Specialisation of human resources is mostly relied on exhibition;
- Relationship between BPEN and exporters is “transactional” in nature, not “mutual-relationship”;
- Benefits of BPEN to exporters narrow more and more from year to year;
- Efficiency and effectiveness of exhibition activities reduce;
- Exhibitions organized by BPEN and any other institutions begin to overlap. Competence of any other bodies as organizers to exhibitions begin to make BPEN lose its legitimacy;
- Any other strategic services are neglected:
- Procedures are bureaucratic in nature, quality of exhibition tends to decline and is less interesting.

Exhibition

- Selection of types of exhibition is not based on market target (selection of market and products) but based on incoming offers;
- Exhibitors are less selective, exhibitors are mostly small scale businessmen who are not appropriate to be called as exporters;
- Failing to take into account a good image, interesting display, flow, etc.;
- Types of industry at each exhibition is too wide;
- Beginning to be difficult to find exhibitors;
- The marketing is close in nature, event is only known by limited circle, targets at random;
- In transitional period, all mentioned above are slowly improved (in the given corridor of budget, human resources, and program).

3. Nature of Service : Generic

The impact :

- Subsidy excluded by BPEN frequently falls on “inappropriate” companies (example: facility received by Indonesian multinational companies is the same as that received by small-medium scale business);
- “Global retailers” are mostly embraced in BPEN program;
- Complaints from “real exporters” on distortion of image in the implementation of BPEN exhibition are quite high;
- Exhibitors are begin to be rare (utilization is \pm 60-70%);
- Obvious program from BPEN for sustainable development of quality of exporters does not exist.

4. Culture : Pure Bureaucratic

The impact :

- The implementation of BPEN program is fulfilled by “*vendor-driven*” phenomenon;
- Conceptual capability is weak, professional negotiation does not exist;
- Quality of human resources of BPEN with advanced TPO is far left behind;
- Internal service application is good while the external one is less friendly, impressed far from the reach, etcetera;
- Values of competitive power of organization such as speed, pro active, initiative, creativity, are hard to find. The officials tend to wait for instruction and delegate any tasks to subordinate than completing the same on their own.

5. Organizational Structure: Per Market Area

The impact :

- Gaps of information and budget between Regional Centre occur;
- Overlap and internal miss-coordination frequently occur;
- Product specialists are rare, except those relating to the implementation exhibition;
- Services to the need of the exporters are complicated;
- Functions of control, supervision and evaluation are hard to be made.

6. Summary: Current Condition of BPEN Are As Follows

- Level of exporters satisfaction to BPEN tends to be low;
- Benefits of BPEN are mostly insignificant, relationship between what is done by BPEN and increase in export performance is not so obvious;
- Image and need for BPEN fade more and more.

**Therefore, Transformation in BPEN
Should Immediately Be Made**

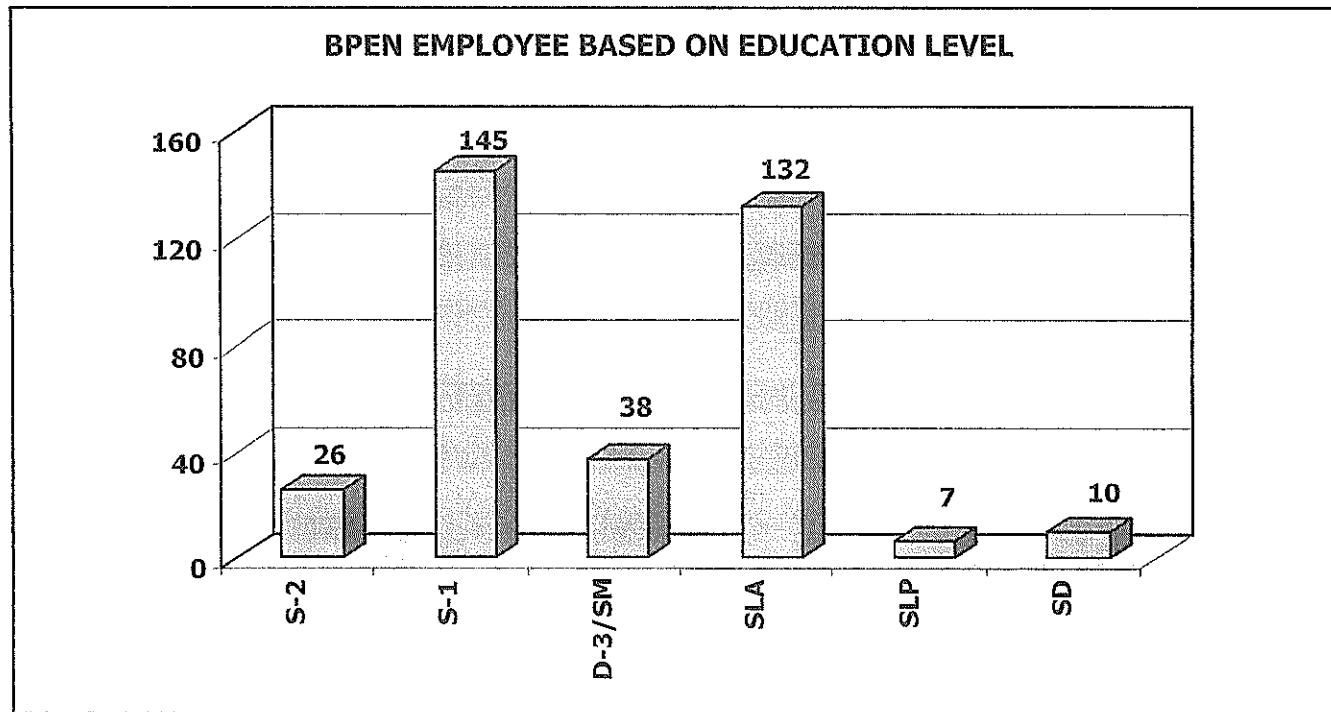
III. Demography of Human Resources of BPEA

Background

- In 2005, total employees of BPEN were 275 and those of BPPEI were 85;
- By education level, employees of BPEN are dominated more by S1 graduates (40.50%) of which 14.55% is concentrated on S1 Management Economics and 12.73% is S1 State Administration;
- In the next 5 (five) years, employees of BPEN attaining pension age are 40% (144 employees) of total current employees, or equals to 25 employees/year compared to annual hiring of prospective civil servants which are only around 10-15 persons;
- By rank, certain rank namely III/b rank is stagnant due to maximum limitation of rank for employee with recent education of SLA (senior high school) or III/d.

