



**ANALYSIS OF BUSINESS DEVELOPMENT STRATEGY
FORMULATION IN FURNITURE MANUFACTURING
COMPANY
(A Case Study of UD. Karangjati Furniture, Bekasi, West Java)**

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**A Thesis presented to the
Faculty of Economics President University
in partial fulfillment of the requirements of
Bachelor Degree in Economics Major in Management**

February 2013

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APPROVAL SHEET

The Panel of Examiners declares that the thesis entitled “**ANALYSIS OF BUSINESS DEVELOPMENT STRATEGY FORMULATION IN FURNITURE MANUFACTURING COMPANY (A Case Study of UD. Karangjati Furniture, Bekasi, West Java)**” that was submitted by Nirmala Tilami majoring in Management from the Faculty of Economics was assessed and approved to have passed the Oral Examinations on February 13, 2013.

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This thesis entitled “**ANALYSIS OF BUSINESS DEVELOPMENT STRATEGY FORMULATION IN FURNITURE MANUFACTURING COMPANY (A Case Study of UD. Karangjati Furniture, Bekasi, West Java)**” prepared and submitted by Nirmala Tilami in partial fulfillment of the requirements for the degree of Bachelor of Science in the Faculty of Management has been reviewed and found to have satisfied the requirement for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, January 29, 2013

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DECLARATION OF ORIGINALITY

I declare that this thesis, “**ANALYSIS OF BUSINESS DEVELOPMENT STRATEGY FORMULATION IN FURNITURE MANUFACTURING COMPANY (A Case Study of UD. Karangjati Furniture, Bekasi, West Java)**” is to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part to another university to obtain a degree.

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ABSTRACT

Furniture is one of the human necessary which can give the impression of artistic and functional in any room of any building. A variety of raw materials for the furniture are also offered so that consumers can choose according to their needs and wants. UD. Karangjati Furniture is a furniture company in medium-scale that manufactures a variety of minimalist teak furniture that has the potential to develop. This research aims to identify the internal and external factors affecting the business and recommend the alternative strategies to address the problems faced by company. The data collection began in October to December 2012 at UD. Karangjati Furniture located in Bekasi, West Java.

Internal Analysis (IFE) produces the main strength which is having brand advantage and quality of goods, with scores of 0.376. As for the main weakness which owned by this business unit is the Quality Control process that has not been performing well with scores of 0.149. The merging of two internal factors resulted in a total average score of 2.519.

External Analysis (EFE) produces the main opportunity that can be exploited by UD. Karangjati Furniture to face the competition is the quality of teak wood that has been known since before with score of 0.314. The main threat which obtained from the calculations are bargaining power of consumers is very high with scores of 0.220. The merging of two external factors resulted in a total average score of 2.474. IE matrix analysis determines the position of UD. Karangjati Furniture in cell V which called as *hold and maintain* strategy.

SWOT analysis produced eight alternative strategies based on IE matrix. In the end, according to the processing of QSPM, produces the priority strategy that can be applied by company. The priority strategy is doing evaluate and study about the ability of company in facing the competition with a total score of TAS is 6.594.

Keywords: Business Development Strategy, IFE and EFE Matrix, IE Matrix, SWOT Matrix, and QSPM Matrix

ACKNOWLEDGEMENT

First of all, I would like to express my deepest gratitude to the Lord Almighty, Allah SWT for His blessings, guidance, and joys He gave to me so I can accomplish this final project. My special thanks given to my family who always support me with the patience, guidance, and a very valuable advice that is really useful for me in making this final project. Thank you so much for the never ending support and everlasting love.

My gratitude also given to my final project advisor, Mr. Irfan Habsjah, MBA, CMA for the support, advices, and guidance during this final project which is really helped me in writing and accomplishing this final project. Great thanks for all staffs and non-staffs in UD. Karangjati Furniture who can give me the chance to do research in this company and always help me in getting the information and data for this final project. It was really grateful experience and I hope the result of my research can be useful and implemented by the management of company in order to get the best development for now and future.

My great thanks also given to all my friends, my lecturers, and staffs in President University, BF'ers 2009, and my beloved friends Monita Eggy, Meutia Rahmi, Stefi Primawati, Emanda Setyorini, Shinta Amalina, Vitra Leonita and Shareen Gagnani for the sharing, joking, helps, and supports, it was an unforgettable moments to spend our times together from the first semester until last semester. And also for Rista Marliyani, Nurul Anggari, and Sabrina Kusuma who always give me spirit, suggestion, and motivation during the processing of this final project.

Last but not least, thanks to others who cannot be mentioned one by one in here. Thank you for the helps and supports.

Sincerely,
Nirmala Tilami

TABLE OF CONTENTS

PANEL OF EXAMINERS APPROVAL SHEET	i
THESIS ADVISER RECOMMENDATION LETTER	ii
DECLARATION OF ORIGINALITY	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF APPENDICES	xi
I. INTRODUCTION	
1.1 Background of the Study	1
1.2 Company Profile	3
1.2.1 Company History and Development.....	3
1.2.2 Vision, Mission and Decision of Company	4
1.2.3 Location of Company	4
1.2.4 Organizational Structure of Company	5
1.2.5 Operational Activity of Company.....	7
1.2.6 The Current Business Development Strategy of UD. Karangjati Furniture.....	9
1.3 Problem's Identified.....	10
1.4 Statement of the Problem.....	11
1.5 Research Objective	11
1.6 Significance of the Study	11
1.7 Scope and Limitations of the Study	12
1.8 Research Outlines	12

1.9	Definition of Terms.....	13
II. LITERATURE REVIEW		
2.1	Strategy Concepts	16
2.2	Strategic Management Concepts.....	16
2.3	Strategic Management Process	17
2.4	Strategy Formulation	18
2.4.1	Vision, Mission and Decision of Company	19
2.4.2	Internal Environmental Analysis	20
2.4.3	External Environmental Analysis	21
2.4.4	IE Matrix Analysis	26
2.4.5	SWOT Matrix Analysis	26
2.4.6	QSPM Analysis.....	27
2.5	Marketing Concepts	27
2.5.1	Definitions of Marketing.....	27
2.5.2	Functions of Marketing.....	29
2.5.3	Marketing Strategy.....	29
	A. Segmentation.....	30
	B. Targeting	30
	C. Positioning.....	30
2.5.4	Product Marketing Mix.....	31
2.6	Furniture Concepts.....	34
2.6.1	Definitions of Furniture	35
2.6.2	Kinds of Furniture.....	35
III. METHODOLOGY		
3.1	Research Method	37
3.1.1	Location and Time of Research	37
3.1.2	Types and Sources of Data.....	37
3.1.3	Data Collection Method	38
3.2	Research Instruments	39

3.2.1	Description Analysis	39
3.2.2	Formulation Process of Alternative Strategy	39
A.	The Input Stage	40
B.	The Matching Stage	45
C.	The Decision Stage.....	48
3.3	Operational Framework	50
IV. ANALYSIS OF DATA AND INTERPRETATION OF RESULTS		
4.1	Company Environmental Analysis	52
4.1.1	Internal Environmental Analysis	52
A.	Management and Human Resources	52
B.	Marketing	53
C.	Production and Operation.....	57
D.	Financial.....	60
E.	Research and Development	61
F.	Information Management System.....	61
4.2.2	External Environmental Analysis	62
A.	Macro Environment	62
B.	Industry Environment.....	67
4.3	Strategy Formulation	71
4.3.1	Identification of Internal and External Factors	71
4.3.2	IFE Matrix and EFE Matrix Analysis	77
4.3.3	IE Matrix Analysis	80
4.3.4	SWOT Matrix Analysis	81
4.3.5	QSPM Analysis.....	84
V. CONCLUSIONS AND RECOMMENDATIONS		
5.1	Conclusion	86
5.2	Recommendations	88
REFERENCES		89
APPENDIX		93

LIST OF TABLES

No.		Page
1.	Internal Factor Evaluation (IFE) Matrix	41
2.	External Factor Evaluation (EFE) Matrix.....	43
3.	Table of Weighted Assessment of Internal Strategy Factors	44
4.	Table of Weighted Assessment of External Strategy Factors.....	44
5.	SWOT Matrix	48
6.	<i>Quantitative Strategic Planning Matrix (QSPM) Analysis</i>	50
7.	Kinds of Product Name of UD. Karangjati Furniture.....	55
8.	Price Range Products of UD. Karangjati Furniture	56
9.	Data of SME Wood Furniture in JCC.....	69
10.	Suppliers of UD. Karangjati Furniture.....	71
11.	IFE Matrix of UD. Karangjati Furniture.....	78
12.	EFE Matrix of UD. Karangjati Furniture.....	79
13.	Ranking of Strategy based on QSPM	85

LIST OF FIGURES

No.		Page
1.	Organizational Structure of UD. Karangjati Furniture	7
2.	PEST Analysis Factor	22
3.	Porter's Five Forces Model.....	24
4.	Framework for Strategy Analysis Formulation	40
5.	Internal-External (IE) Matrix	46
6.	Operational Framework	51
7.	IE Matrix of UD. Karangjati Furniture	80
8.	SWOT Analysis of UD. Karangjati Furniture	82

LIST OF APPENDICES

No.	Page
1.	List of Interview about Internal and External Environmental Analysis in UD. Karangjati Furniture (in Bahasa).....94
2.	List of Interview about Internal and External Environmental Analysis in UD. Karangjati Furniture (in English)96
3.	Assembling Process of Making Furniture Products.....98
4.	Weight and Rating Assessment of Internal Strategy Factors.....99
5.	Weight and Rating Assessment of External Strategy Factors.....102
6.	Weight and Rating Average of Internal Strategy Factors105
7.	Weight and Rating Average of External Strategy Factors107
8.	<i>Quantitative Strategic Planning Matrix (QSPM)</i>109
9.	Questionnaire of Weight and Rating Assessment of Internal and External Strategy Factors (in Bahasa)111
10.	Questionnaire of Attractiveness Score (AS) Assessment of Alternative Development Strategy (in English)119
11.	Questionnaire of Weight and Rating Assessment of Internal and External Strategy Factors (in English)122
12.	Questionnaire of Attractiveness Score (AS) Assessment of Alternative Development Strategy (in English)129

CHAPTER I

INTRODUCTION

1.1 Background of the Study

The growth number of people in Indonesia who are growing each year causing the competition in industry intensively. To face such competition, the role of Small and Medium Enterprises (SMEs) or in Indonesia usually called as “UKM” will be needed, especially for Indonesia's economic growth contributed to an increase in foreign exchange for the country and absorb more labor which always increasing due to the urbanization in unequal societies.

Many large enterprises are currently popular in the eyes of public have also originated from SMEs. For that, the SMEs should be improved and continues to be supported by the government and the community to continue to be active and advanced to compete with other large companies.

Actually, to have the SMEs is also not so difficult as long as there is a will, although not having the large capital enough. Many thought that to build a business SME must have entrepreneurial spirit. But in fact, there are many SMEs do not have a soul of entrepreneurship who has successfully developed their businesses. Some of them were only intended to make a living for everyday needs (Livelihood Activities), and also SMEs that come from craftsmen so that they can produce a work or craft from their own results to the general public (Micro Enterprise).

Any company engaged in the field of products and services have a desire to keep the business and deliver innovation in order to compete with other large and medium-sized enterprises. Therefore, the company's management also needs to be considered and re-improved in order the management system can run smoothly. In general, the company's management includes marketing, production, human

resources, and finance. Marketing is the most important part of the management than other because all company sales process begins with marketing that being offered to consumers with an accurate and interesting ways. Marketing is also being the most related part in making the business development strategy for one company in facing the strict competition right now. There are so many business development strategies that can be used by company at this time to achieve the favorable business position so as to generate the maximum profit.

One form of SMEs that is prominent in business development is furniture business. In each year, there are a lot of residence facilities were built as the number of new families in almost every developing region and the potential to become a comfortable and convenient area. Those facilities are like housing complex, office buildings, apartments, hotels, shopping centers, and so forth. Of course, those builds must also be supported by interior and exterior design which beautiful and interesting, one of way is to provide an initiative to filling the room with various models of furniture. Selection of furniture should also be adjusted with the concept of buildings that have been built to impress the harmonious and unified, and the need of furniture function. Today, there are many ranges of new furniture designs, such as classic, minimalist, futuristic, and so on. Each person must have a different perception of what they are interested of one furniture design. However, in terms of quality of materials, wood furniture has a durable and artfully priority when compared to other existing materials, such as iron, rattan, plastic, fabric, and so on.

Along with the increased competition in the field of furniture, it will have an impact on the performance experienced by UD. Karangjati Furniture which has the very simple managerial system. To that end, the company is very need to formulating the most appropriate business strategy as an effort to develop the market and facing the competition. The environmental industry of company that consists of internal and external environment can be used as the identification of the company condition at this time to determine the right business strategy for UD. Karangjati Furniture for the future.

1.2 Company Profile

1.2.1 Company History and Development

UD. Karangjati Furniture was established by 1999 in Bekasi, West Java. The company is a family business that started with a capital that is not so big. The owner's life experience who lives in a family with an income as a carpenter is one of the cornerstones of success for the establishment of this company. Before starting this furniture business, the owner has worked for 20 years as a private employee in one company in the field of forestry industry. UD. Karangjati Furniture is currently engaged in the furniture manufacturing with minimalist design by using teak wood or "Jati" as raw material. UD. Karangjati manufactures a wide range of models for household furniture ranging from bed, sofa, dining table, buffet, wardrobe, and so forth. Since the establishment of company, the owner is committed to offering its furniture products with minimalist design, because the changing tastes of today's consumers are likely to choose minimalist furniture design which more simple and modern to fill every space in their homes.

To give more satisfaction to consumers, the company also received furniture orders based on buyer desires. All design products of UD. Karangjati Furniture is the result of his own company which keeps abreast of evolving trends and models in the public market. UD. Karangjati Furniture can be regarded as the pioneer of minimalist furniture using teak wood, as most the entrepreneurs of teak wood furniture using these materials to make the carving furniture or commonly called as "Jepara" model.

