

365DaysForIndonesia
**BUSINESS TRANSFORMATION OF PETROKIMIA GRESIK
TO FACE COMMERCIAL MARKET**

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Entering one year of President Jokowi and Vice President Ma'ruf Amin's reign, the SOE Ministry under the leadership of SOE Minister, Erick Thohir has launched 5 (five) priority programs, one of which is the focus of business model innovation. Petrokimia Gresik, an Agroindustry Solution company, a member of the SOE holding company of Pupuk Indonesia, has implemented a business model change through a business transformation program that has been running since early last year.

President Director of Petrokimia Gresik, Dwi Satriyo Annurogo explained that the company has changed three paradigms to answer challenges in the free market, namely a change from Inefficiency to Efficiency, from Product Driven to Market Driven, and a change in orientation from Subsidies to Commercial.

"The paradigm shift is the basis for a company to achieve the Petrokimia Gresik Business Transformation target, which is to be a market leader and dominant player in the agro-industry sector, to become a leader in cost leadership, and to diversify business," said Dwi Satriyo.

He conveyed that the challenge which is faced by Petrokimia Gresik in the near future is the change in the subsidy pattern by the government. If currently subsidies are given to farmers through fertilizer producers, in the future the subsidies will be given directly to farmers through the use of "Tani Cards".

"Farmers have the freedom to choose fertilizer products according to their needs and desires. Here we will talk about the commercial market, no longer oriented towards subsidies," he said.

The next challenge is the high price of gas, which is an important raw material for producing Urea, NPK, and ZA fertilizers. Even the gas cost component has a share of up to 70% in the cost structure of urea fertilizer production. So that the high price of gas has an impact on business competitiveness.

"As an answer to this gas price challenge, Petrokimia Gresik must make extra savings so that our products are highly competitive," said Dwi Satriyo.

For this reason, Petrokimia Gresik through the Business Transformation program also improves all value chains in the company, starting from understanding the market (market intelligence), then inbound logistics, production processes, outbound logistics, sales, to services.

"*Alhamdulillah*, the improvement value chain at the production stage has been able to reduce all Cost of Goods Sold," said Dwi Satriyo.

According to him, the Business Transformation run by Petrokimia Gresik is burning a platform for Petrokimia Gresik employee to be able to compete in the commercial market. For this reason, corporate people must wake up from the subsidy "comfort zone", and now have to think innovatively, efficiently and orientate toward market needs.

"This is why Petrokimia Gresik is committed to being an Agro-Industry Solution. All answers to the needs of agro-industry are in Petrokimia Gresik," he said.

The solution offered by Petrokimia Gresik is to provide comprehensive agricultural control starting from providing superior seeds, quality fertilizers to pesticides. Even Petrokimia Gresik provides agricultural services through soil testing cars and agricultural clinics in some regions in Indonesia.

Regarding fertilizers, Petrokimia Gresik creates market-oriented products, starting from NPK Phonska Plus which is equipped with Zinc, Phonska Oca organic liquid fertilizer to increase productivity and maintain soil fertility, and some of other very complete products.

"To become a leader, we must equalize the paradigm so that in the journey we can complement each other," Dwi Satriyo concluded.

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