A. Human Resources of BPEN Based on Education

NO	CRITERIA	SET	PPIE	P3WAANZ	P3WAE	P3WATT	TOTAL	BPPEI	TOTAL	% TOTAL
1	BASED ON EDUCATION									
	S-2	7	4	2	1	-	14	12	26	7,26%
	S-1	29	14	20	23	22	108	37	145	40,50%
	D-3 / SM	10	3	5	11	5	34	4	38	10,61%
	SLA (Senior High School)	52	16	10	17	11	106	26	132	36,87%
	SLP (Junior High School)	3	-	1	-	-	4	3	7	1,96%
	SD (Elementary School)	8	-	1	-	-	9	1	10	2,79%
	TOTAL	109	37	39	52	38	275	85	358	100 %



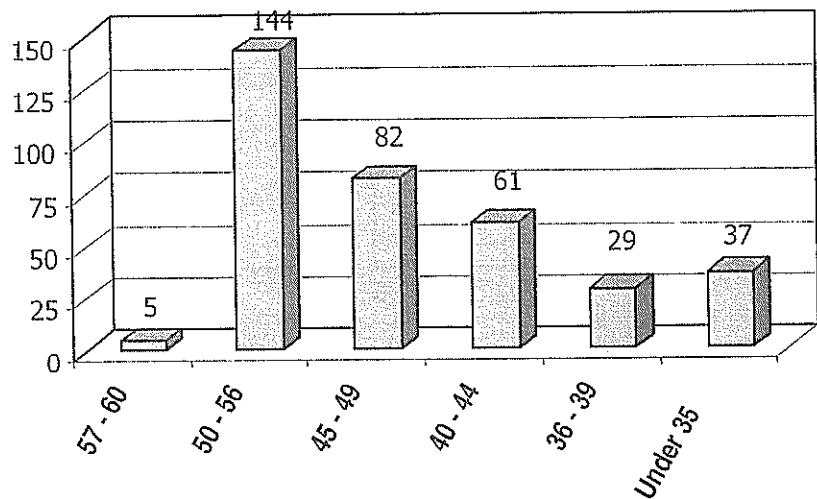
Recapitulation of Education Level of Employees of BPEN (Excluding BPPEI)

No	Education Level	Total	%	No	Education Level	Total	%
1	S2	16	5,82%	27	D3 Commercial Training Adm.	1	0,36%
2	S1 Commercial Administration	4	1,45%	28	D3 Textile Academy	1	0,36%
3	S1 State Administration	35	12,73%	29	D3 ABA	1	0,36%
4	S1 Company/Management Economics	40	14,55%	31	D3 APP	3	1,09%
5	S1 Development Study Economics	5	1,82%	32	ASMI	1	0,36%
6	S1 Accounting Economics	3	1,09%	33	SM-Commercial Administration	2	0,73%
7	S1 Trade Economics	1	0,36%	34	SM-Banking Financial	2	0,73%
8	S1 Political Economics	1	0,36%	35	SM-Banking	1	0,36%
9	S1 Civil Law	10	3,64%	36	SM-Law	1	0,36%
11	S1 International Relation	1	0,36%	37	SM-Textile	1	0,36%
12	S1 Sociology	1	0,36%	38	SM-Technical	1	0,36%
13	S1 Technical Architecture	1	0,36%	39	KPAA	8	2,91%
14	S1 Technical Industry	1	0,36%	40	SPGN	1	0,36%
15	S1 Industrial Management	1	0,36%	41	SMA - IPA	16	5,82%
16	S1 Graphic Design	1	0,36%	42	SMA - IPS	34	12,36%
17	S1 Computer	4	1,45%	43	SMA - Language/Social	8	2,91%
18	S1 Communication	2	0,73%	44	SMA	9	3,27%
19	S1 Arabic Literature	1	0,36%	45	SMEA	15	5,45%
20	S1 Chinese Literature	1	0,36%	46	STM - Engineering	3	1,09%
21	D3 Banking	3	1,09%	47	STM - Electricity	4	1,45%
22	D3 ADIP	9	3,27%	48	STM - Construction	1	0,36%
23	D3 Accounting	3	1,09%	49	MAN	1	0,36%
24	D3 Company Management	2	0,73%	50	SMP	4	1,45%
25	D3 AAN	1	0,36%	51	SD	8	2,91%
26	D3 Banking Accounting	1	0,36%		TOTAL	275	100,00%

B. Human Resources of BPEN Based on Age

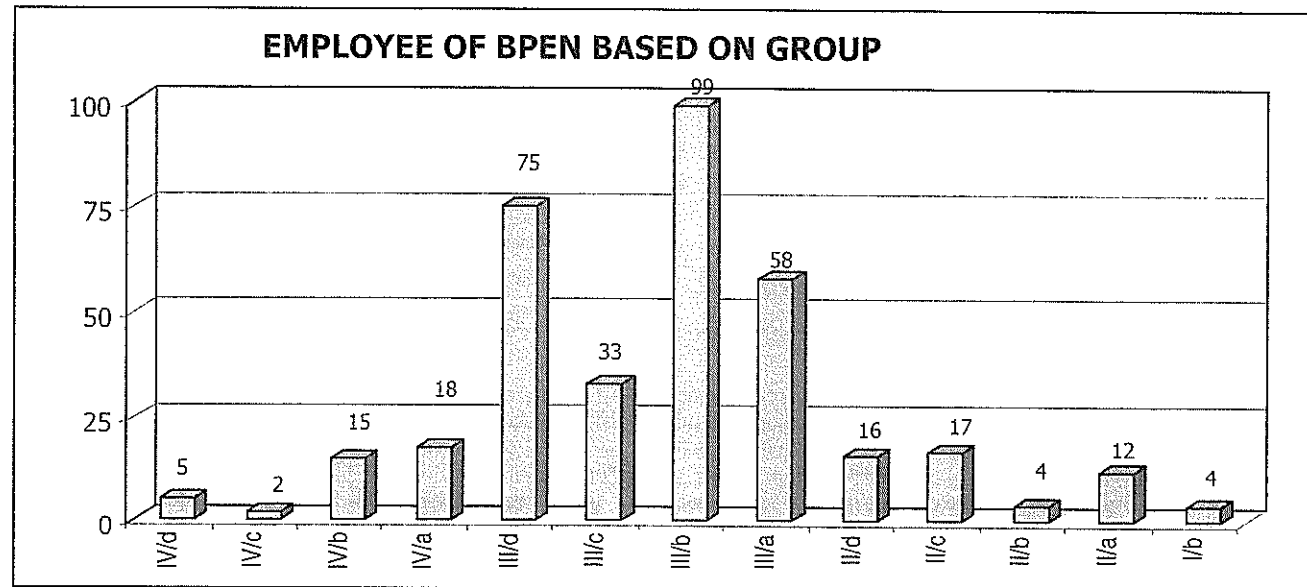
NO	CRITERIA	SET	PPIE	P3WAANZ	P3WAE	P3WATT	TOTAL	BPPEI	TOTAL	% TOTAL
2	BASED ON AGE:									
	57 - 60	-	-	-	-	-	-	5	5	1,40%
	50 - 56	51	14	20	28	22	135	9	144	40,22%
	45 - 49	31	7	9	12	8	67	15	82	22,91%
	40 - 44	15	8	6	5	6	40	21	61	17,04%
	36 - 39	6	4	3	2	-	15	14	29	8,10%
	Under 35	6	4	1	5	2	18	19	37	10,34%
TOTAL	109	37	39	52	38	275	83	358	100%	