Before focusing teak wood furniture in the manufacture of its products, the company first had tried to make the material from mahogany wood. There are several reasons that make the company change the raw material to date. Among them are due to the fraudulent actions committed by one competitor that imitate nearly all its products through the worker of UD. Karangjati Furniture itself. In addition, the mahogany material is also more

likely to be eaten by termites and did not have a longer durability. The company has approximately 14 employees in the finishing department, 21 employees in the assembling department, and 9 employees in the office. The company uses the system to its workers by piece-work system since a long time. Today the company also has a workshop in the area of Solo, Central Java, which is used as a production warehouse to assist in the production of furniture increased. The product marketing of UD. Karangjati Furniture developed enough to attend the several exhibitions in Jakarta and surrounding areas.

1.2.2 Vision, Mission and Objective of Company

In accordance with the company's tagline 'Serve Better than You Think', UD. Karangjati Furniture has a vision which is "To Become a Future Leader of Minimalist Furniture Company in Indonesia". The mission of the company is "UD. Karangjati Furniture is committed to offering high quality products and the latest innovations, always give priority to customer satisfaction, also create and expand the employment opportunities for the people ". The objective of company is to continue to develop the business further to the future and dare to compete with other first larger and successful competitors.

1.2.3 Location of Company

Since the year of 2007, UD. Karangjati Furniture has two workshops were used as a furniture-making place. For assembling parts, UD. Karangjati Furniture has a workshop in Solo, Central Java, which consists of three piece workers who are neighbors and friends from the owner himself. The workshop is also located in the near of owner's residence. Therefore, the teak wood is also obtained from Central Java which has better quality when

viewed from the fiber and color if it compared with teak wood from West Java.

Whereas the workshop located in Bekasi, West Java had the function to finishing the unfinished products that have been delivered from Solo, and also as the head office of UD. Karangjati Furniture. But the owner also provides the piece workers for finishing in Solo, as well as carpenters in Bekasi to anticipate when there is a lot of bookings and uncontrolled. In addition, the company also can provide the employment to its employees at any time because the payment system used by company is the piece – work system based on the number of products they finish. Besides that, not infrequently, the buyers also visited a workshop in Bekasi when they want to order or just look the products of UD. Karangjati Furniture.

UD. Karangjati Furniture also has two showrooms in Bekasi area functionalized to display the finished product. But both of showrooms have the less sales due to the market area of showroom is not too accordance with the price and product level of UD. Karangjati Furniture which tends to demand by the upper middle class. Therefore, to support the maximum sales, the company anticipate to do marketing by following exhibitions in various malls / shopping centers and Jakarta Convention Center, which held in every 4 until 6 times a year.

1.2.4 Organizational Structure of Company

Nowadays, UD. Karangjati Furniture still uses a simple organizational structure in the distribution of tasks for its employees. The simple organizational structure generally only has two levels, which are the owner and workers. The companies that are represented by a simple structure usually managed by their owners as well as handle other work associated with its products. It also occurs in UD. Karangjati Furniture, whereby the owner must continue to control and be responsible even though the employees were

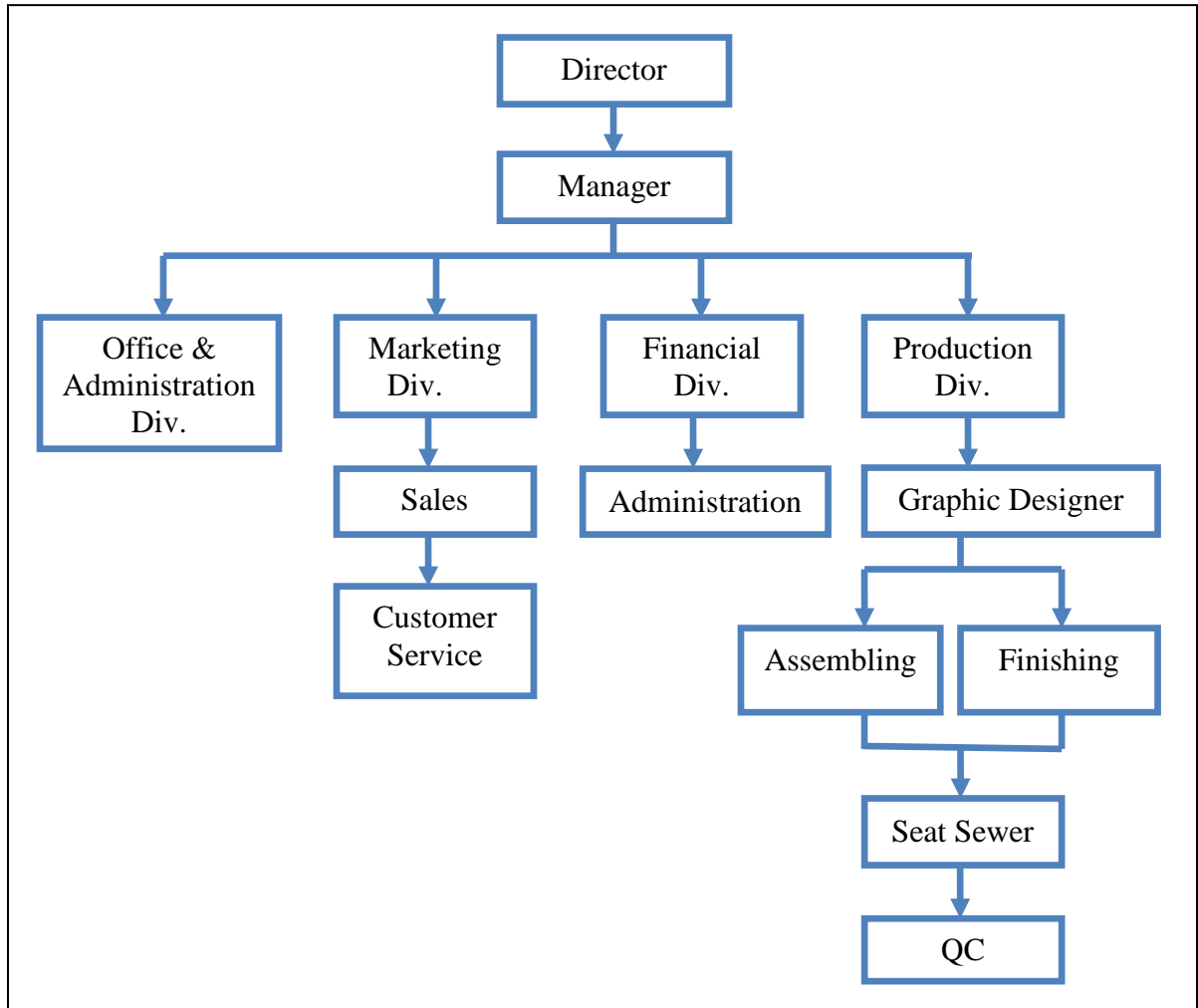
given the job functions of each respectively. The lack of human resources is one of the causes that owner has to be responsible in a variety of matters relating to the company's operations and production systems.

But besides the simple organizational structure which implemented by company, management has determined job description at each position of employees. However, because the company only has a few employees for the office and administration division, sometimes every employee can perform another job description so that the process can go quickly and smoothly.

The employees of UD. Furniture Karangjati mostly have the educational background in elementary, junior high, or high school course. Only director and manager who has the educational background of Bachelor degree (S1). But this does not become a burden to the company as long as its employees always applying discipline and willingness to work hard. For the production, some piece-workers of assembling in Bekasi came from Sukabumi area, where most of the population worked as a carpenter. Whereas, the piece-workers of assembling in Solo and piece-workers of finishing are coming from Central Java.

Here is the organizational structure of UD. Karangjati Furniture:

Figure 1.Organizational Structure of UD. Karangjati Furniture



Source: UD. Karangjati Furniture (has been processed)

1.2.5 Operational Activity of Company

One of the superiority products of UD. Karangjati Furniture is using raw material in the first quality, which is teak wood. Therefore, the company tried to continue to maximize product innovation and ensure the quality of products offered. The equipment used for producing also still fairly simple and manual, so it can affect to the long processing time and the result products were also not as neat as the manufacture of machinery. The working

system used since a long time ago is piece – work system, where the owner did not interfere in the production system fully ranging from the purchase of teak wood, and so forth, but leave it to all employees at a price negotiated by both parties. By using this system, the company is only waiting for orders that have been finished from the worker without having to think about the initial product manufacturing. But the company will still control the work of worker so that it will not happen a mistake and the product can fit with previous order.

The business activity of Karangjati Furniture is currently using the legal teak wood from Central Java. The workshop located in Solo, Central Java is functioned as a place of assembling products which consist of three piece workers. The order was done by using the "Job Order" sent via email to each worker at a price that has been agreed by both parties. While the workshops are located in Bekasi, West Java enabled as a head office, finishing and manufacturing of products with plywood materials which typically used to make the wardrobe and kitchen set.

The marketing activities of UD. Karangjati Furniture still includes Jakarta and surrounding areas. To get the maximum sales in outside of showroom, the company took the initiative to participate in the exhibition in Mall which has good sales opportunities like in Cibubur Junction and Metropolitan Mall for indefinite period. In addition, the company's sales also maximized with the exhibition at Jakarta Convention Center. By following the exhibition at JCC, it is not uncommon that company get customers from out of town and get an order to fill the hotels, restaurants, apartments, and so forth. To that end, following the exhibition at JCC, the company hopes to be able to continue to reach out a wider market without having to open the branch showroom in some areas outside of city.

1.2.6 The Current Business Development Strategy of UD. Karangjati Furniture

The business development strategy of UD. Karangjati Furniture currently can be said not maximized yet, due to the lack of employee needed in marketing and office. So far the company only promotes its product by attending various exhibitions organized by Jakarta Convention Center, Cibubur Junction, and Metropolitan Mall. Those three places was chosen because it can provide a sales company that is promising for the company as well as to expand the marketing of products and well known by many people. Previously, UD. Karangjati Furniture has participated in various exhibitions at other Mall, but after see from the sales amount and customer purchasing power, only those three places are considered the most effective.

The largest projects that ever undertaken by UD. Karangjati Furniture is filling the Hotel, Restaurant, Salon and Spa. These projects were obtained through the exhibition which organized by JCC. During the several exhibitions, the marketing strategy of company actually very simple, which does not rely on brochures or leaflet which distributed to every visitor who come to the company's booth, but only by sharing the company business card with complete address and email, as well as several catalogs and photo albums containing the various products of UD. Karangjati Furniture. The strategy of distributing the brochures is considered less effective and efficient way to attract the buyers, because often those brochures were thrown away by the buyer and company also has to pay the high printing cost.

UD. Furniture Karangjati also ever have a personal website in year 2010, but this website is not run smoothly and never updated every month because it is not supported by any employee who is an expert in the field of Information Technology to design an attractive website to visit by people from all over the region. The company currently only relies on and maintains the trust of its customers who have enough to provide information about

quality product of UD. Karangjati Furniture from one customer to another customer.

1.3 Problem's Identified

UD. Karangjati Furniture is one of the industries engaged in the manufacture of minimalist furniture. UD. Karangjati Furniture can be regarded as pioneer of minimalist furniture made from teak or 'Jati' wood which is the top quality wood as recognized in the strength and robustness of a held-to-all time. With a typical product which has by company, of course, the company hopes to be able to continue to grow their business with the innovative products that can be known by all over levels whether local and international.

In conducting its business, UD. Karangjati Furniture has a problem in handling the level of production to meet the market demands that company faces and overcome the delays in delivery to every customer. In addition, the company also has a problem in promoting their products beyond the exhibition involving several companies. One example of media tools to promote a product is to use a website that contains all sorts of company's information. The increasing demand and a lack of information on promotional product caused by the company has not been offset of its productivity, limited skills of employees, limited capital, and competition. Therefore, UD. Furniture Karangjati leads to have a proper business strategy in order to run the business which can continue to grow, has a sustainable advantage, and able to generate the maximum profit.

In order to formulate an appropriate business strategy, a company must be able to identify the environmental factors that company can be utilized in formulating the company's business development strategy. Environmental analysis that includes internal and external environment aims to determine whether the company can harness the power possessed, owned minimize weaknesses, take advantage of opportunities of the company, and anticipate emerging threats from the external environment faced by the company.

1.4 Statement of the Problem

Based on the above identification problems, the problems faced by UD.Karangjati Furniture and which will be analyzed in this study can be formulated as follows:

1. What are the internal factors that become the strengths and weaknesses of the company, as well as any external factors which belong to the opportunities and threats affecting product marketing at UD.Karangjati Furni
2. What are business strategies that have been carried by UD. Karangjati Furniture?
3. What are the appropriate alternative strategies which can be done by UD. Karangjati Furniture to expand its business?
4. What business strategies are appropriate to be used as a top priority by UD.Karangjati Furniture?

1.5 Research Objective

The objectives of this study are as follows:

1. Identify and analyze the internal and external factors that exist in UD. Karangjati Furniture.
2. Assessing the business strategy made by UD. Karangjati Furniture up till now.
3. Developing alternative business strategies that are appropriate for UD. Karangjati Furniture based on the results of analysis.
4. Determine the most appropriate business strategy to develop the business UD. Karangjati Furniture.

1.6 Significance of the Study

The usability of this research is expected to reach more of this following:

1. Can provide the input to be considered for UD. Karangjati Furniture in determining the priorities business strategies in order to maintain and develop their business further.

2. Researcher can learn and understand the formulation of business strategy at UD. Furniture Karangjati thus helping the company develop the family business.
3. Can be used as a useful reference for future research.

1.7 Scope and Limitations of the Study

The scope and limitation of this study is to analyze the business strategy made by a furniture manufacturing company in Bekasi, West Java which is UD. Karangjati Furniture in an effort to beat the competition. The analysis is done by identifying internal and external factors into strengths, weaknesses, opportunities and threats affecting the marketing of the company's furniture products.

1.8 Research Outlines

This final project will be presented in five chapters, which can be summarized as follows:

- **CHAPTER I. Introduction**

The introductory chapter is to explain the background of study, the brief company profile of UD. Karangjati Furniture, problems identified, statement of problems, the objective of research, significance of the study, scope and limitations of the study, the outline structure of final project, and some definitions of terms which are related to the topic of this final project.

