

## **ABSTRACT**

*Research and Development (R&D) strategy is one of the important factors in the business continuity supporting the cigarette industry. Nojorono Company is one of the five largest cigarette industry in Indonesia, currently implementing an agility strategy by focusing on the company's core competencies as an effort to improve performance to face the challenges of changing competitive markets, government regulations, and R&D innovation creativity. Factors that support the R&D strategy are innovation triggered by two factors, namely based on market demand and internal R&D competence, internal and external factors which include R&D control management with a bottom up system, company size and age which continue to grow as the company ages, and regulations government which has an impact on increasing selling prices. Achievement of R&D business performance is measured by department KPI is each year, while Nojorono is R&D efforts achieve competitive advantage by focusing on roles and responsibilities in each department, increasing employee competence through product knowledge training and improving standardized systems. Implementation of this strategy is carried out by R&D aimed at providing direction for organizational performance in achieving a sustainable competitive advantage. This research is a qualitative research with descriptive analysis from in-depth interviews with informants. Objective of the research is to analyze the role of R&D in achieving sustainable competitive advantage. The results of this research indicates that supporting factors of R&D strategy have a significant role to the performance of the R&D business as well as the company and the company, as well as increasing the creative performance of each man power.*

***Keyword : R&D Strategy, Innovation, Control Management, Company Size and Age, Business Performance, Sustainable Competitive Advantage***