EMPLOYEE OF BPEN BASED ON AGE



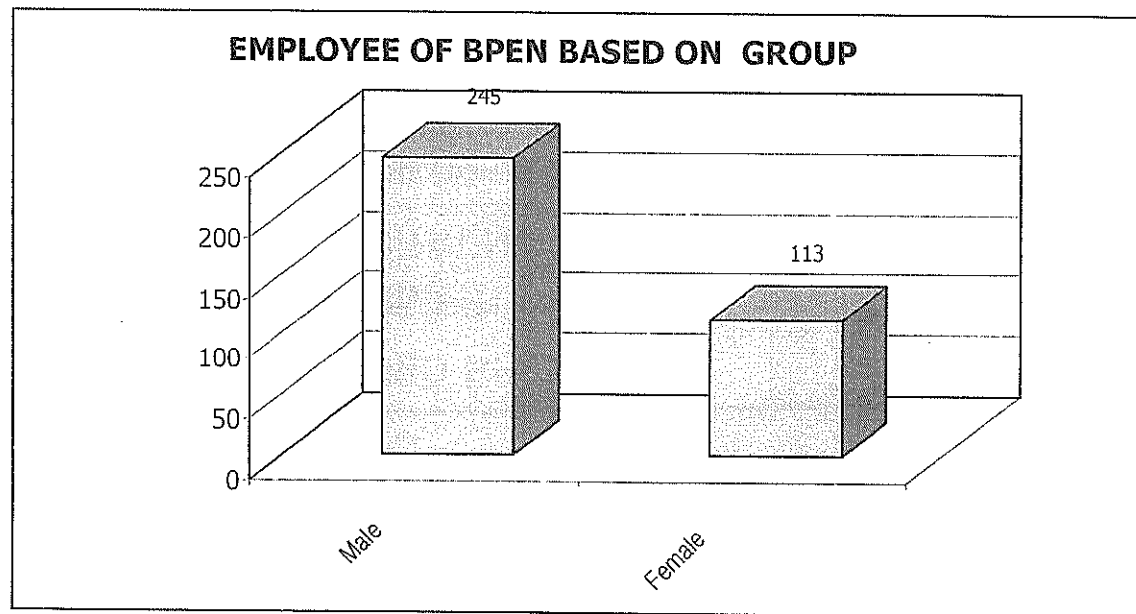
C. Human Resource of BPEN Based on Group

NO	CRITERIA	SET	PPIE	P3WAANZ	P3WAE	P3WATT	TOTAL	BPPEI	TOTAL	% TOTAL
3	BASED ON GROUP:									
	IV/d	-	1	-	-	-	1	4	5	1,40%
	Iv/C	1	-	-	-	1	2	-	2	0,56%
	IV/b	2	2	3	3	2	12	3	15	4,19%
	IV/a	5	2	3	1	-	11	7	18	5,03%
	III/d	13	7	14	15	14	63	12	75	20,95%
	III/c	9	4	3	9	5	30	3	33	9,22%
	III/b	35	12	11	14	10	82	17	99	27,65%
	III/a	14	6	3	7	5	35	23	58	16,20%
	II/d	8	3	-	-	-	11	5	16	4,47%
	II/c	10	-	-	2	1	13	4	17	4,75%
	II/b	3	-	-	1	-	4	-	4	1,12%
	II/a	8	-	2	-	-	10	2	12	3,35%
	I/b	1	-	-	-	-	1	3	4	1,12%
	TOTAL	109	37	39	52	38	275	83	358	100%



D. Human Resources of BPEN Based on Gender

NO	CRITERIA	SET	PPIE	P3WAANZ	P3WAE	P3WATT	TOTAL	BPPEI	TOTAL	% TOTAL
4	BASED ON GENDER:									
	Male	87	23	29	34	25	198	47	245	68,44%
	Female	22	14	10	18	13	77	36	113	31,56%
	TOTAL	109	37	39	52	38	275	83	358	100%



Contrast of Personnel Affairs System Between “Old BPEN” And “New BPEN” (1/2)

REMARK	OLD BPEN (FORMERLY AND CURRENTLY)	NEW BPEN (YEAR 2009)
Employee Attitude	Pure Bureaucratic, part of civil servants tends to move slowly, lack perception and development, wait for instruction, and only small number of them are high achievers (with positive ambition)	Entrepreneurial/Professional, Bureaucrat but with entrepreneurial behaviour and mindset (adroit and fast professionals, service oriented, competence-based, and giving priority to exporters satisfaction)
Employee Competence	<ul style="list-style-type: none"> • Generic, in case of any specialisation, it is only limited to exhibition procurement and activity administration; • Giving priority to hard skill; • Seniority is identical to competence, giving priority to demography of personnel affairs, particularly rank. 	<ul style="list-style-type: none"> • Specialisation per product output and Indonesia export service; • Balance between hard skill and soft skill; • Competence is determined by objective and written standard; • Efficient, so that they remain contributing to Indonesian export community post retirement.
Learning Process	<ul style="list-style-type: none"> • Limited to certain individuals 	<ul style="list-style-type: none"> • Spread evenly to all employees

Contrast of Personnel Affairs System Between “Old BPEN” And “New BPEN” (2/2)

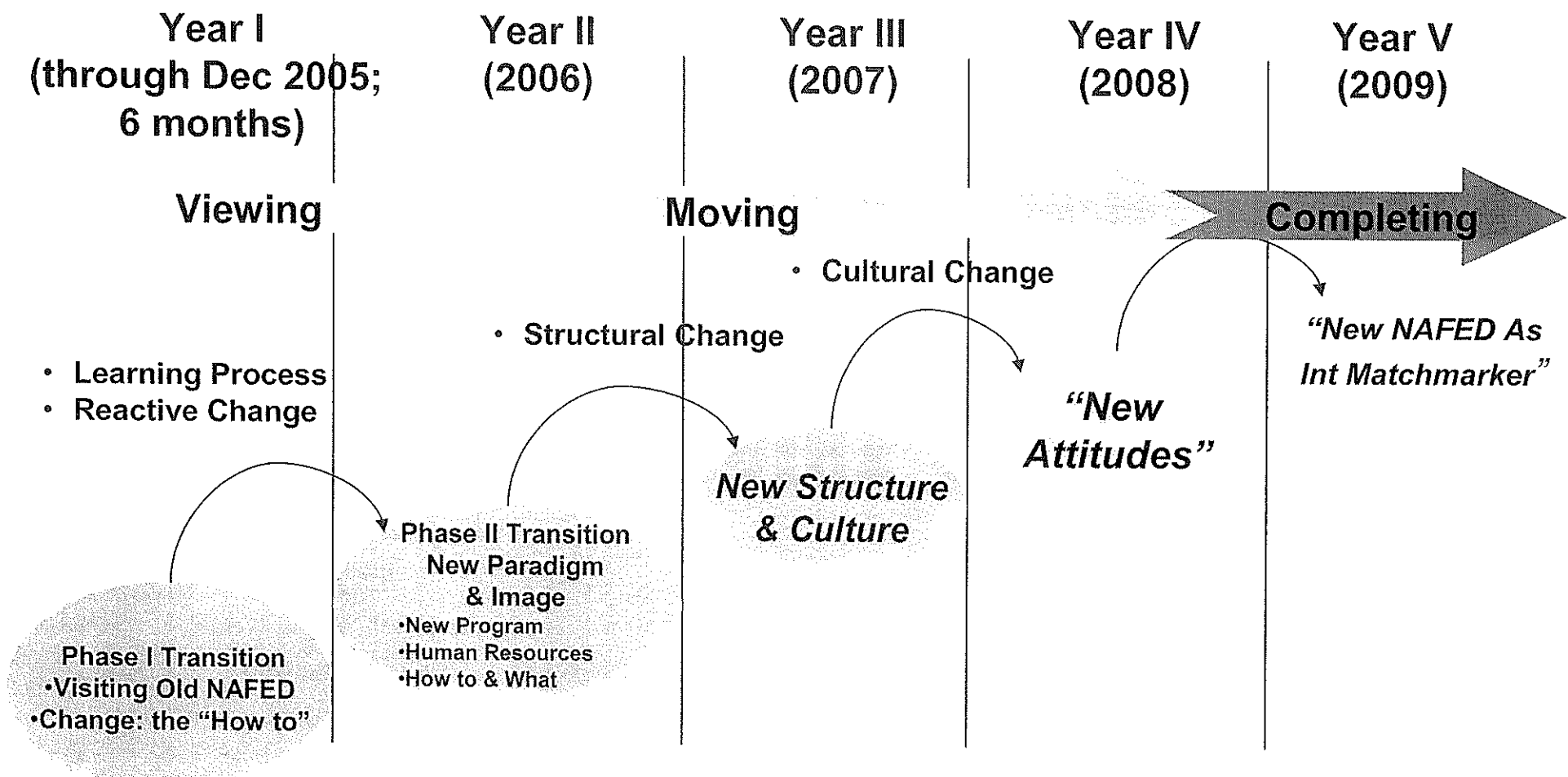
REMARK	OLD BPEN (FORMERLY AND RECENTLY)	NEW BPEN (YEAR 2009)
Performance Measurement and Evaluation	<ul style="list-style-type: none"> • Using DP3 (form over substance) – Bureaucratic methods; • Emphasizing on loyalty so that punishment to violators of discipline and task is rare; • Secretariat supervising personnel affairs fails to function optimally to gradually review performance, allocation and positioning of employee. 	<ul style="list-style-type: none"> • Combination between DP3 and Balanced Scorecard; • Emphasizing on output of Balanced Scorecard evaluation, supported with objective reward & punishment; • Secretariat supervising personnel affairs is optimum and fully responsible for performance, allocation and positioning of employees.
Forming of Cadres	<ul style="list-style-type: none"> • Through civil servant hiring test; • On job training does not exist; • Position of echelon 2 is dominated by outsiders, while that of echelon 3 is dominated by in-breeding. 	<ul style="list-style-type: none"> • Continuous; • Maximizing on the job training for buy in process; • Position is competence-based.