- **CHAPTER II. Literature Review**

The second chapter explains the literature review and theoretical correlation with the study. Those could be including the definitions of strategy, strategic management, marketing strategy, and the concepts of furniture and also the tools design of IFE, EFE, SWOT, and QSPM Matrix.

- **CHAPTER III. Research Methodology**

The third chapter explains the observation type of the research and also the methodology of the problem solving by using the theory from literature study. It also contains the figure of operational framework about the step of doing this research.

- **CHAPTER IV. Analysis of Data and Interpretation of Results**

The fourth chapter shows how the proposed tool is being developed and designed based on the analyzed data. It also includes the interpretation data analysis and design which could give the best strategy for company in future according to the current environment condition.

- **CHAPTER V. Conclusion and Suggestion**

The last chapter contains of the summary of what activities that have been done during the research and what the results that could be obtained after did any observation and analyzed the data of the observation. In this chapter also given any suggestion for company from the previous strategy analysis.

1.9 Definitions of Terms

Here are some definitions of terms which are related to the writing of this final project, those are:

1. Strategy

The process of determining the top leaders plan to focus on the organization's long-term goals, along with the preparation of a way or effort how to make that goal achievable. There are many kinds of strategy which almost did by any companies, such as acquisition, diversification, product development, market penetration, joint venture, etc.

2. Strategic Management

The management process through the formulation, organization, execution and evaluation of the organizational resources to meet the desired goals in the future. Strategic management integrates the activities of the various functional sectors of a business, such as management, marketing, finance and accounting, production and operation, etc.

3. *IFE Matrix (Internal Factor Evaluation)*

The formulation process to find the alternative strategies by classifies the internal factors that being the strength and weaknesses of the company by using questionnaire method.

4. *EFE Matrix (External Factor Evaluation)*

The formulation process to find the alternative strategies by classifies the external factors into opportunities and threats of the company. EFE Matrix also uses the questionnaire which distributed to the relevant parties.

5. *IE Matrix (Internal – External)*

IE matrix is obtained based on the combination of the weighted score of IFE and EFE Matrix. IE Matrix is one of the parameters used to describe the position of the company that shown in nine cells and divided into three major parts that have different strategy implications; those are *Grow and build*, *Hold and Maintain*, and *Harvest or Divest*.

6. *SWOT Matrix (Strengths – Weaknesses – Opportunities – Threats)*

A methodology of examining potential strategies derived from the synthesis of organizational strengths, weaknesses, opportunities and threats (SWOT). It can be used to measure an organization's competencies and identify opportunities to taken by company in the future.

7. *QSPM (Quantitative Strategic Planning Matrix)*

It is approach attempts to objectively select the best strategy using input from other management techniques and some easy computations. In other words, the QSPM method uses inputs from stage 1 analyses, matches them with results from stage 2 analyses, and then decides objectively among alternative strategies.

8. *Marketing*

It is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others and also the competitive positioning of products and services in the minds of customers.

9. *Marketing Strategy*

It is a strategy of company which combines all of its marketing goals into one comprehensive plan. A good marketing strategy should be drawn from market research and focus on the right product mix in order to achieve the maximum profit potential and sustain the business. In designing a marketing strategy, the company should implicate the concept of STP (*Segmentation, Targeting, and Positioning*)

10. *Product's Marketing Mix*

Product marketing mix is a set of four decisions which need to be taken before launching any new product. There are four variables to help the company in making strategic decisions necessary for the smooth running of any product/organization. These variables are; *Product, Price, Place and Promotions*.

11. *Furniture*

The things that exist at home and used by residents to sit, lie down, or store the small and important objects. The raw material for making furniture is very diverse, some made of wood, metal, leather, bamboo, plastic, fabric and so forth.

CHAPTER II

LITERATURE REVIEW

2.1 Strategy Concepts

Every company should have the strategy to maintain their business and also be able to compete with many competitors. Moreover in the modern era right now, there are many companies which operate in different business areas because of needs and wants of customers that always changed and increased over time. There are many strategies which can be chosen by company, like geographic expansion, acquisition, diversification, product development, market penetration, joint venture, and so on. The common meaning of strategy is the process of determining the top leaders plan to focus on the organization's long-term goals, along with the preparation of a way or effort how to make that goal achievable. While, in the specific meaning the strategy is an action that is incremental (ever-increasing) and continuous and is based on the point of view of what is expected by the customers in the future. Thus, the strategy almost always begins with what can happen, and rather than starting from what happened (Viklund, 2009).

According to Drummond & Ensor (2001, p. 3), strategy has a wide-ranging impact and therefore affects all functional areas within the organization. Effective strategy is able to co-ordinate the different functions/activities within the organization in order to achieve common goals. By taking a 'whole-organization' view of the corporation, managers should be better able to target resources, eliminate waste and generate synergy.

2.2 Strategic Management Concepts

Strategic management is the management process through the formulation, organization, execution and evaluation of the organizational resources to meet the

desired goals in the future. This definition provides an assessment as to the management process and functions of the different levels of managers on how the formulation of the organizational goals, the designed structure and systems, the strategic position to implement the quality assurance program and evaluate the designed systems of improvement (HubPages Inc., 2012).

According to David (2010, p. 5), strategic management can be defined as an art and science of formulating, implementing, and evaluating the cross – functional decisions that will enable an organization to achieve its objectives. Strategic management integrates the activities of the various functional sectors of a business, such as management, marketing, finance and accounting, production and operation, research and development, and computerized system to achieve the organizational goals.

One of the major role of strategic management is to incorporate various functional areas of the organization completely, as well as, to ensure these functional areas harmonize and get together well. Another role of strategic management is to keep a continuous eye on the goals and objectives of the organization (ManagementStudyGuide, 2008). The purpose of strategic management is to exploit and create new and different opportunities for tomorrow or long term planning, and seek to optimize the trends today for tomorrow. Additionally, strategic management can provide common tools and analytical techniques, enabling the assessment and control of complex issues, situations and functional areas.

2.3 Strategic Management Process

The process of strategic management consists of three phases, which is *Strategy Formulation, Strategy Implementation, and Strategy Assessment* (David, 2010):

a. Strategy Formulation Phase

The strategy formulation phase includes the development of vision, mission and long term goal setting, identification of external opportunities and threats, internal

strengths and weaknesses, searching of the alternative strategies, and selection of specific strategies to achieve the goals.

b. *Strategy Implementation Phase*

The strategy implementation phase requires companies to set annual goals, policies, motivate employees and allocate resources so that the strategies that have been formulated can be running. Implementation strategy include the supportive culture development on strategy, creating an effective organizational structure, re-deployment marketing efforts, preparing budgets, development and utilization of information systems and linking employee compensation to the organizational performance. The successful implementation of this strategy depends on the ability of managers to motivate employees, which is more an art than a science. The strategy has been formulated earlier, if not applied properly can completely being useless.

c. *Strategy Assessment Phase*

Strategy assessment or evaluation phase is the last stage in strategic management. The manager must know when a particular strategy is not going well. There are three basic strategies assessment activities; the review of internal and external factors which are the basis for current strategies, measuring performance, and taking the corrective actions. Companies that have been successful at this time do not be easy for complacency, because of its current success does not always work later.

2.4 Strategy Formulation

To decide the best course of action for accomplishing organizational objectives and hence achieving organizational purpose, there are any steps to formulating the strategy to select the prioritize strategies for developing the company. Started from determine vision, mission and decision of company, identification of internal and external environment analysis, find some alternative strategies by using *Internal – External (IE) Matrix* and *SWOT Matrix* analysis, and the last step is determine the most suitable strategy by using *Quantitative Strategic Planning Matrix*.

2.4.1 Vision, Mission and Objective of Company

A good and responsible company that wants to maintain the business in the long term should have thought concern about the start – up company at first time, which is by setting the vision, mission and goals of the company.

- ***Vision***

Vision is a series of sentences that express a goal or dream of company or organization that want to achieve in the future. Or it can be said that vision is the “want to be” statement of the organization or company. Vision is also very crucial for enterprises to ensure long-term sustainability and success, according to Wibisono in (Ardian, 2012). Some of the requirements that should be attentions to define the vision statement are: (1) future oriented; (2) not be made based on the current condition; (3) expressing the creativity; and (4) based on the principle of value containing the respect to society (Saujana, 2012).

- ***Mission***

Basically the mission is the fundamental reason for the existence of an organization. The mission statement of the organization, especially at the business unit level, is to determine the limits and purpose of our business activities. So the formulation of the mission is the realization that will make an organization is able to produce quality products and services that meet the needs, wants and expectations of customers according to Drucker in (Ardian, 2012).

- ***Goals***

The company's goal is a statement about wants to be used as guidelines for the management of the company to achieve a particular result of the activities carried out by a certain time dimension (Purwanto, 2008). Characteristics of goal include the following: (1) *appropriate*, goals aligned with the vision and mission, (2) *the time dimension*, the goal must

be concrete and can be anticipated when it occurred, (3) *feasible*, the goal should be a determination that can be realized, (4) *flexible*, goal can always be adapted to the changing of circumstances and conditions, (5) *easy to understand*.

Here is the example statement of vision, mission and goals from Telkom Indonesia Company.

VISION

“To Become a Leading Telecommunications, Information, Media, Edutainment and Services (“TIMES”) Player in the Region”.

MISSION

- To Provide TIMES with Excellent Quality & Competitive Price.
- To be The Role Model as the Best Managed Indonesian Corporation.

OBJECTIVES

To achieve the leading position by strengthening our legacy business and growing new wave businesses to gain 60% of the industry revenue in 2015.

Source: (Telkom Indonesia, 2012)

2.4.2 Internal Environmental Analysis

Internal environment consists of the strengths or weaknesses of the company. The internal environment includes all the components contained in the company and can be controlled by the company. A good understanding of the company's internal environment will greatly assist in the needed of strategic planning process.

There are several functional areas of the variables in the analysis of the internal environment, such as:

1. *Management functions*, carried out and applied to the company's overall organizational structure. Management functions include five basic

activities, including planning, organizing, motivating, staff managing and controlling.

2. *Marketing function*, which is the process of identifying, anticipating, creating and fulfilling customers' needs for goods and services, covering seven basic function, which are the analysis of customers, sales of products / services, planning the product / service, pricing, distribution, marketing research and analysis the opportunities.
3. *Finance function*, is the best indicator of competitive position and attractiveness of company. It can be seen from the company's financial ratios including liquidity ratios, leverage, activity, profitability and growth.
4. *Production/ Operations function*, composed of all the activities that transform inputs into goods or services, includes five basic functions, namely the process, capacity, inventory, workforce and quality.
5. *Research and Development function*, consists of activities undertaken to improve the company's competitive capability, usually directed at the new products.
6. *Management Information Systems function*, useful for improving the performance of company by improving the quality of managerial decisions. This function contains a database of vital records that are very useful for the company.

2.4.3 External Environmental Analysis

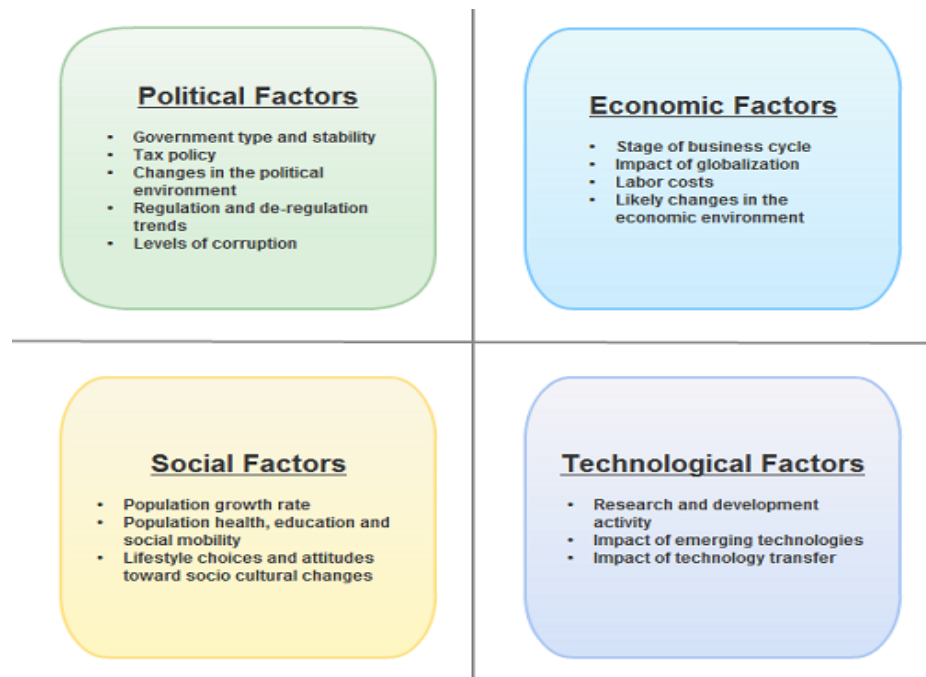
An analysis of the external environmental is undertaken in order to discover the opportunities and threats that are evolving and that need to be addressed by the organization.

According to Drummond & Ensor (2001, p. 22) the external forces can be divided by two, which are Macro-Environmental Analysis and Industry Analysis.

