ABSTRACT

SMEs play an important role in economic development. Due to their relatively high labor intensity and smaller capital investment, SMEs are able to respond flexibly and adapt to changing market conditions. In this research, it will explore the marble stone craft industry, which takes place in Tulungagung Municipality. With all of their potency, the marble stone craft industry has become one of the strategic sector that can be developed due to their capability of providing job for the surrounding society and prospect of increasing and distributing the income of the populations nearby.

The strategic management model by Fred R. David is one of the alternative that can be extended so that it can be adapted to the real conditions and core problems of small industry. Through this model, consisted of three stages, that are input stage, matching stage, and decision stage, it will try to formulate the alternative strategies intended for marble stone craft industry. The process of generating alternative strategies for this industry will also consider the role of key stakeholder, which is regional Ministry of Trade and Industry in order that the recommended strategy can be completely realized with full support by the government.

Based on the research that has been conducted, the strategy of developing a trading house is the best alternative strategy according to the opinion of the key stakeholder and the shareholders.

Keywords: strategic management, strategy, Porter, David, QSPM