Contrast of Competence Between “Old BPEN” And “New BPEN”

Remark	<i>Old</i> BPEN (Formerly & Recently)	<i>New</i> BPEN (Year 2009)
Philosophy	Generic	Specialization
Hard Skill	<ul style="list-style-type: none"> • Concentrated on exhibition & administration 	<ul style="list-style-type: none"> • Conceptual, for echelon III above, and human resources related to brand, cluster, market intelligence; • Operational, for functionary relating to technical functions.
Soft Skill	<ul style="list-style-type: none"> • Undeveloped 	<ul style="list-style-type: none"> • Special training sessions to develop soft skill quality of human resources of BPEN will be held; • Communication skill should be owned evenly in BPEN; • Excellent in human relation and service, particularly for ITPC and frontlines of BPEN.

IV. BLUE PRINT OF BPEN TRANSFORMATION

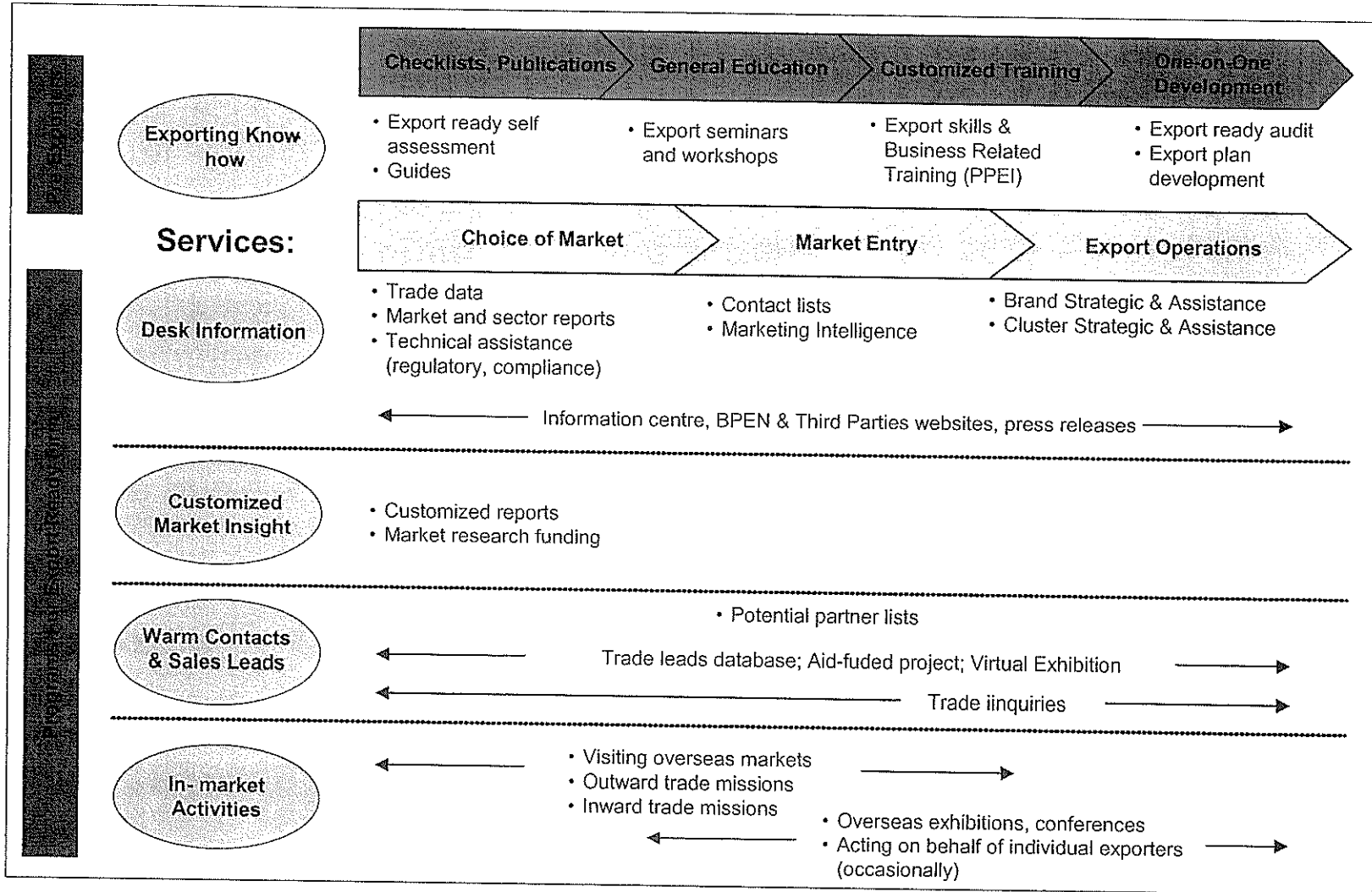
Map of Phases of NAFED Transformation



Explanation of Transformation Map

- In accordance with concept of change, the change in NAFED shall be gradually and systematically intended to improve effective attainment of purpose, namely export improvement;
- These phases commence with transitional process, mapping what is done by NAFED (*Visiting Old NAFED*), by TPOs in any other countries (benchmarking 8 TPOs), and seeing new demands of exporters community;
- These phases expire (temporary) with the formation of *New NAFED* with different structure, men and culture;
- Therefore, the phases consist of:
 - Transitional phase (*Visiting Old NAFED*, changing the way of doing business/how to expect, improving way of thinking, introducing new programs, holding human resources trainings);
 - New Structure & Culture Phase, introducing new structure of NAFED which is more effective, improving procedures & introducing new values;
 - New Attitudes Phase, working with new ethos & value;
 - Strengthening (in 5th year), producing *New NAFED*.