1. *Macro Environmental Analysis*

Macro Environmental Analysis is identifying the critical issues in the external environment that may affect the organization before moving on to judge the impact that may have on the organization. This is normally referred to as a PEST (Political, Economic, Social, and Technological) analysis. But, some writers use the alternative program by the acronym STEP (see Figure 2) below:

Figure 2.*PEST Analysis Factor*



Source: (Nishadha, 2012)

a. *Political Factors*

Philosophies of government in relation to the company are subject to change at any time. This is an important aspect that should be explored by strategic planners. Government action can increase the business opportunities or barriers or sometimes both simultaneously (Purwanto, 2008, p. 87).

b. Economic Factors

(Umar, 2008) explains the economic conditions of a region or a country can affect a company's business climate. The worse of economy, the worse of business climate as well. Some key factors to consider in analyzing the economy of a region or country are: the business cycle, energy, inflation, interest rates, investment, prices of products and services, productivity, and labor.

c. Social Factors

Changes in social cultural, demographic and the environment have a major impact on almost products, services, markets, and consumers. Almost all companies were stuck by the opportunities and threats from these factors along with the new trends that shape the way people live, work, produce, and consume. The new trends on customers will create the different types, and consequently, creating demand for goods, services and even the different strategies.

d. Technological Factors

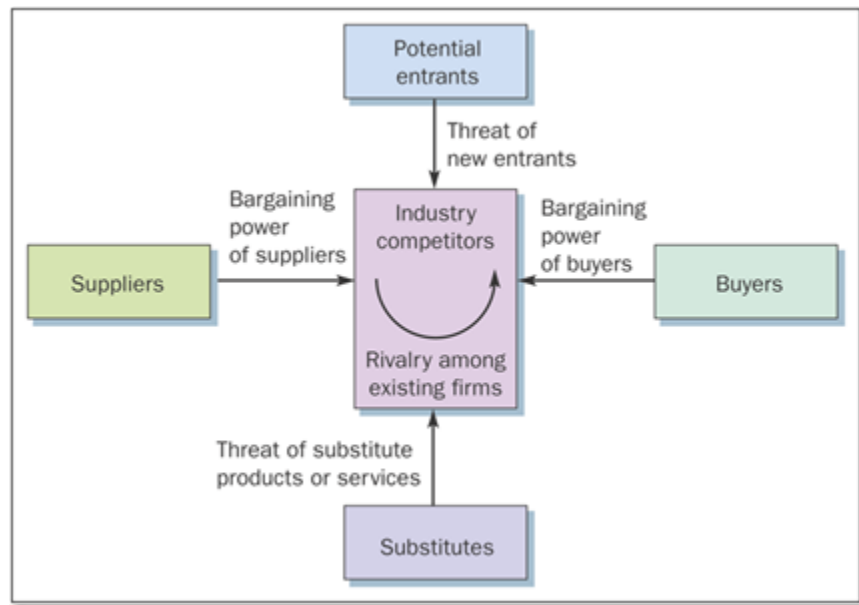
There is a great danger in using a particular technology to define an industry. In a situation where technological developments are fast-moving it is critical to understand the fundamental consumer needs which the organization's technology is currently serving. Identifying new technologies that can service those consumer needs more completely or economically is the critical part of this area of the analysis (Drummond & Ensor, 2001, p. 23).

2. Industry Analysis

Industry analysis is more related to the competitive analysis of industry to create and evolving the strategies which are variance from one industry to another. The Porter's Five Forces model can help the company to understand the power lies in a business. This tool was created by Harvard

Business School professor, Michael Porter, to analyze the attractiveness and likely-profitability of an industry (see Figure 3)

Figure 3.Porter's Five Forces Model



Source: (MaxiPedia, 2011)

Five Porter's Analysis assumes that there are five important forces that determine competitive power in a situation. These are:

a. *Supplier Power*

Suppliers refer to the firms that provide inputs for the industry. Supplier power refers to the potential of the suppliers to increase the prices of inputs (labor, raw materials, services, etc) or the costs of industry in other ways. Strong suppliers can extract profits out of an industry by increasing costs of firms in the industry. Suppliers' products have a few substitutes. Strong suppliers' products are unique. They have high switching cost. Their product is an important input to buyers' product. They pose credible threat of forward integration.

Buyers are not significant to strong suppliers. In this way, they are regarded as a threat (Management Study Guide, 2008).

b. *Buyer Power*

Buyer powers refer to the potential of buyers to bargain down the prices charged by the firms in the industry or to increase the firms cost in the industry by demanding better quality and service of product. Strong buyers can extract profits out of an industry by lowering the prices and increasing the costs. They purchase in large quantities. They have full information about the product and the market. They emphasize upon quality products. They pose credible threat of backward integration. In this way, they are regarded as a threat (Management Study Guide, 2008).

c. *Competitive Rivalry*

The important factor in competitive rivalry is the number and capability of the competitors. If the company has many competitors, and competitors offer equally attractive products and services, then the company most likely has little power in the situation, because buyers and suppliers will go elsewhere if they don't get a good deal from its company. On the other hand, if no one else can do what company does, then the company can often have tremendous strength (Mind Tools Ltd., 2012).

d. *Threat of Substitution*

This is affected by the ability of customers to find a different way of doing what company does – for example, if company supplies a unique software product that automates an important process, people may substitute by doing the process manually or by outsourcing it. If substitution is easy and substitution is viable, then this can weaken the company' power (Mind Tools Ltd., 2012).

e. *Threat of New Entry*

Power is also affected by the ability of people to enter company's market. If it costs little in time or money to enter the market and compete effectively, if there are few economies of scale in place, or if company have little protection for key technologies, then new competitors can quickly enter the market and weaken company' position. If company has strong and durable barriers to entry, then it can preserve a favorable position and take fair advantage of it (Mind Tools Ltd., 2012).

2.4.4 IE Matrix Analysis

IE matrix is obtained based on the combination of the weighted score of IFE and EFE Matrix which already done before to identifying the internal and external factors that exist in the company. IE Matrix is one of the parameters used to describe the position of the company so that the alternative strategies that will be proposed to the company are accordance with the company's current condition. In addition, IE matrix can describe the hopes that company will do in the future.

IE Matrix is positioning the various divisions of a company which then will be analyzed in more detail. IE matrix shown in nine cells, which divided into three major parts that have different strategy implications, those are *Grow and build*, *Hold and Maintain*, and *Harvest or Divest*.

2.4.5 SWOT Matrix Analysis

SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis can be used to measure the company's competencies and identify the opportunities to taken by business management in the future. SWOT analysis can improve the current situation of company through identify the various factors which can impact performance of company itself.

SWOT model analyzes the factors which are internal in company and also the factors that affect the company from outside. Internal factors can be seen from the *Strengths and Weaknesses* of company, such as employee skills and products. External factors include *Opportunities and Threats* faced by company, such as competitors or economic situation.

2.4.6 QSPM Analysis

QSPM (*Quantitative Strategic Planning Matrix*) is the only one analytical technique that is designed to determine the relative attractiveness of various alternative actions. This technique objectively indicates which strategy is the best based on the full range of alternative strategies that have been performed on the input stage and the matching stage of strategy formulation before.

In some ways, QSPM has some advantages and disadvantages, including: (1) strategies can be examined sequentially or simultaneously, (2) there is no limit to the number of strategies that can be examined, (3) required the research to integrate internal and external factors involved in the decision process.

2.5 Marketing Concepts

2.5.1 Definitions of Marketing

The word of “Marketing” is familiar with the technique which most companies used to attract the customers to buy the offering products or services. In the modern era right now, there are many ways to do marketing in effectively. If the company can know how to marketing the goods or services, surely the company can gives the benefit and make satisfying the customer through the transactional exchange. Marketing is the important factor in management process because it regards to the entire activities from the production process until the distribution to the customer.

Here are some definitions of marketing according to the different experts:

1. Theodore C. Levitt, of Harvard Business School emeritus professor of marketing on (Pixel Gremlins, 2011) stated that “Marketing differs from selling. Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs”.
2. According to Kotler (2005, p. 10), “Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others”.
3. Marketing is about the competitive positioning of products and services in the minds of the customers. It is also about the communication of messages and images (reflecting product and service positioning) and the means which are used to convey these messages and images to the customers (Proctor, 2000).

Based on definitions above, it can conclude that marketing basically covers broader than selling, which is how the company can meet the needs and provide maximum satisfaction to the individual or group that starts with the planning stage like selling and promoting, up to the final stage of distribution for the company to be able to compete with other competitors and deliver innovation in the long term. Along with the times which always demanding the change of customer tastes and the innovation of one model or design product, marketing is always on-going and never ends. It always changing, updating, and transforming. The company should adapt with it and choose the marketing system which likely reputed to give a higher profit.

2.5.2 Functions of Marketing

Marketing can be described as the process of defining, anticipating, creating and fulfilling the needs and desires of consumers for products and services. There are seven main functions of marketing according to (jstaniec, 2008):

1. **Pricing;** setting and communicating the value of products and services. Setting the price at the right level.
2. **Product/ Service Management;** designing, developing, maintaining, improving, and acquiring products and services that meet consumer needs.
3. **Distribution;** determining the best ways for customers to locate, obtain, and use the products and services of an organization. Involves moving the product each step from the design idea to the consumer.
4. **Financing;** budgeting for marketing activities, obtaining the necessary funds needed for operations, and providing financial assistance to customers so they can purchase the business products and services.
5. **Marketing – Information Management;** obtaining, managing, and using information about customers want to improve business decision making, performance of marketing activities, and determining what will sell.
6. **Selling;** communicating directly with potential customers to determine and satisfy their needs.
7. **Promotion;** communicating with customers about the product to achieve the desired result – customer demand for and purchase of the product. Include advertising, personal selling, publicity, and public relations.

2.5.3 Marketing Strategy

The marketing strategy is defined as a development of strategy analysis and implementation of the strategy in determining the target market for the product in each business unit, setting the marketing objectives, and the

development, implementation, and management of marketing program strategies, define the market positioning which designed to fulfill the target market consumers.

In designing a marketing strategy, the most important thing that needs to be done by the marketing management is the application of the concept of STP (*Segmentation, Targeting, and Positioning*), where this concept is interrelated to each other.

A. Segmentation

The first step which takes place in STP is the segmentation part. This is mainly because, before segmentation, the customer base is known as a population or group of people which have no differentiation between them. It is impossible if company doing market in every population that might wasting the resources. Because of that, the company should first perform the market segmentation on the products that will sell to helps define the population in smaller groups or segments. Market segmentation is essentially divided into market potential of certain parts; able unfounded demographic distribution, based on economic class and education, and also by lifestyle (psychographic) (Durham Associates, 2010).

B. Targeting

After company knows the segment market of their products, the next step is start targeting those segments. Targeting can be said to be a sub concept of segmentation. In this case, of course, the series of marketing programs must fit with the characteristics of the target market which company wants to go. Targeting also plays a critical role in the marketing mix mainly in the product and pricing phase (Durham Associates, 2010).

C. Positioning

In addition to targeting, then the next step is conduct the product positioning. This step means creating a unique product position in the minds and perceptions of potential customers to be targeted. The right positioning is

very important, because company can gain more sympathies from the minds of customers. And further, it can encourage the customer to make purchases of products offered. Positioning mainly affects the promotion and placement stage of marketing mix (Durham Associates, 2010).

2.5.4 Product's Marketing Mix

Product marketing mix is a set of four decisions which need to be taken before launching any new product. This marketing mix is mainly used in case of Tangible Goods. These variables are also known as the 4 P's of marketing. These four variables help the company in making strategic decisions necessary for the smooth running of any product/ organization. These variables are; *Product, Price, Place and Promotions*. These variables are never constant and may be changed over time. However, a change in one of the variables may cause a change in all other variables as well (Bhasin, 2011). The variables are as follows:

1. Product

The products or services of an organization help to create the image of the firm in the mind of customer. This image is reflected in the customers' perceptions and feelings about its products or services. Products are more than tangible objects and services are more than visible activity. Organizations have to understand the nature of the needs and want in order to appreciate the kind of benefits people expect to obtain. 'Product decisions' have to be made with respect to these various attributes. When a producer of goods or services makes decisions about 'the product', he or she is making decisions about the following: quality, features, options, style, brand name, packaging, sizes, services, warranties, returns (McCarthy, 2005).

Philip Kotler in (Priyank, 2011) suggested that a product should be viewed in three levels:

a Core Product

This level involves about the core benefit of product offered by company. When designing products, marketers must first define the core, problem solving benefits or services that consumer seek.

b Actual Product

The strategy at this level involves organizations *branding, adding features* and benefits to ensure that their product offers a differential advantage from their competitors.

c Augmented Product

This level involves about the additional non-tangible benefits which company offer. Competition at this level is based around after sales service, warranties, delivery, and so on.

2. Price

Price of a product depends on a lot of different variables and hence it is constantly updated. Major consideration in pricing is the costing of the product, the advertising and marketing expenses, any price fluctuations in the market, distribution costs etc. Many of these factors can change separately. Thus the pricing has to be such that it can bear the brunt of changes for a certain period of time. However, if all these variables change, then the pricing of a product has to be increased and decreased accordingly. Similarly, pricing also affects the targeting and positioning of a product. Pricing is used for sales promotions in the form of trade discounts (Bhasin, 2011).

There are several pricing strategies which are mostly implemented by some companies according to:

a Geographical Pricing

Geographical pricing involves the company in deciding how to price its products to customers in different locations and countries.

b Price Discounts and Allowances

The role of discount offering discounts can be a useful tactic in response to aggressive competition by a competitor. However, discounting can be dangerous unless carefully controlled and conceived as part of your overall marketing strategy.

c Promotional Pricing

Promotional-pricing strategies are often a zero-sum game. If they work, competitors copy them and they lose their effectiveness. If they do not work, they waste money that could have been put into other marketing tools, such as building up product quality and service or strengthening product image through advertising.

d Discriminatory Pricing

Companies often adjust their basic price to accommodate differences in customers, products, locations, and so on. Price discrimination occurs when a company sells a product or service at two or more prices that do not reflect a proportional difference in costs.

e Product – Mix Pricing

Price-setting logic must be modified when the product is part of a product mix. In this case, the firm searches for a set of prices that maximizes profits on the total mix. Pricing is difficult because the various products have demand and cost interrelationships and are subject to different degrees of competition.

3. Place

Place refers to how a company will distribute the offering product or service to the end user. The company must distribute the product to the user at the right place at the right time. Efficient and effective distribution is important if the company is to meet its overall marketing objectives. If a company underestimates demand and customers cannot purchase products because of

it, profitability will be affected. Two types of channel of distribution methods are available. Indirect distribution involves distributing the product by the use of an intermediary for example a manufacturer selling to a wholesaler and then on to the retailer. Direct distribution involves distributing direct from a manufacturer to the consumer (McCarthy, 2005).

