

ABSTRACT

The collapse of crude oil price has significantly impact PT Ratu Prabu Energy Tbk (Ratu Prabu) performance for the past five years. Several projects in the pipeline was prepared to reignite the engine but none of them was eventually executed. Investors question the absence of company's strategic action as prolonged situation may deteriorate shareholder value even further. With multiple business to manage, the company needs to have effective corporate level strategy that enable them to achieve its ultimate goal. This study is aimed to address the company's critical issues by formulating the effective and applicable corporate directional and portfolio strategy in pursuing the desired objectives. The external environmental scanning result indicates that the oil and gas industry has medium attractiveness, while geothermal and office property industry has high and low industrial attractiveness, respectively. On the other hand, current internal scanning indicates that most of business units have relatively weak business competitive position. Amid such unfavorable competitive position, corporate plays significant role to manage the portfolio (defining corporate directional strategy and redefining vision, mission and corporate values). Retrenchment strategy through asset divestment will enable the Company to refocus to its core strength in pursuing better competitive position in the industry. Moreover, the Company will provide legal and public representation, exercising guidance control, and managing linkages through centralization, coordination and standardization within its internal organization. Going forward, the model for change will enable the Company to accelerate implementation of new strategy in order to achieve its desired portfolio structure.

Keywords: Corporate directional strategy, Portfolio strategy, Corporate role.