Segmentation of NAFED Services In The Next 5 Years



Contrast of Organizational System Between “Old” & “New NAFED” (1/4)

REMARK	OLD NAFED (FORMERLY AND RECENTLY)	NEW NAFED (YEAR 2009)
Culture	<ul style="list-style-type: none"> • Pure bureaucratic (slow, safety player); • Power is centred on echelons 1 & 2; • Management and employees attitudes are less transparent, dialogues rarely occur; • Management less cares about functional employees; • Positioning reflects loyalty; • Form over substance; • No position over matters: language in correspondence is less explicit; • For Highly educated people under-utilized. 	<ul style="list-style-type: none"> • Entrepreneurial bureaucrat (speed, innovative, creative); • Autonomy, with controlled supervision and responsibility; • Centric exporters, match maker; • Transparency in giving opinions; • Even care in accordance with the respective weights; • Positioning reflects competence; • Substance over form; • Standardisation, including correspondence, meeting activity; • Highly achieved (competence) people highly rewarded.

Contrast of Organizational System Between “Old” & “New NAFED” (2/4)

REMARK	OLD NAFED (FORMERLY AND RECENTLY)	NEW NAFED (YEAR 2009)
Organizational Structure	<ul style="list-style-type: none"> • Consisting of 4 market areas, Centre of Data and Information on Export and Exporters training centre; • Hierarchical (top-down); • Compartmentalized in the respective directorates; • Services to exporters are complicated. 	<ul style="list-style-type: none"> • Consisting of mutually-supporting functionalities (Promotion, Export Facility, Product Development & Branding, Centre of Intelligence Supporting Data and Information). • Organic, in matrix form; • Coordination and mutual support are keys of running of organization; • One desk services supported with information technology.
Image	<ul style="list-style-type: none"> • State institution; • Bureaucratic; • Competence in exhibit; • Story of success of developing exporters in the past. 	<ul style="list-style-type: none"> • State institutions, but clever, efficient, young & competitive; • Friendly & benefiting the exporters (demand-led); • Customer-Oriented (Exporters).

Contrast of Organizational System

Between “Old” & “New NAFED” (3/4)

REMARK	OLD NAFED (FORMERLY AND RECENTLY)	NEW NAFED (YEAR 2009)
Decision Making	<ul style="list-style-type: none"> • Practice of asking for “direction” for each decision; • Tending to be long and haunted by action to avoid any risk; • Routine internal agenda is rare; • Time management is less obvious; • Top-down, hierarchy; • Quality control over disposition or given task is less paid attention (more giving priority to adherence to procedures than decision quality); • Decision is controlled by several certain persons due to parity of knowledge and capability; • Learning evaluation and mechanism of decision output do not relatively exist. 	<ul style="list-style-type: none"> • Direction only relates to the urgent and crucial matters, routine decisions will autonomous in nature; • Routine decision is immediate and highly urgent decision is reasonable; • Agenda for coordination and evaluation will serve as a standard; • Time management is obvious, 2 hours for routine agenda, and 3 hours for urgent decision; • Autonomy, with controlled supervision; • Quality control will serve as standardisation; • Decision is summary of the best ideas because knowledge and capability have been spread evenly; • Learning evaluation and mechanism of decision output will serve as standardisation.

Contrast of Organizational System

Between “Old” & “New NAFED” (4/4)

REMARK	OLD NAFED (FORMERLY AND RECENTLY)	NEW NAFED (YEAR 2009)
Business Process	<ul style="list-style-type: none"> • Mostly only functioning for the implementation of exhibitions; • Manual is old and obsolete in nature; • Manuals are mostly still not yet integrated; • Bureaucracy is highly obvious; • Feedback to the planned activity does not yet exist; • Competence is limited; • Objective benchmark is not applied; • Business processes are mostly still manual in nature. 	<ul style="list-style-type: none"> • Each business process should be quality with the final purpose to improve satisfaction level of exporters; • Standard Operating Procedure (SOP) will exist, in relation to cooperation with third parties; • All internal manuals should be integrated; • Even though state institution, all business processes of BPEN should be business as usual in nature; • Feedback mechanism, including evaluation for continuous improvement of business process; • Business process is supported by competence; • Objective benchmark will serve as a standard; • Balance between manual business process supported by high technology.

A. Phase I Transition

- Term: 6 months, until December 2005
- Purpose :
 - Serving as visioning basis of transformation in NAFED;
 - Mapping strength, weakness, potential and threat to NAFED;
 - Making *visioning* process with the following limitations:
 - Budget and program have been determined previously;
 - Structure and procedures inherent in nature;
 - Management's knowledge on details of BPEN and bureaucratic culture are limited.
- Activity
 - *Benchmarking* NAFED and 8 advanced TPOs (reported separately);
 - *Introducing new way of thinking*;
 - *Walking-Around* to Indonesia export market potential :
 - China, through exhibitions in Beijing & Naning;
 - Africa, direct visits to Morocco (North Africa) & Kenya (East Africa);
 - Europe, through exhibitions in Italy;
 - Middle East, through exhibitions in Sarjah and visits to ITPC Dubai;
 - United States of America, visit to ITPC in Los Angeles.
- Preparing list of reliable products and potential products which can serve as a reference for promotion activity.

Program of Transitional Period of Phase I

- Time of Implementation : January - December 2005
- Purpose : Preparing changes in order that :
 - Human resources of NAFED are ready to welcome more competitive, professional and transparent new era;
 - They are accustomed of performing the work with data-based strategic plan, data is sharpened by team;
 - All activities are coordinated, they are not just activities;
 - Human resources of NAFED are more critical in preparing program;
 - Taking into account relationship between cause (activity) and effect (result/increase in national export);
 - Human resources of NAFED are introduced to more conceptual new programs;
 - Determining reliable and potential products to formulate product market penetration strategy.

- **Activities:**
 - Continuing program of 2006 by maintaining product (existing) activities and introducing new programs;
 - Tidying business processes of NAFED (Finance, Implementation of Activity, Human Resources, Services);
 - Improving “How to” in the activities;
 - Continuing scheduled programs, but giving priority more to quality & selectiveness (records of programs of 2005 are dense between August-November);
 - Determining product market penetration strategy.