4. *Promotion*

Promotion is the way for company to choose the target groups informed or educated about the products offered. This includes the weapons in the marketing armory, like advertising, selling, sales promotions, public relations, etc. Promotion has become the most important marketing mix to focus on (valuebasedmanagement, 2012). The proportion of a firm's marketing communications budget that is spent on each of these activities varies somewhat across organizations and industries. There is a tendency, for example, in the case of industrial and business goods for more effort to be put into personal selling, whereas advertising features prominently in the case of fast-moving consumer goods. Despite these broad generalizations, considerable variation exists within product classes. In the case of advertising there is also the complicating factor that there are a number of advertising vehicles which can be used to communicate about the product: television, radio, newspapers, magazines, mobiles, posters, etc.

2.6 Furniture Concepts

The concept of furniture incorporated into one of discussion on this research because the company that observed by researcher included into the furniture manufacturing industry. It is intended that the reader also gets a bit of knowledge about a variety of matters relating to the terms of furniture, which consists of the definition and types of furniture variations that often exist in public market.

2.6.1 Definitions of Furniture

The word of furniture comes from French "furniture" in year 1520-30 M. Furniture has the origin word of *fournir* which has a meaning of furnish or furniture or room (Emzetha, 2012). Many people mention the word "furniture" in other words which is "mebel". Actually, those two words have different meanings, but have the same meaning of assigned objects, ie tables, chairs, and cabinets.

"Mebel" is derived from the word movable, which means it can move. In ancient times, tables, chairs, and cabinets relatively easily moved from large rocks, walls, and roof. In other words, *furniture* or *mebel* are the things that exist at home and used by residents to sit, lie down, or store the small and important objects. The raw material for making furniture is very diverse, some made of wood, metal, leather, bamboo, plastic, and so forth.

2.6.2 Kinds of Furniture

There are several types of raw materials for making furniture that is available in local and international market (Atfestoro, 2012). Among them are the following:

a Furniture from solid wood

Solid wood is the strongest material and most durable than processes wood. However, solid wood has limited supply so the price is very expensive. There are various kinds of solid wood commonly used by many furniture industries, including teak wood, sungkai wood, nyatoh wood, and so forth. From the several types of solid wood, teak wood is the most popular because of their quality, resistance to weather conditions, termite resistant, and the fiber interest. This wood is also the first class of wood that many processed into classy furniture.

b Furniture from wood processed plant

There are various types of wood processing plants available in the Indonesian market. Among them are finir (thin sheets of wood from 0.24 mm to 0.6 mm), plywood (made of a certain size boards made of several layers finir), blockboard (pieces of wood into small boxes with a thickness of 12 mm, 15 mm, or 18 mm), MDF (fine wood dust bonded with resin chemicals), and particle board (sawdust residual particles, cuttings and wood chips bonded with resin chemicals).

c Furniture made from plastic

Furniture made from plastic is molded in the factory in large quantities. Since before, plastic chair only used in food stalls or meeting places for storage which can be stacked so as not eating places. But with advances in technology and design now, the plastic furniture can be the right choice for modern interiors. Its use is often combined with a stainless or aluminum.

d Furniture made from rattan

Rattan and bamboo raw materials widely available in Indonesia. But the process of rattan furniture that is more complicated make the price more expensive. The form was unique and well-liked by the Europeans and Americans. Rattan and bamboo furniture is strong and durable material depending on its finishing.

CHAPTER III

METHODOLOGY

3.1 Research Method

3.1.1 Location and Time of Research

In arranging this research, the researcher conducted the case study in *UD. Karangjati Furniture* which engaged in furniture manufactures and design interior service. *UD. Karangjati Furniture* was located in Mustika Sari, Bekasi, West Java. The research was conducted from October until December 2012. The reason why researcher choose this topic is on the basis that the company is the family run business that has been initiated since 10 years ago, where the company currently still in the developmental period that requires the innovative strategies, so that it can continue to still exist in the furniture industry and evolved into a company that can be known by many people from any region outside of Jabodetabek until flapping the wings to do export in other countries.

3.1.2 Types and Sources of Data

a. Types of Data

The type of data used by researcher in writing this thesis is *Qualitative Data*, which obtained from the interview with relevant parties in the form of oral data with an explanation of discussion. In addition, this research also supporting by *Quantitative Data* which get the analysis result from questionnaire and the data in form of number and formulation without any using of statistical method. Researcher also using the MS. Excel program in obtaining the data of formulation testing.

b. Sources of Data

To support the completeness of the discussion in writing this thesis, researcher obtained the data sourced from:

1. Primary Data

It is the data which obtained directly from the company in the form of field observations and the acquisition of company documents and interviews with a leader and some of employees in the company.

2. Secondary Data

It is the data which obtained indirectly from the external documents. In this case the documents derived from the research include reading books, newspaper, website, journal, etc which relating to the title of the research and the data collected.

3.1.3 Data Collection Method

To obtain the complete and accurate information in the discussion of this study, the researcher requires any data or information about the company itself. Here are some of the methods used by researcher to obtain the data:

1. Field Research

Is the research which done to the company concerned to obtain the required data in the research process through these following methods:

a Observation

Is the form of research conducted by researcher with the observation of both directly (face to face) or indirectly (by provide a list of questions to be answered).

b Interview

Is the form of research by holding a question and answer directly to the head of company or the number of employees to related to research in

provide the information about the internal and external environmental factors of company in current.

c Documentation

Is the research which done by collecting the documents of company related to the research, either hardcopy or softcopy.

2. Library Research

Is the research which done by reading a few literature books related, collecting the documents, archives, and the important records of company, as well as the data obtained through internet and journals related to the problem solving of thesis writing and further processed again to the systematic and complete structure.

3.2 Research Instruments

3.2.1 Description Analysis

Description analysis used to describe the real condition of the company based on the data derived from observations and interviews to the company. Some of the data that can be used in the description analysis including vision, mission, and objective of the company, furniture products that produced by company, company's sales and marketing activities, production / operations, research and development, and management information systems used by the company.

3.2.2 Formulation Process of Alternative Strategy

The strategy formulation techniques can be integrated into the critical decision – making framework of three stages: the input stage, the matching stage and the decision stage. The instrument applied in this framework can be applied to all sizes and types of organizations and can help strategists

identify, evaluate, and select strategies. These third stages can be shown in Figure 4 below.

Figure 4. *Framework for Strategy Analysis Formulation*

<u>STEP 1: THE INPUT STAGE</u>				
External Factor Evaluation (EFE)	Internal Factor Evaluation (IFE)	Competitive Profile Matrix (CPM)		
<u>STEP 2: THE MATCHING STAGE</u>				
Strengths, Weaknesses, Opportunities, Threats (SWOT)	Strategic Position and Action Evaluation (SPACE)	Boston Consulting Group (BCG)	Internal External (IE)	Grand Strategy Matrix
<u>STEP 3: THE DECISION STAGE</u>				
Quantitative Strategic Planning Matrix (QSPM)				

Source: (David, 2010, p. 324)

A. The Input Stage

a. Analysis of Internal Factor Evaluation (IFE) Matrix

The internal factors identified by IFE matrix. IFE matrix classifies internal factors that being the strength and weaknesses of the company. To identify strengths and weaknesses of the company, it can do by interviews, observations, and questionnaires. The stages in identifying internal factor in IFE matrix are as follows:

1. Make a list of the major internal factors as outlined in the internal audit process. Enter the internal factors of 10 to 20, including the strengths and weaknesses of the organization. List strengths first and then weaknesses. Make it specific by using percentages, ratios, and comparative numbers.

2. Put a weight on each factor ranging from 0.0 (not important) to 1.0 (very important). The weight given to a particular factor indicates the relative significance of these factors for the success of industry firms. The factors that are considered to have the most impact on organizational performance should be given the highest weight. Sum of all weights should equal 1.0.
 3. Give a rating of 1 to 4 on each factor based on the weighting effect of the company condition. On internal factors, rating on a scale of 4 and 3 is given for the strengths factor, while the scale factor 1 and 2 for weaknesses factor.
 4. Multiply the weight by the rating to obtain a weighted score to each variable.
 5. Sum all weighted scores to obtain a total weighted score. The value of total scores indicates how company reacts to the internal strategy factors.
- Internal Factor Evaluation Matrix* can be seen in Table 1 below.

Table 1. *Internal Factor Evaluation (IFE) Matrix*

Internal Factors Key	Weight	Rating	Weighted Score
Strengths			
1.....			
2.....			
Etc.....			
Weaknesses			
1.....			
2.....			
Etc.....			
Total			

Source: (David, 2010)

b. Analysis of External Factor Evaluation (EFE) Matrix

EFE matrix classifies the external factors into opportunities and threats of the company. EFE Matrix also uses the questionnaire which distributed to the relevant parties to identify opportunities and threats of the company. The stages in identifying external factors in EFE matrix is as follows:

1. Make a list of key external factors as outlined in the external audit process. Enter 10 to 20 external factors, including the opportunities and threats affecting the company and its industry. Listing first the opportunity, then the threat. Make it specific by using percentages, ratios, and comparative numbers.
2. Put a weight on each factor ranging from 0.0 (not important) to 1.0 (very important). The weight given to a particular factor indicates the relative significance of these factors for the success of industry firms. The factors that are considered to have the most impact on organizational performance should be given the highest weight. Sum of all weights should equal 1.0.
3. Give rating between 1 and 4 on each key external factor to indicate how effectively the company's current strategy in response to these factors, where (*4 = the response is very good, 3 = above average response, 2 = the response is average, 1 = response below average*). Rankings are based on the effectiveness of the company's strategy. Therefore, ratings are different between companies, while the weights in Step 2 based on industry. It is important to note that both threats and opportunities can receive a rating of 1, 2, 3, or 4.
4. Multiply the weight by the rating to obtain a weighted score to each variable.
5. Sum all weighted scores to obtain a total weighted score. The value of total scores indicates how company reacts to the external strategy factors.

External Factor Evaluation Matrix can be seen in Table 2 below.

Table 2. External Factor Evaluation (EFE) Matrix

External Factors Key	Weight	Rating	Weighted Score
Opportunities			
1.....			
2.....			
Etc.....			
Threats			
1.....			
2.....			
Etc.....			
Total			

Source: (David, 2010)

According to Kinnear and Taylor in (Ningrum, 2010) the weight determination for each variable is by using the assessment of weighted internal and external strategic factor of company to the relevant parties, who knows the conditions and problems in the company. Determination of weights can be used with *Paired Comparison Scale* method.

The weight of each variable is obtained by determining the value of each variable to the overall value of a variable number by using this following formula:

$$V_i = \frac{X_i}{\sum_{i=1}^n X_i}$$

Notes: V_i = Variable weighted to-i

n = Number of variable

I = 1, 2, 3, ..., n

X = Variable value to-i

The given total weight should be equal to 1.0. The weight is then placed in the second column of IFE and EFE Matrix. The method is used to provide an assessment of any internal and external determinants. Paired Comparison Scale is a method used to measure the relative importance. The weighting done is describing the relatively of few objects.

David (2004) in (Ningrum, 2010) describing the weighted of each variable is determined by using a scale of 1, 2 and 3. The scales that are used for filling the column are:

- 1= if the horizontal indicator is less important than the vertical indicator
- 2= if the horizontal indicator is same important than the vertical indicator
- 3= if the horizontal indicator is more important than the vertical indicator

Table 3.*Table of Weighted Assessment of Internal Strategy Factors*

Internal Strategy Factors	A	B	C	D	Total	Weight
A							
B							
C							
.....							
Total							

Source: (David, 2010)

Table 4.*Table of Weighted Assessment of External Strategy Factors*

External Strategy Factors	A	B	C	D	Total	Weight
A							
B							
C							
.....							
Total							

Source: (David, 2010)

B. The Matching Stage

a. Internal – External (IE) Matrix

The *Internal External Matrix* or short IE matrix is based on an analysis of internal and external business factors which are combined into one suggestive model. It positions an organization into a nine cell matrix. IE matrix is based on two key dimensions: the IFE total weighted scores on the x axis and the EFE total weighted scores on the y axis. The IE matrix works in a way to plot the **total weighted score** from the EFE matrix on the y axis and draw a horizontal line across the plane. Then take the score calculated in the IFE matrix, plot it on the x axis, and draw a vertical line across the plane. The point where horizontal line meets vertical line is the determinant of the organization strategy. This point shows the strategy that organization should follow (Maxi-Pedia Corporation, 2012).

On the x axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position. A score of 2.0 to 2.99 is considered average. A score of 3.0 to 4.0 is strong. On the y axis, an EFE total weighted score of 1.0 to 1.99 is considered low. A score of 2.0 to 2.99 is medium. A score of 3.0 to 4.0 is high.

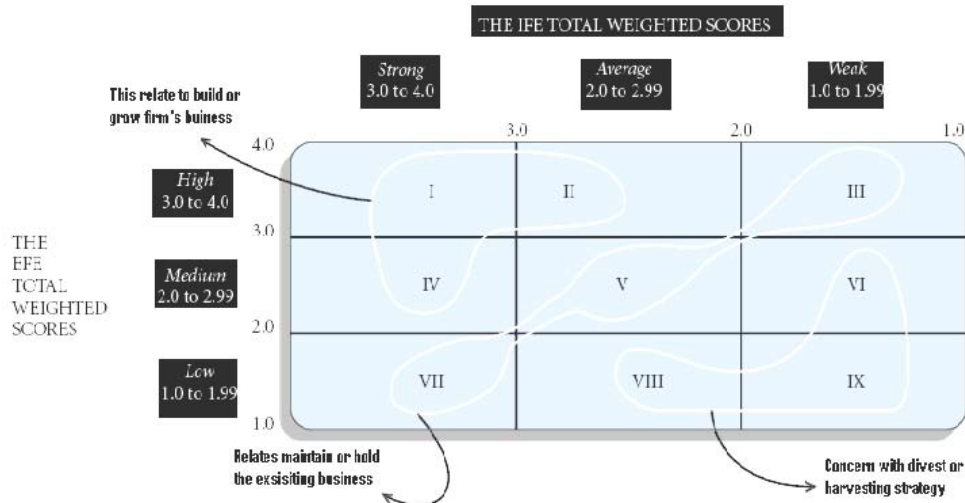
IE matrix can be divided into three major regions which have different strategy implications.

- a Cells I, II, and III suggest ***Grow and Build*** strategy. This means intensive and aggressive tactical strategies. Your strategies should focus on market penetration, market development, and product development. From the operational perspective, a backward integration, forward integration, and horizontal integration should also be considered.

