

ABSTRACT

The case story started from the beginning of WIKA business-lines in 1960s as a subcontractor for electrical and pipe-installation for houses and buildings. In 1970s the management at that time realized that WIKA would not become a big-corporate if only relied on electrical-business. Now, WIKA's projects are various from high-rise building, fly-over, toll-road, railway until solar water heater (SWH) and LPG tank. Also WIKA became a producer of automotive-component. This was different with other State – Owned Company which usually avoids diversifying from its core-business. The big-diversification happened in WIKA when they build concrete-industry for concrete pile using to connect electrical-network and after being expert in this technology, WIKA expanded its concrete-industry into concrete-beam producer for bridges, water-canals, railways-supports and finally this will become a new separated-company named WIKA Beton. The latest diversification was entering the Engineering Procurement Construction (EPC) – business where they believed would be a future business for WIKA. After preliminary study in 2002, the management decided to enter this high-technology business. The value of construction projects was only around 10 – 15% of EPC projects.. The value of construction projects were around 10 – 15% of EPC projects. This EPC projects were in line with government plan to fulfill the need of electricity in Indonesia which the supply of electricity for industry was far from enough at this moment.

Readers would learn how diversification was important especially in the situation of crisis, where certain business-sectors might suffer temporally but by diversification planning, this problem should be reduced. On the new tax-regulation, which applies to construction revenues, WIKA is in better position relative to other construction companies within the sector given that its top line exposure towards construction is only limited to around 60-70%.

Keywords: WIKA, diversification, EPC