- **Existing programs that are still maintained:**
 1. **Foreign exhibitions :**
 - Reducing from 60 exhibitions to 30 exhibitions (for 2006);
 - Choosing more strategic market target;
 - Choosing products complying with market need and value development;
 - More selecting exhibitors .
 2. **Domestic Exhibitions :**
 - Organizing new exhibitions more complying with the need (Herbs, Spa, Cosmetics & Spices, Textile, Handy craft, furniture);
 - Improving strategies of implementing PPE .
 3. **Trade Mission :**
 - Being more selective, prepared, planned;
 - Cooperating with associations .
 4. **Export trainings**
 5. **Evaluation & Monitoring**

Reliable Products & Potential Products (Product –Market Penetration Strategy)

- **Background**
 - All this time, promotional activities (trade exhibitions and missions) organized by BPEN are impressed at random and supply-side. In the other words, product-market strategy based on micro data and need is not yet made;
 - Consequently, NAFED activities are mostly ineffective and do not answer the need of its clients, namely the exporters;
 - Therefore, it is imperative to map domestic reliable products that can serve as a reference for NAFED strategic activities;
 - We have assigned head of Information Centre to coordinate with Head of Research and Development of Ministry of Trade to map the products. Further, Head of Information Centre of NAFED, by referring to data on export and need in the respective countries, develops Product – Market map of both reliable products (of which the domination should be maintained) and potential products (of which the value can be improved).
- **Process**
 1. Analysing Product – Market data based on export statistics;
 2. Studying any products that should be supported by BPEN by learning the volume of contribution in the form of value and export actors.

Determining Product – Market Penetration Profile As Follows:

A. Export Reliable Products

Criteria:

- Considerably contributing to the increase in non oil and gas exportation (2005-2009) – selected from study result of Research and Development Agency of Trade;
- Not being any products produced by Multi National Corporation;
- Being one of promotional targets by NAFED.

1. Palm Oil and Its Fractions (1511)

Market Target :

Asia: India, China, Malaysia, Pakistan, Singapore, Bangladesh, Vietnam

Africa & Middle East: Jordanian, Tanzania, South Africa, Egypt, Iran and Mozambique

United States and Europe: German, Spain, Italia, Turkey, Russia, USA

2. Furniture and Parts Thereof (9403)

Market Target

United States and Europe: USA, France, UK, Nederland, Belgium, Spain, German, Italia, Canada, Denmark, Sweden

Asia and Australia: Japan, Australia, Malaysia, Singapore, South Korea,

Taiwan, China.

Africa & Middle East: PEA, South Africa.

3. Women's or girls' suits, ensembles, jacket, blazers, dresses (6204)

Market Target

Unites States and Europe: USA, German, UK, Canada, Mexico, France, Spain, Italia, and Belgium

Africa and Middle East: PEA, Saudi Arabia, Sudan, Nigeria, Ethiopia, and Egypt

Asia and Australia: Japan, Australia, Singapore, and Malaysia.

4. Men's or boys' shirts (6205)

Market Target

Unites States and Europe: USA, UK, German, Panama, Italia, Canada, Mexico, UK, Spain, France.

Asia and Australia: Japan, Australia, Singapore, Hong Kong, Sri Lanka, South Korea

Africa and Middle East: PEA, Saudi Arabia, Ethiopia, Nigeria.

**5. Women's or girls' blouses, shirts and shirt-blouses
(6206)**

Market Target

Unites States and Europe: USA, German, UK, Canada, Mexico, France, UK, Swiss, Spain, Italia, and Turkey

Asia and Australia: Japan, Australia, Singapore, Malaysia

Africa and Middle East; Nigeria, Kenya, Tunisia, Sudan

**6. Yarn (other than sewing thread) of synthetic staple fibres
(5509)**

Market Target

Asia and Australia: South Korea, Japan, Bangladesh, Philippines, Hong Kong, Taiwan, China, Malaysia

Unites States and Europe: Turkey, Brasilia, Belgian, Unites States, Italia, Spain, Columbia, German, Venezuela, UK, Argentina

7. Cotton yarn (other than sewing thread) containing 85% or more (5205)

Market Target

Asia and Australia: Japan, Hong Kong, China, South Korea, Sri Lanka, Malaysia, Singapore, Philippines, Macau, Australia, Vietnam

Unites States and Europe: USA, German, Italia, Belgium, Spain, Venezuela, Mauritius, Portugal

8. Synthetic filament yarn (other than sewing thread)(5402)

Market Target

Unites States and Europe: Brasilia, Spain, Italia, Turkey, Argentina, USA, UK.

Asia and Australia; India, China, Thailand, Japan, Vietnam, Pakistan, Malaysia, Hong Kong, Sri Lanka, Bangladesh

Africa and Middle East: Egypt, Iran,

11. Paper and paperboard, coated on one side or both side with kaolin (4810)

Market Target

Asia and Australia: China, Malaysia, Vietnam, Australia, Hong Kong, Japan, Singapore, Thailand, Sri Lanka, India, Pakistan, Philippines

Unites States and Europe; USA, Canada, Belgium, Turkey

Africa and Middle East: PEA, South Africa, Iran, Saudi Arabia

12. New pneumatic tyres of rubbers (4011)

Market Target

Asia and Australia: Japan, Malaysia, Philippines, Australia, Thailand, Singapore, Hong Kong, Taiwan, Sri Lanka, South Korea

Unites States and Europe: USA, UK, German, Belgium, Italia, Nederland, Canada

Africa and Middle East: PEA, Saudi Arabia, Egypt,

9. Uncoated paper and paperboard of a kind used for writing and printing

Market Target

Asia and Australia: Japan, Australia, China, Malaysia, Hong Kong, Taiwan, Singapore, South Korea, New Zealand, Philippines, Pakistan, Vietnam

Africa and Middle East: Iran, Saudi Arabia, PEA, Nigeria, Jordanian

Unites States and Europe: Belgium, USA, UK

10. Other paper, paperboard, cellulose wadding and webs of cellulose fiber

Market Target

Asia and Australia; Japan, Australia, South Korea, Taiwan, Singapore, Malaysia, Hong Kong, Can, Thailand, Pakistan

Unites States and Europe: USA, Spain, Belgium, Canada, UK, Italia, Nederland

Africa and Middle East: PEA, Saudi Arabia

13. Densified wood in blocks, plates or profile shapes (4413)

Market Target

Asia and Australia: Japan, Taiwan, South Korea, China, Malaysia, Hong Kong, Australia, Singapore, Thailand, Vietnam

Unites States and Europe: German, Nederland, Italia, Belgium, Poland, USA, UK, Denmark, France, Greece

14. Plywood, veneered panels and similar laminated wood profile shapes (4412)

Market Target

Asia and Australia: Japan, China, South Korea, Taiwan, Hong Kong, Singapore, Australia.

Unites States and Europe: USA, UK, Belgium, Nederland, German, Mexico.

Africa and Middle East: Saudi Arabia, PEA, Jordanian, Algeria, Kuwait, Yemen, Egypt

**15. Crustaceans whether in shell or not, live, fresh, chilled
(0306)**

Market Target

Asia and Australia: Japan, Hong Kong, China, Singapore, Malaysia, Australia, Taiwan, Thailand, South Korea, Vietnam

Unites States and Europe: USA, Belgium, UK, Spain, France, Canada, Nederland, Italia, German

16. Footwear with outer soles of rubber, plastics, leather (6403)

Market Target

Unites States and Europe: USA, UK, German, Nederland, Belgium, Italia, France, Canada, Spain, Mexico, Sweden, Panama.