- b Cells IV, V, and VI suggest the **Hold and Maintain** strategy. In this case, your tactical strategies should focus on market penetration and product development.
- c Cells VII, VIII, and IX are characterized with the **Harvest or Divest** strategy. If costs for rejuvenating the business are low, then it should be attempted to revitalize the business. In other cases, aggressive cost management is a way to play the end game.

For more details about the shape of the Internal-External Matrix, and relations with the placement of the IFE and EFE values can be seen in Figure 5 below.

Figure 5. Internal – External (IE) Matrix



Source: (WordPress.com, 2011)

b. SWOT Matrix Analysis

The next analysis stage after using the IFE matrix and EFE is doing various combinations by using SWOT Matrix. This matrix is a matching tool to help managers develop four types of strategies, which are as follows (Purwanto, 2006, p. 131):

1. ***S-O Strategy (Strength-Opportunities)*** utilizing the company's internal strengths to take advantage of external opportunities.
2. ***W-O Strategy (Weaknesses-Opportunities)*** aimed at improving internal weaknesses by taking advantage of external opportunities.
3. ***S-T Strategy (Strength-Threats)*** uses the power of a company to avoid or reduce the impact of external threats.
4. ***W-T Strategy (Weaknesses-Threats)*** is a defensive tactics directed at reducing internal weaknesses and avoiding external threats.

To facilitate the external environment analysis techniques in SWOT Matrix is using External Factor Evaluation (EFE). While the Internal environmental analysis will provide an overview of the strengths and weaknesses (SW) of the company. To simplify the analytical techniques that is used internally in SWOT using Internal Factor Evaluation (IFE).

The detail steps in making SWOT matrix are as follows:

- a Make a list of significant company's external opportunities.
- b Make a list of significant company's external threats.
- c Make a list of significant company's internal strengths.
- d Make a list of significant company's internal weaknesses.
- e Matches between internal strengths and external opportunities and record the result in the cell SO strategy.
- f Matches between internal weaknesses and external opportunities and record the result in the cell WO strategy.
- g Matches between internal strengths and external threats and record the result in the cell ST strategy.
- h Matches between internal weaknesses and external threats and record the result in the cell WT strategy.

To make it clear, the SWOT Matrix can be seen in Table 5 below.

Table 5. SWOT Matrix

INTERNAL FACTORS	Strengths (S)	Weaknesses (W)
EXTERNAL FACTORS	<u>SO Strategy</u> Capitalize the existing strengths in the pursuit of opportunities	<u>WO Strategy</u> Cover up or minimize weaknesses in order to seize opportunities
Opportunities (O)		
Threats (T)	<u>ST Strategy</u> Capitalize the existing strengths in effort to deal with threats	<u>WT Strategy</u> Cover up or minimize weaknesses in order to deal with threats

Source: (David, 2010)

C. The Decision Stage

The decision stage is done by using a QSPM (Quantitative Strategic Planning Matrix). QSPM is a technique which objectively indicates the best strategy for company. There are at least six steps that must be done to make QSPM, those are:

- a Provide a list of internal factors -- *strengths* and *weaknesses*. Then generate a list of the firm's key external factors -- *opportunities* and *threats*. These will be included in the left column of the QSPM. These factors can take from the EFE matrix and the IFE matrix.
- b Give a rating (weighted interest received) of each internal and external factors listed above according to IFE and EFE matrix.
- c Make a list of alternative strategies generated by SWOT matrix. Grouping the strategy into the unity of the mutually exclusive if possible.
- d Set the Attractiveness Score (AS), which is a number that indicates the relative attractiveness for each chosen strategy. Attractiveness Score (AS) determined by examining each of internal and external critical success

factors. Attractiveness Value Score (AS) must exist on each strategy to show the relative attractiveness of one strategy to another with thresholds: 1 = unattractive, 2 = somewhat attractive, 3 = logically attractive, and 4 = very attractive.

- e Calculate the Total Attractiveness Score (TAS) by multiplying the rating value and Attractiveness Score (AS). Total Attractiveness Score (TAS) shows the relative attractiveness each alternative strategy.
- f Sum of all Total Attractiveness Scores (TAS) on each QSPM column. The greatest value of QSPM indicates that the alternative was a major strategic choice and the smallest value indicates that alternative strategies be the last choice.

The basic form of the Quantitative Strategic Planning Matrix (QSPM) can be illustrated in Table 6 below.

Table 6. *QSPM Analysis*

Key Factors	Rating	Alternative Strategy					
		Strategy – 1		Strategy – 2		Strategy - 3	
		AS	TAS	AS	TAS	AS	TAS
Opportunities							
1.....							
2.....							
Threats							
1.....							
2.....							
Strengths							
1.....							
2.....							
Weaknesses							
1.....							
2.....							
Total							

Source: (Purwanto, 2006, p. 136)

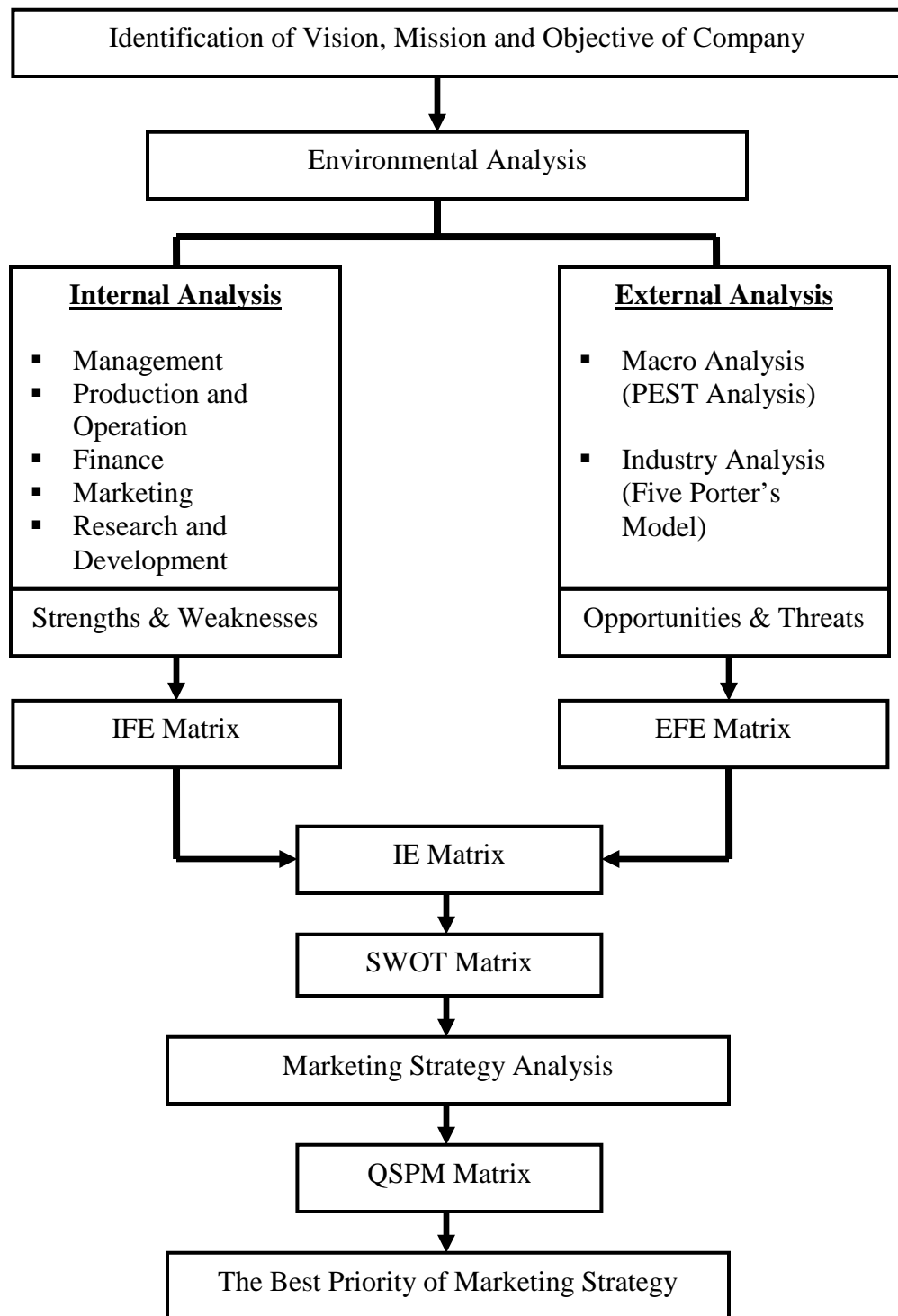
3.3 Operational Framework

This research begins with an introduction of UD. Karangjati Furniture which includes vision and mission, history and organizational structure of the company. In addition, the research about internal and external environment condition of UD. Karangjati Furniture also needed in this research.

Then, continued to the formulation strategy stage which is performing Internal – External Matrix (IE) in order to get the choice of strategy in more detail. In this stage also reinforced with SWOT Matrix to get some alternative strategies for company. Then processed to the final stage of decision making with the Quantitative Strategic Planning Matrix (QSPM) to determine and select the best and appropriate strategies for the survival of company in the future.

The process of doing this research can be illustrated into the figure of Operational Framework below:

Figure 6.*Operational Framework*



CHAPTER IV

ANALYSIS OF DATA AND INTERPRETATION OF RESULTS

4.1 Company Environmental Analysis

Environmental analysis of company is the first stage in identifying the internal and external environment of company in the strategy management process.

4.1.1 Internal Environmental Analysis

A. Management and Human Resources

UD. Karangjati Furniture has a structured management system but still need monitoring the performance of employees by owner himself. The company currently has nine employees in office and administration, 6 employees of assembling parts in Bekasi and 15 employees of assembling parts in Solo, and 8 employees of finishing part in Bekasi and 6 employees of finishing part in Solo. In addition, the company has 1 freelance employee in sales marketing section only when the exhibition was held. Almost all employees of UD. Karangjati Furniture does not have a high education level of high school graduate or just below the level. The level of education is not to be foremost in the recruitment of employees, but it takes only a willingness to learn and the skills possessed.

While the piece-workers of assembling and finishing, the basic skills in carpentry and finishing job is needed especially those who have had previous experience. The wage system imposed on assembling and finishing employee is the piece rate system, where the system of wage adjusted on the furniture they manufacture or finishing per item. Then the production wage was cut off by the use of raw materials that have been provided and purchased by company from several suppliers. For the wages of the

employees in office and administration section consists of basic salary, meal and transport allowances. The employee may also have willing to choose the wage as per day or per month as needed.

In order to establish a family atmosphere and fluency in the production and operation, the fluent communication and mutual - assistance needed in company among all employees.

B. Marketing

a Segmentation, Targeting and Positioning

▪ *Segmentation*

In order the marketing activities undertaken by UD. Karangjati Furniture can be more focused and its resources can be used more effectively and efficiently to provide satisfaction to the consumer, then the company just segmenting the market into general public on the middle and upper classes. Therefore, the company must adjust its product between price, quality, and design which are offered to consumers. And through the market distribution to the general public, the company had several times received an order to fill some of consumer's businesses, such as restaurants, hotels, offices, salons and spas, and so forth.

▪ *Targeting*

In determining the target market, UD. Furniture Karangjati just focus on making products for household use with teak wood raw material and plywood as the compliment material. In addition, the company also only focuses on products with a minimalist design for all household furniture, such as cabinets, bedroom sets, kitchen sets, sofas, dining tables, and much more.

▪ *Positioning*

The company has had many customers since the inception of the company. The company will continue to building trust of consumers for

quality products. The perception or responses from consumers regarding the position of UD. Karangjati Furniture is the only furniture company with minimalist design with classic look that uses good quality materials, which is Teak wood. Furthermore, when viewed from the side of design, almost all of its products have a sturdy design with thick of legs and top of wood is about 6-10cm. It is the strength and superiority over UD. Karangjati Furniture products compared to its competitors.

b Product's Marketing Mix

- ***Product***

The products offered by UD. Karangjati Furniture is a furniture with a minimalist design that uses the main raw material of teakwood and plywood material as support material other timber. Some types of furniture which are marketed for household or office, such as bedroom set, wardrobe, sofa, dining table, office desk, kitchen sets, and so forth. Until the year 2012, the company has several innovative design models of its furniture products nearly as much 70 kinds of. These table below shows some of the types and names of products that have been manufactured by UD. Karangjati Furniture for current:

Table 7.*Kinds of Product Name of UD. Karangjati Furniture*

Product	Name of Product
Bed	Bed Nio Minimalis
	Bed Lengkung Garis
	Bed Canopy
Sofa Set	Sofa New Tiara
	Sofa Bemo
	Sofa Asana
	Sofa Sedan
TV Cabinet	Big Sofa Java
	TV Cabinet U
	TV Cabinet 3D
Console Table	Console Lengkung
	Console Classic
Dining Chair	Imelda Dining Chair
	Nio Dining Chair
	Ono Dining Chair
	Tiara Dining Chair
Others	Others

Source: UD. Karangjati Furniture (has been processed)

▪ **Price**

UD. Karangjati Furniture sets the sales price on each unit of product by adjusting prices of raw materials and production costs on each piece-worker of assembling and finishing. To produce the stock of goods (standard size), the company has given the price to each piece-worker. The price is obtained following negotiations with the piece-workers. But the price which has been set can be changed any time if the price of wood or other raw materials increased. As for the production of customer orders, the acquisition price is calculated based on the size, the thickness of wood and the difficulty level of production. The product prices of UD. Karangjati Furniture can be seen in the table below:

Table 8.*Price Range Products of UD. Karangjati Furniture*

Product	Price Range of Products
Buffet	IDR 4,000,000 - 11,000,000
TV Cabinet	IDR 2,500,000 - 6,000,000
Concole	IDR 3,000,000 - 5,500,000
Sofa Set	IDR 5,500,000 - 11,000,000
Dining Chair	IDR 700,000
Dining Table	IDR 3,500,000 - 15,000,000
Bed	IDR 2,500,000 - 5,500,000
Nacas/ Side Table	IDR 700,000 - 1,500,000
Coffee Table	IDR 2,000,000 - 5,000,000
Mirror	IDR 700,000 - 2,000,000
Wardrobe	IDR 3,000,000 - 9,000,000
Others	Others

Source: UD. Karangjati Furniture (has been processed)

▪ **Place**

UD. Karangjati Furniture located in Bekasi, West Java. Currently the company has two workshops functioned as assembling and finishing. Since the company changed production materials from mahogany to teak, in 2007 the company established a location of assembling workshop in Solo, Central Java with a land area of about 2000 m². The establishment workshop in Solo also purposed to the faster and easier production process for teak wood raw material used from Central Java. While the workshop which located in Bekasi, West Java, has an area of approximately 1,000 m² is used as the head office of company, the place of finishing and assembling for plywood raw materials. But along with an increasing furniture product orders from cusomer, UD. Karangjati Furniture also opened finishing workshop in Solo, Central Java, in order to help the process of finishing if it happened the fulfillment of production in Bekasi.

- ***Promotion***

The promotional activities undertaken by UD. Karangjati Furniture is by following a few exhibitions in any Malls or exhibition center which has a great opportunity to gain the high sales. Currently, the company has decided to attend the exhibition at Jakarta Convention Center, Cibubur Junction, and Metropolitan Mall just after earlier marketing surveys elsewhere in the Jabodetabek area. So far, the company has a lack of capable marketing staff, so that the product promotion activities have not been as intense among the public as some of the large-scale furniture company that has been well known. In addition, the use of alternative media such as advertising campaigns in newspapers or magazines untried companies to promote their products. In order to continue to provide satisfaction to customers, UD. Karangjati Furniture strives to build relationships with customers and continue to develop the service and quality of products offered.

C. Production and Operation

Ordering and Receiving the Raw Materials

UD. Karangjati Furniture fulfilled the raw material needs through a number of suppliers who have subscribed to the company since the first. The main raw materials such as teak wood characterizes UD. Furniture Karangjati who must have the best quality and standards. Teak wood raw material prices gained this time around Rp 4.000.000/m³. There are also several auxiliary materials are used, such as plywood, foam, handles, drawer rails, nails, wood glue, melamine paint, thinner, and much more. The main raw material ordering in Bekasi done according to the need and availability in warehouse. The company has two trusted suppliers for the purchase of teak. While ordering the auxiliary raw materials obtained through several stores suppliers subscription of company which majority is in Klender, East Jakarta.

Auxiliary raw material purchases are made directly to the supplier's store. Previously, the company must listing the items to be purchased in order to get the detail budget can be estimated in advance. And for the main raw material of teak, the suppliers come to the workshop and then do the recording and counting of wood by the company's own employees in order the fraudulent purchases can be avoided.

Storage and Using of Raw Materials

The storage of goods and raw materials of UD. Karangjati Furniture should be adjusted by the type, form, and function of each. For teak, the storage was in outdoor and dried in the sun to keep up the quality of dry wood. As for the auxiliary raw materials such as foam, melamine paints and thinners are stored into different warehouses. For small auxiliary raw material quantities are stored into racks and cabinets that have been provided in the office on a regular basis.

Any use of raw materials required by assembling or finishing piece-worker should be fully recorded into a form of material request made by the employee in office. So also with the piece-worker who was in Solo, auxiliary materials for the purposes of production processes also need to be recorded and then sent by truck while there are concurrent delivery of goods to Bekasi.

Assembling Production Process of Furniture

The assembling process begins with the order of wood from supplier, then the model and design of furniture established according to customer order or by the default size for inventory of stock in the warehouse. The overview of assembling production process of UD. Karangjati Furniture can be seen in Appendix 1.

Finishing Production Process of Furniture

Once the assembling processes of furniture was completed, and then do the painting process which consists of several stages as follows:

1. The process of *sanding* the wood so that the wood surface becomes smooth.
2. Using *wood filler* or commonly known as the process of closing the pores of the wood due to decay or defects in processing time.
3. Coloring process using the spray method in accordance with the color chosen by customer or on demand. There are several color options available, which is unfinished, natural, coffee brown, salak, etc. For unfinished option, the product did not have the coloring process because the resulting color is the original color of teak wood itself.
4. The process of final stage spraying or commonly referred to as *melamine top coat*, which is the process of spraying by giving the brightness levels after had been around from coloring process. There are 3 levels of brightness, which is doff (not shiny), semi-gloss and gloss (shiny).

After finishing process above, then do the final phase or stage for completing furniture with additional accessories. Providing additional accessories should be appropriate with customer orders without any flaws. For example, the wardrobe furniture must be equipped with a rail doors, drawer rails, hangers, handles, and locks, or on demand. In addition, there are several other additional accessories such as a mirror or glass for bookcase; rack plates and spoon rack for kitchen set; seat and cushion for sofa set. Once the goods have been complete, and then do the checking or *Quality Control (QC)* a day before delivery scheduled to assured quality of goods that will delivered is already perfect and in accordance with order so that consumers do not complain and feel satisfied with the products ordered from UD. Karangjati Furniture. During this time, the process of Quality Control has not

been performing well, so there are consumers who complain on the physical state of defective items or not perfect in the eyes of consumers.

Then, the last stage is the process of packing by using the cardboard bound with raffia on each side of the product to avoid the scratched at the time of delivery to the consumer.

D. Financial

UD. Karangjati Furniture has a reasonably good financial condition. The initial capital used to start a business is from the private equity of owner. With these initial capital, the owner only able to buy some machine tools, 1 pickup truck, and hire fewer workers. In order to support the financial conditions needed to develop the business, the company has loans on CIMB Niaga Bank.

The running financial system for current is still very simple. The bookkeeping which done by cashier completely still manually. The financial statements used by company is only the report of petty cash about the purchase or expenditures activity report made by company along with the cash receipts and sales activities or income statements made in cash customer. Petty Cash report will be checked every day by the owner to control the rest of petty cash and give money deposit to the owner.

The level of income per month is not definitely due to the company's exhibition activities that followed by company does not routinely do every month. Beside the sales from exhibition, company sometimes receives orders from workshop, but not as much as the sales on the exhibition. Level of income from the exhibition also tend to fluctuative and unstable, this is caused by an increase number of furniture manufactures at Jakarta Convention Center with a diverse selection of material and the time of exhibitions are sometimes not in accordance with the event where visitors are not much come to the exhibition.

E. Research and Development

During run its business, UD. Furniture Karangjati yet so do some research and product development in particular. For having the highly competitive compared to its competitors, the company strives to always keep up with the changing trends of furniture in Indonesian market. Some of the standard product designs were the result of referrals from furniture magazines, internet, and even the design of the customers who sometimes have their own designs as they wish. Therefore, the design of products of UD. Karangjati Furniture can continue to grow and have a variety options.

In addition, UD. Furniture Karangjati could do some surveys for marketing location in several Malls which are lively of visitors and have the strategic location. However, after investigating of several factors included the amount of turnover and prices offered for stand, only the Jakarta Convention Center, and the Metropolitan Cibubur Junction Mall are the suitable marketing site for the company right now.

Currently the company is effort to reach a broader marketing area but still within the Greater Jakarta area. In addition to promotion through the exhibition, the company also wants to open a branch showroom. Surely the company should consider more mature which locations will be selected based on the level of the middle and upper class consumers. However, the management has not made the observation and study of the business environment in the locations that could potentially hire back some employees as well as the problem of shortage of experienced human resources for the company to support the development of UD. Karangjati Furniture.

F. Information Management System

Advances in technology today pose the most significant changes to human life. With technology, all human needs can be met quickly and easily.

The technological changes are also really supporting the progress of some industries, including furniture industry.

The company currently uses email as the communication tool and exchanging the pictures quickly and easily to customers and also sends the order details which attached on *Job Order* to all piece-workers of assembling in Solo. In addition, the use of variety application systems software also supports the effective and efficient working system of the company, such as Ms. Excel program for recording and calculating data faster and AutoCAD which is used to design furniture in the form of a blueprint that will be produced for each piece-worker to be better understood in detail.

UD. Karangjati Furniture actually also has an own website that can be accessed through the site of www.karangjatifurniture.com. However, the website was never updated again after so long. But, the company considers that a media campaign through website is not very efficient due to the design products of UD. Karangjati Furniture at high risk can be replicated by other competitors easily.

No promotional tools that companies use when making promotions in the exhibition, such as brochures, flyers, and so forth. But the company only gave the business cards and provides a catalog containing photos of the product so that consumers can easily determine the choice of furniture to be purchased.

4.1.2 External Environmental Analysis

A. Macro Environment

Macro environment is the external environment factor in outside of company's operations. Macro environment may be affected by political factors and government policies, social, economic, and technology.

1. Political and Government Policies Factors

Political factors and government policies in a country will affect the company's business activities. The stable and conducive political condition is very necessary in a country because it will support the business activities and will grow in a healthy and normal. The role of government is also highly desirable to be able to provide facilities for the furniture industry to compete with the import furniture industry which spreads in the Indonesian market. There are some government roles needed in the furniture industry today, such as the provision of credit and training to small and medium enterprises and cooperatives that still need development in order to improve the absorption of skilled labor and increase competitiveness against imported furniture products.

But there are still many local furniture industry moving independently without the aid and the role of government. For the decades in running its business, UD. Furniture Karangjati never involve the government's role in supporting and giving assistance to the business. It can be seen from the way of acquisition the teak wood as the main production materials for furniture manufacturing which originated from individuals belong to the citizens who were around the area of Sragen, Central Java. Therefore, the company does not need to ask permission from the local government to obtain the source of wood. The acquisition price of teak wood is ranges between 5-10 million per m³ depending on the quality of wood itself. The company is very rarely to buying wood from Perhutani (Indonesian Forestry) because the price offered is relatively more expensive.

2. Social, Cultural, Demography and Environmental Factors

a Social, Cultural and Demography Factors

Social cultural factors actually affect the furniture industry in Indonesia, especially those made from teak wood. Teak wood is including

to the hardwood species are of high value and very popular in the world. Java Teak known since several centuries ago because its quality, wood strength, beautiful brown color, unique fiber, and resistance to all weather is unmatched by any other types of wood. Besides not easily broken in a collision with a metal object, teak wood also does not require much maintenance.

Because of these characteristics, teak is widely used as raw material for the manufacture of doors, window frames, interior and exterior furniture, flooring, and carving. Even in some countries, the teak decking is used for boats or yachts.

For demographic factors, the rate of population growth, especially in Jakarta and surrounding areas will affect the growing need for housing and encourage increased demand for furniture. Of course this will be an opportunity for UD. Karangjati Furniture.

The property growth in 2013 would be predicted to increase 20% from the year 2012 were dominated by the Greater Jakarta and Java Island. Residential sector will still dominate both housing and apartment sector, which increasingly flourished recently as lifestyle changes in the upper middle class. Indonesia's property market growth as a whole is clearly visible on the factors increasing construction activity in the property sector simultaneously in different regions, the high number of transactions in the market strata and rental property, and increasing rents and selling prices in the short amount of time.

b Natural and Environmental Factors

Natural and environmental factors could affect the company mainly in the production process and for obtaining the maximum revenue. Availability of teak wood which will be decreased can be a threat of company to continue its business. In addition, it takes a long time about a

minimum of 30 years for teak wood used for furniture production process. The older of wood used must be better because the wood will be stronger and prices may soar. The company obtained teak wood from Sragen, Central Java. In this case, the government of Sragen must also be concerned about the environment to conserve forests in order not bare to meet the needs of the furniture industry and wood raw material. There are many ways that can be done, such as the development of citizen's forests, make use of waste wood as a raw material, conducting wood from outside area, waste processing of furniture with the help of machinery or equipment, as well as forest and land rehabilitation.

For environmental factors such as weather or the environmental condition can also affect the company's production systems. Bad weather such as the continued rain can disrupt the process of wood drying and finishing work takes longer than usual. In addition the environmental conditions such as floods, earthquakes, riots, demonstrations, and so forth can make a customer reluctant to come visit the exhibition which is being followed by companies. This of course can affect the amount of sales that can not hit the target or not even able to cover the cost of rent for exhibition stand.

3. *Economic Factors*

Overall, economic factors can affect a country's business industry. If the economic conditions of a country well then it will increase the purchasing power of the country which will ultimately affect the macroeconomic conditions of the country. The macroeconomic variables based on domestic side in the economic system are the price level, employment, total income, and interest rates.

Therefore, if a country's macroeconomic conditions are booming it will increase the purchasing power in the country. If the price level

increases it will reduce the purchasing power of furniture items including UD. Karangjati Furniture.

Based on the report *of Indonesia's Economic Development Quarterly* December 2012 issue (Setkab RI, 2013), the World Bank Indonesia's projected the economic growth at 6.1 percent for 2012, a slight increase in 2013 to 6.3 percent. This projection assumes domestic consumption and investment growth remained strong, with the improvement in the growth of Indonesia's major trading partners is also slight gradual recovery in exports pushed the global economic crisis that is still ongoing in developed countries, particularly in the Euro zone.

It also supported by the development of controlled inflation at a fairly low at 4.3 percent which resulted in the desire to buy an item of furniture which is included into durable goods, will increase as well.

4. *Technology Factors*

The rapidly evolving of technology factor has transformed almost every aspect of human life. Discovery of tools that make it easier to produce the raw materials into finished goods is played in the furniture industry. For example, wood cutting tools owned by company can make the job easier in terms of the speed of production process and work productivity and better quality of furniture products.

Another influential technology factor is internet. With internet, UD. Furniture Karangjati can market its products and communicate via email with customers as well as all piece-workers of assembling in Solo.

To make the furniture designs can also be further facilitated by technology advances. That is by using software or design programs such as AutoCAD (Computer Aided Design), which can simplify designing the blueprint of furniture that will be produced.

B. Industry Environment

Industry environment describes the company's position in the competition in the same industry they operate. There are some aspects of competition within the industry is as described in the Five-Power Model Porter's five forces through a combination, namely: 1) threat of new entrants, 2) rivalry among firms in the industry, 3) threat of substitute products, 4) bargaining power buyers, and 5) bargaining power of suppliers.