Asia and Australia: Japan, South Korea, Singapore, Australia, Taiwan, Hong Kong, China

Africa and Middle East: PEA

17. Other footwear with outer soles and uppers of rubber (6402)

Market Target

Unites States and Europe: USA, Belgium, UK, Nederland, France, Italia, German, Mexico, Spain, Canada, Chili, Panama, Turkey

Asia and Australia: Japan, Malaysia, Thailand, South Korea, Australia, China, Hong Kong.

18. Woven fabrics of synthetic filament yarn (5407)

Market Target

Africa and Middle East: PEA, Saudi Arabia, South Africa, Nigeria, Yemen.

Asia and Australia: Malaysia, Japan, Singapore, Sri Lanka, Thailand, Hong Kong, Vietnam

Unites States and Europe: German, USA, Spain, Panama, Brasilia, UK, Canada, Mexico.

**19. Wood (including strips and friezes for parquet, flooring)
(4409)**

Market Target

Asia and Australia: China, Japan, Australia, Taiwan, South Korea, Hong Kong, Singapore, Malaysia, New Zealand, Thailand.

Unites States and Europe: Nederland, USA, Belgium, German, UK, Italia, France, Portugal, Turkey

Africa and Middle East: South Africa

20. Cocoa beans, whole or broken, raw or roasted (1801)

Market Target

Asia and Australia: Malaysia, Singapore, Thailand, China, India, Japan, Philippines, Taiwan, Sri Lanka.

Unites States and Europe: USA, Brazilian, Canada, German, Nederland, Russia, Swiss, Belgium, UK.

Africa and Middle East: Mali

**21. Coffee, whether or not roasted or decaffeinated, coffee husks
(0901)**

Market Target

Unites States and Europe: USA, German, Italia, UK, Belgium, Rumania, Bulgaria, Poland, Georgia, Nederland.

Asia and Australia: Japan, Singapore, Malaysia, South Korea,

Africa and Middle East: Algeria, Egypt, Morocco,

Using the data as a reference in exhibition and promotional programs of 2006.

B. Export Potential Products

Criteria:

- Produced by small-medium scale business;
- During several last years, BPEN is involved in promoting its export products;
- Having export prospect

1. Handicraft

Market Target:

- **Asia, Australia and New Zealand**
Japan, Singapore, Australia, Hong Kong, South Korea
- **Africa and Middle East**
PEA, Nigeria, South Africa, Arab Saudi
- **Unites States and Europe**
Unites States, UK, German, France, Italia, Spain, Nederland, Canada, Belgium

2. Fish and fish products

Market Target:

- **Asia, Australia and New Zealand**
Japan, Singapore, China, Malaysia, Taiwan, Hong Kong, Thailand, South Korea
- **Africa and Middle East**
South Africa
- **Unites States and Europe**
Unites States, Nederland, Belgium, UK, Puerto Rico, France, German

3. Medicinal Herbs

Market Target:

- **Asia, Australia and New Zealand**
Taiwan, Singapore, India, Hong Kong, Japan, Malaysia, China, South Korea
- **Africa and Middle East**
Arab Saudi, PEA
- **Unites States and Europe**
France, German, Unites States, Russia, Nederland

4. Leather and Leather products

Market Target:

- **Asia, Australia and New Zealand**
Hong Kong, Vietnam, Singapore, China, Thailand, India, Japan, South Korea, Malaysia, Taiwan
- **Africa and Middle East**
South Africa, Uni Emirate Arab, Egypt
- **Unites States and Europe**
Italia, Unites States, German, Norway, Spain, UK, Brazil

5. Processed Food

Market Target:

- **Asia, Australia and New Zealand**

Singapore, Japan, Malaysia, Philippines, Hong Kong, India, Cambodia, Thailand, Taiwan, Australia, Vietnam, South Korea

- **Africa and Middle East**

Arab Saudi, Uni Emirate Arab, Jordanian, Egypt

- **Unites States and Europe**

Unites States, Nederland, France, German, Spain, UK, Belgium

6. Jewelry

Market Target:

- **Asia, Australia and New Zealand**

Singapore, Hong Kong, Australia, Japan

- **Africa and Middle East**

PEA

- **Unites States and Europe**

Unites States, German, UK, Italia, Spain

7. Essential oils

Market Target:

- **Asia, Australia and New Zealand**
Singapore, Malaysia, Thailand, Philippines, Japan, Vietnam, China, Hong Kong, Taiwan, India, Pakistan
- **Africa and Middle East**
PEA, Arab Saudi, Yemen, Nigeria, Kenya
- **Unites States and Europe**
Unites States, France, German, UK, Swiss, Spain, Nederland

8. Spices

Market Target:

- **Asia, Australia and New Zealand**
Singapore, India, Japan, Malaysia, Vietnam, Hong Kong, Pakistan, Thailand
- **Africa and Middle East**
Arab Saudi, Uni Emirate Arab, Morocco, Algeria, Tunisia
- **Unites States and Europe**
Unites States, Nederland, Brazil, German, Belgium

9. Stationary non paper

Market Target:

- **Asia, Australia and New Zealand**
Singapore, Australia, Malaysia, Thailand, Hong Kong, Japan, New Zealand
- **Africa and Middle East**
Arab Saudi, Iran, Uni Emirate Arab
- **Unites States and Europe**
Unites States, German, Nederland, UK, Mexico, Colombia, Sweden

10. Medical instruments and appliances

Market Target:

- **Asia, Australia and New Zealand**
Japan, China, Singapore, Pakistan, Malaysia, Hong Kong, Samoa, Maldives, India
- **Africa and Middle East**
Arab Saudi, Uni Emirate Arab, Kuwait, Qatar
- **Unites States and Europe**
German, Unites States, Swiss, Nederland, Andorra

Evaluation on the 2005 Program Implementation

1. Background

- Recent information from BPEN Secretariat said that realization of 2005 DIPA absorption was 100% or amounting to Rp. 125,555,074.-;
- In accordance with 2005 DIPA, absorption of BEN budget can be divided into five major groups:
 - Implementation of domestic and international exhibition and trading mission, amounting to Rp. 46,012,336.-
 - Deployment, management and supervision of ITPC and P3ED, amounting to Rp. 24,312,140.-
 - *Primaniyarta* Rewarding, amounting to Rp. 2,421,687.-
 - Technical Assistance, amounting to Rp. 6,331,149.-
 - And the remaining is for administrative and procurement of support equipments and services.
- Field implementation as illustrated below :
 - Realization of 2005 DIPA absorption was 100% or amounting to Rp. 125,555,074.-;
 - Ad-hoc activities that require close cooperation with third party (Chamber of Commerce & Sponsors). Such activities included:
 - Exhibition in Malaysia
 - ISE in Beijing (China), coincided with seminar;
 - Trading missions held beyond BPEN agenda

2. Implementation

- International exhibition
 - 60 exhibitions were organized, or only 63 % of 82 exhibitions targeted; this was due to :
 - Fluctuation in Rupiah exchange;
 - Cancellation by local event organizer;
 - Difficulties in getting visa from certain countries such as the US and UK;
 - Abrupt change in cost for some special exhibitions;
 - Priority reallocation .
 - Total transaction of BPEN staffs as reported during 2005 was US\$ 324,645,892
 - Standing obstacles :
 - Quantity-oriented exhibition, not quality/benefit oriented for exporter;
 - Poor recruitment of exhibition participants, so it cannot detect presence of global retailers;
 - Exhibition were mostly “vendor-driven”;
 - Many complaints from participants;
 - Conventional budgeting patterns that restrict medium and long term plan;
 - BPEN image was faded, thus make it difficult to define quality candidate.

– Domestic Exhibition

- 2 exhibitions were organized or 100% of the events targeted;
- Total potential gain reported during 2005 was US\$ 140,000,000 *)
- Standing obstacles :
 - Dependency on Kemayoran exhibition spot;
 - Poor coordination and communication with Co-Organizer;
 - Quantity-oriented exhibition, not quality/benefit oriented;
 - Poor recruitment of exhibition participants, so it cannot detect presence of global retailers or those promoting competitors' products, for example, China

*) Note: Regarding incomplete method of data collection, fixed values have not been defined. However, PPE performance value tended close to truth (observation)

- Deployment, management and supervision of ITPC and P3ED;

- ITPC actual performance has not been defined since BPEN has no standard supervision format;
- Meanwhile, P3ED has been rewarded by JICA as one of the best projects in Indonesia
- Standing obstacles :
 - Lack of Standard Operating Procedure and Code Of Conduct for ITPC;
 - BPEN implemented loose control and evaluation on ITPC;
 - Complicated P3ED delivery from BPEN to local authority

– *Primaniyarta* Rewarding

- Successful implementation through widespread publicity, especially from SWA Magazine;
- Standing obstacles :
 - Numbers of businesses are reluctant to make registration due to minimum socialization of benefit oriented (nonetheless, this has been overcome and will be better in the future)

– Technical Assistance

- Actual performance has not been identified due to unavailable evaluation method to see further effect of technical assistance;
- Standing obstacles :
 - Lack of Standard Operating Procedure for monitoring and evaluation;
 - Improper recruitment of technical assistance beneficiaries.

3. Corrective Actions

- Introduction of new ideas on “know how” basis, including :
 - Exhibition participants recruitment model;
 - Relationship between BPEN and vendors or relevant suppliers;
 - Display and communication of exhibition layout and design, either domestic or international exhibition;
 - Program and implementation mechanisms.
- On the spot briefing to domestic or foreign participants;
- Verbal notice to “default” participants, either in giving exporter satisfaction or achieving BPEN objectives.
- Outcomes of corrective actions :
 - Improved exhibition layout and design;
 - Reduced complaints, either from domestic or international participants;
 - Improved recruitment system, and thus reducing quantity of global retailers;
 - Updated performance of 2006 DIPA

B. Phase II Transition: New Paradigm & Image

- **Period:** January to December 2006
- **Objective :**
 - Preparing BPEN transformation blue print;
 - Making actions for BPEN transformation cornerstone .
- **Activities :**
 - Establishing taskforces as embryos to new BPEN organizations and reinventing BPEN services;
 - Preparing detailed work plan of each taskforce;
 - Conducting PR & socialization as basis for BPEN image creation;
 - Revitalization of BPEN high technology and communication channels;
 - Revitalization of domestic and international exhibitions.

- **New Programs :**
 1. Brand Development;
 2. Marketing Intelligence;
 3. Market – based Cluster;
 4. Export Forum in 6 Cities;
 5. PR & Socialization;
 6. Human Resources Development .

- **Completion of “How to”:**
 - Product (image & quality) and participant selection;
 - Exhibition design executive guide;
 - Participant Code of Conduct;
 - Cooperation with Local Authority & Association.

New Programs

1. Branding

- **Background:**
 - Indonesian export products are dominated by unbranded commodities, less valuable, noncompetitive, unstable from time to time, more substances.
- **Objective:**
 - Creating a more valuable/reputable products.
- **Activities:**
 - Workshop, socialization, campaign, inspiring, activities;
 - Export Forum;
 - Using experts;
 - *Primaniyarta* Rewarding;
 - Registering abroad (through ITPC).

2. *Market – Based Cluster* *)

- **Background :**
 - Many Indonesia's export products are less competitive due to high cost, not supported by strong industry, lack of sufficient information, not getting proper support from the related-agency (marketing, R&D, packaging, technology, education, association, etc.)
- **Objective:**
 - Increasing competitiveness of exported domestic products.
- **Activities:**
 - Selecting cluster product and location;
 - Establishing coalition with local authority, industry, association, major research institutes, etc.);
 - Providing training through PPEI;
 - Introducing experts;
 - Cluster promotion and development;
 - Introducing complementarities;
 - Strengthening the weakened clusters.

*) Note: in 2006 BPEN selects hide industry cluster basing in Yogyakarta, Magetan and Garut.

3. Marketing Data Intelligence

- **Background:**
 - Exporters require data for market access;
 - Data required is not solely aggregate, but also qualitative and behavioral one.
- **Objective:**
 - Providing exporters with complete and strategic data.
- **Activities:**
 - Designing data collection, process, dissemination methods;
 - Training the intelligent staffs;
 - Identifying country and products;
 - Collecting data, writing and explanation;
 - Distributing data to BPEN & Ministry of Commerce officials, exporters & public (via websites, print media, etc.)

4. Export Forum

- **Background:**
 - No interaction between BPEN and exporters and related & supporting industries causing unrecognized PBEN programs, poor dissemination of knowledge, and no benefit gained by industry.
- **Objective:**
 - Developing export oriented, organizing export training and development, establishing BPEN human resources interaction and development.
- **Activities:**
 - Undertaken in 6 cities, that is, 6-9 times per city including:
 - Jakarta 9x
 - Bandung 6x
 - Jogja/Solo/Semarang 6x
 - Surabaya 9x
 - Medan 6x
 - Makasar 6x
 - Organizing regular seminar by inviting note speakers in coordination with BPEN;
 - Topic is directed by steering committees consisting of community leaders (senior exporters, bankers, industrialists);
 - Membership forum (between 150 and 300 members);
 - Sponsorship and mass media support;
 - Topic may consist of: market info, concept, segmentation, market access method, success story, export/trade policy, etc;
 - It is possible to introduce expatriate experts in cooperation with CBI, European Union, Sippo, KOTRA, USAID, etc.

5. PR & Sociability

- **Background:**
 - BPEN image is declining, exhibition participants are reduced drastically, exhibition is dominated by retailers;
 - Activities and outcomes are less recognized.
- **Objective:**
 - Improving image, giving broad benefit, introducing activities, creating confidence, transparency.
- **Activities:**
 - Advertising, publicity;
 - Talk show on the radio and television;
 - Providing export tips;
 - Launching specific programs;
 - Introducing well-inspired exporters

6. Human Resources Development

- **Background :**
 - BPEN human resources tend to be passive bureaucrats, more familiar with procedures than creative for export development (marketing) with distribution and social harmony culture.
- **Objective :**
 - Creating reliable, pro-business, proactive, competitive, self-confident and knowledgeable human resources.
- **Activities :**
 - Human resources mapping;
 - Attitude, knowledgeable and skills training;
 - Creating new professional and transparent culture;
 - Improving structural organization and work ethos;
 - Weekly meeting (book discussion, guest lecturing, etc.)