1. *Threat of new entrants*

New entrants in the furniture industry can easily enter and become an obstacle for existing furniture companies, including UD. Karangjati Furniture.

These following may be analyzed some threats from new entrants to the industry of furniture:

- a The new entrants of furniture industry generally still have a small scale so that the goods produced per unit will be larger. This is caused because there is insufficient certainty of experience in determine the price based on the cost of production and adjust the marketing targets. That way, the factors of economic scale for new entrants are not so giving threat for existing companies and also for UD. Karangjati Furniture.
- b The capital for furniture business is quite large, especially for the cost of purchasing teak wood imported directly from Central Java, and the cost of buying a workshop area for making furniture.
- c The buyer switching costs is low, because buyer is free to move and buy other furniture products. In average, buyers tend to prefer the furniture with a lower price, especially for buyers who have a new family and more concerned to brand and design rather than the quality of goods itself.

- d The switching cost from one supplier to another supplier. Currently, there are many suppliers of raw material for making furniture that offers competitive prices. But this is not being as a threat for UD. Karangjati Furniture which have entrusted to a few suppliers who have subscribed in the past, so that expenditure on purchase of raw materials can be identified and specified before go buying to each supplier.
- e A new entrant has easy to access the distribution. Now, there is lot of furniture business whih has a very wide distribution channels. Actually, there are many competitors of KJF, especially

2. *Rivalry among existing firms*

The competition level in industry may be affected by several factors, including the number of competitors, product characteristics, the large fixed costs, capacity, exit barriers, and so forth.

The number of furniture business that more and more, especially in Jakarta area, resulting in a higher level of competition. The quality of teak wood and minimalist design products offered by UD. Karangjati Furniture can be an advantage that is quite difficult to be imitated by another competitor and was rarely found in the furniture business at this time. This condition can be a threat to UD. Furniture Karangjati as more consumers consider price when buying furniture with substandard quality. Competitors faced by UD. Karangjati Furniture in the medium-scale enterprises is actually so many, moreover since the company followed the exhibition in Jakarta Convention Center (JCC). But some of them, still using other main raw materials outside of teak wood. And they offered the selling price in the compatible price even more expensive than the teak wood furniture itself.

Here are some of the SME competitors which followed the exhibition in Jakarta Convention Center.

Table 9.*Data of SME Wood Furniture in JCC*

No.	Name of Company	Address	Type of Wood
1	Citra Artistic	Jakarta	Trembesi (Minimalis Style)
2	Sinar Mas	East Java	Teak (Minimalis Style)
3	Metropolitan	Bekasi	Mahogany (Minimalis Style)
4	SEN Furniture	Jakarta	Teak (Jepara Style)
5	Pro Line Furniture	Jakarta	Teak (Jepara Style)
6	Basuki Latansa	East Java	Teak (Jepara Style)

With such tight of competition, UD. Karangjati Furniture should always innovating with unique and modern design, and always maintain the quality of their products so that they can have the opportunity to compete with larger competitors and open new branch of marketing location in some areas.

3. *Threat of substitute products*

UD. Karangjati Furniture is a company engaged in the manufacture of furniture minimalist design using teak wood as the main raw material production. Threats of substitute products are considered by UD. Karangjati Furniture is a furniture business that offers a similar product at a competitive price, but the quality of the goods is still below the company's own products. Moreover, many consumers tend to choose products with low price without considering the materials and products quality in a long time.

One of substitute products which can be a threat in the business of UD. Karangjati Furniture is furniture made from tamarind wood (known as Trembesi). This type of wood is quite strong and sturdy, and has fiber

which better than teak wood. But it is undeniable that the number one quality wood is teak wood that has been known since before as it's strong and anti termite, so it can remain durable for several years.

4. *Bargaining power of buyers*

Bargaining power of buyers is not enough affect the furniture industry due to the growing number of furniture industry by using a variety of raw materials so that the buyer can freely make their choice easily. In addition, buyers also have the ability to reduce the selling price with the demand of high quality goods and better services. Therefore, UD. Karangjati Furniture continues to transform and advance the company by providing the best service for quality goods, to innovate products which are suitable for market demands and establish to having good relationships with their loyal customers.

5. *Bargaining power of suppliers*

In obtain the supplies of raw materials in manufacturing process, UD. Karangjati Furniture has established a large number of suppliers who have subscribed to the company since a long time ago. Suppliers can use the bargaining power of the industry participants with a way to raise or lower the quality of the products or services purchased. The strengths of each supplier depend on a number of characteristics of its market situation and the relative importance of sales or purchases in the industry compared to the overall business.

Currently UD. Karangjati Furniture has several suppliers for each raw material. In general, the suppliers are located in the surrounding area of Klender, East Jakarta, and so UD. Furniture Karangjati not face high switching costs when changing supplier in case one is not able to meet the needs of suppliers of raw materials at UD. Karangjati Furniture or if the

raw material purchased is less than meets the standard both in terms of price, quality, and quantity. Based on the explanation above, the bargaining power of suppliers for UD. Karangjati Furniture can be said not too strong, because the company is not too difficult to switch from one supplier to another.

Table 10.*Suppliers of UD. Karangjati Furniture*

No.	Name of Product	Name of Store	Location
1	Melamine Paint	PT. Propan Raya	Jakarta
2	Wood Thinner	PT. Sumber Kimia Multi Bangunan	Jakarta
3	Handles, Rails, Drawer, etc	PT. Abadi Klender	Jakarta
4	Seat and Cushion Cover	Trinity	Jakarta
5	Foam and dacron	Pd. Candi Agung	Jakarta
6	Plywood, Wood Glue, etc	Pd. Jakarta	Jakarta

4.2 Strategy Formulation

4.2.1 Identification of Internal and External Strategy Factors

A. Internal Strategy Factors

1. Strengths

a. Having a responsible leader, social-minded, intelligent, and a great entrepreneurial

UD. Karangjati Furniture has a leader who once as the owner of the company plays a major role in running the entire operations of the company. the characteristic owned by the owner of such responsibility, social-minded, intelligent, and entrepreneurial is the evidence of company existence until now. This is proven by the way owner solve problems and interact with employees and customers.

b. Having brand advantage and quality of goods

The brand excellence of UD. Karangjati Furniture is the only minimalist furniture industry with teak wood as the main raw material production in Jabodetabek area. Quality of goods offered is also being a superior to its competitors because almost its products have the sturdy design but still in minimalist with a thickness of top and legs intact about 6-10cm wood assessed will have a very high economic value.

- c. *Implementation of Standard Operating Procedures (SOP), which has begun to clear and focused*

With the clear and focused SOP of company, it is expected to be a reference for employees and piece-workers in the work so that it can be a company's quality standards.

- d. *Have been using computer application system in the process of work producing*

Some employees are skilled in the use of computer applications for entering the data, furniture design, and send emails to customers and contractors in Solo so that the production process can work more effectively and efficiently.

- e. *The family – oriented and mutual assistance in working atmosphere*

Each member of UD. Karangjati Furniture has been conditioned to mutual assistance to one another. There is no distance between owner and their employees. The work environment was family-oriented, so that the employees are free to issue their opinions and recommendations and to find a solution with the problem at hand. Good communications between members of the company can be the key of business fluency within the company.

2. Weaknesses

- a. *Lack of human resource education level*

The dominance of education that employees have is only primary school and high school. Only the owner and manager who has bachelor degree (S1). Basic formal education is not the main requirement for its employees, but the

most important is having the desire and passion to work, diligent, and disciplined. Lack of this education level will results on little choked up of labor productivity and some of them are not able to work in the office and administration, but only works in the field to pick up and deliver the products to customer. The company currently very needs the workers in administration and marketing division. Because of that, the minimal education level that the workers must have is Diploma degree (D3), where they are already quite skilled in counting by using generally accepted accounting principles, to communicate with customers in terms of bargaining, to operate the computer and other electronic equipments, and provide advice to the owner in order to continue to advance their business.

b. The financial system is still simple

The financial system used UD. Karangjati Furniture is simple, due to accounting for income and expenses have been made using the daily cash book and calculator tool. Until now the company has not been preparing the financial statements as a whole per period by using a computer system.

c. Income levels tend to fluctuate and unstable

The higher level of competition affects the ability to acquire the sales. As a result, income levels are sometimes not as expected and tend to be unstable. In addition to the exhibition time also does not necessarily or routinely per month.

d. Lack of consistency in the distribution of the Job Description of each employees

The labor division accordance with an existing *Job Description* which is not functioning enough can create the consistency worker become not going well also. This sometimes resulted in over extend of the product process, because the workers who responsible to handling are doing another jobs that are not his responsibility. It is also related to the lack of employees that the company needs so that the carried out work tends to overlap.

- e. *Has not make observations and environment studies in an optimal to promote the products*

UD. Karangjati Furniture not had time to continue to make observations on the location and media marketing to promote its products. It is intended for the products of UD. Karangjati Furniture can be known by the general public. Moreover, today there are many big malls were built in the strategic and lively location. In addition the company also has never tried to market its products through promotional media such as newspapers or furniture magazine.

- f. *Lack of a reliable marketing person*

The company currently only has two marketing personnels in which one person just freelance. Therefore, the company needs to employ a highly reliable marketing that can negotiate and explain in detail about the products offered to visitors.

- g. *The Quality Control process that has not been performing well*

The often complain of the products delivered to consumer caused by running quality control process is not maximized yet. This can lead to the assumption that consumers are less satisfactory on quality and trust to buy back the products from UD. Karangjati Furniture.

B. External Strategy Factors

1. Opportunities

- a. *The expanding of market segment*

An increasing number of houses, apartments, and offices in Jabodetabek region in continuously can be an opportunity for company to run its business. This is because most of the company's products was interested by the upper middle class society. In addition, the increase in types of hospitality operations, restaurants, and so on can also provide the opportunities for

company in offering the minimalist furniture products with a sturdy and attractive design to fill entrusted the business of its customers.

b. The increased of economic growth and purchasing power

The economic growth at 6.1 percent for 2012, a slight increase in 2013 to 6.3 percent and the development of controlled inflation at a fairly low at 4.3 percent will increase the purchasing power in the country, including for UD. Karangjati Furniture as one of furniture business in Indonesia.

c. The lack of competition for teak furniture manufacturing with minimalist design

The manufacturers of minimalist furniture who use teak wood are relatively just a few in the Indonesian market. In general, teak wood has been very popular used to manufacture of carving furniture or referred as “Jebara” models, because in Jebara city where the pioneer manufacture of furniture made from teak wood. To that end, UD. Karangjati Furniture dares to exploit these opportunities to compete with its rivals even though the large-scale enterprises.

d. The quality of teak wood that has been known since before

The quality of teak wood has no doubt for general public. The differences are apparent from other wood is the color and patterned wood fibers. Teak wood can be said as number one quality because this type of timber will withstand any weather conditions includes water and termites, have a solid strength of all time, and also quite a lot of fiber and patterned. Teak from East Java have known has better quality than teak from Central Java when viewed from the color and wood fiber. However, there is no difference to the strength of timber owned.

e. The progress and innovation of technology

The development of technological advances can be an opportunity to promote the company as now UD. Karangjati Furniture has had several machines which help the production system of furniture manufacturing. Those kinds of

technology used are the wood cutting machine and compressor engine. The company is currently seeking an initiative to create a machine that can be curved so that the wood can work more quickly and neatly. Because there are few design products that use an arch in some parts.

2. Threats

a. Availability of teak wood materials is increasingly rare

In conducting its business, UD. Karangjati Furniture will feel threatened about the scarcity of teak trees, especially those from people's gardens in Sragen, Central Java. Because it's been a lot of teak wood furniture manufacturer and the comparison between the logging and timber plantings are not worth making the wood supply is limited. Not to mention the time it takes for the timber to be produced with good quality is the age of about 30 years. The older teak wood gets harder and certainly nice to be produced into furniture.

b. The weather and surroundings are difficult to estimate

The weather factors such as the ongoing rainy season can be a threat to UD. Furniture Karangjati because the woods will difficult dry out completely and the finishing processes also required the longer times for paint drying than usual. This can result in the production process so that the deliveries to customers will being late and not in accordance with the schedule should be. Sales were also affected by the rain factor and environmental conditions such as a flood, hurricane, riots, demonstrations, and so forth can affect the visitors not to come to the exhibition, so the turnover number was difficult to reach the target.

c. High competition in the furniture industry

An increasing number of furniture manufacturers and a growing number of national furniture companies that has a brand image in the eyes of public community can create the increasingly competitive environment. The

consumers are also more likely to buy products with low price and competitive quality as well.

d. Small barriers to entry in furniture industry

The new entrants of furniture industry can easily gain access to entry in the industry. Especially for those who have the substantial capital.

e. The substitute products available are very diverse

Availability of substitute products which vary from ply wood, mahogany, trembesi wood, bamboo, rattan and others material can be a threat of company because the price of those raw materials tend to be more inexpensive and can be obtained easily when compared to teak wood.

f. Bargaining power of consumers is very high

Consumers can choose furniture products based on their needs without any switching costs.

4.2.2 IFE Matrix and EFE Matrix Analysis

In UD. Karangjati Furniture, the assessment was conducted by four respondents, namely, *Director / Owner, Manager, Production Staff and Finance Staff*. These fourth respondents are the management party of company that knows about the internal and external conditions.

a. IFE (Internal Factor Evaluation) Matrix

IFE matrix obtained through the assessment of some respondents about the influence of internal strategic factors to the company so far. Each respondent was required to provide an assessment of the weight and rating for each of the company's internal strategic factors.

Based on Table 9, IFE matrix analysis result in a total weighted value of 2.519. IFE total weighted values indicate that the ability of UD. Karangjati Furniture in response to internal environment is average. The main strength of the business environment is a having brand advantage and quality of goods, the weighted value by 0.376. While the main weaknesses is the Quality

Control process that has not been performing well, with a weighted value of 0.149.

Table 11.*IFE Matrix of UD. Karangjati Furniture*

b. EFE (External Factor Evaluation) Matrix

EFE matrix obtained through the assessment of some respondents about the influence of external strategic factors to the company so far. Each respondent was required to provide an assessment of the weight and rating for each of the company's external strategic factors.

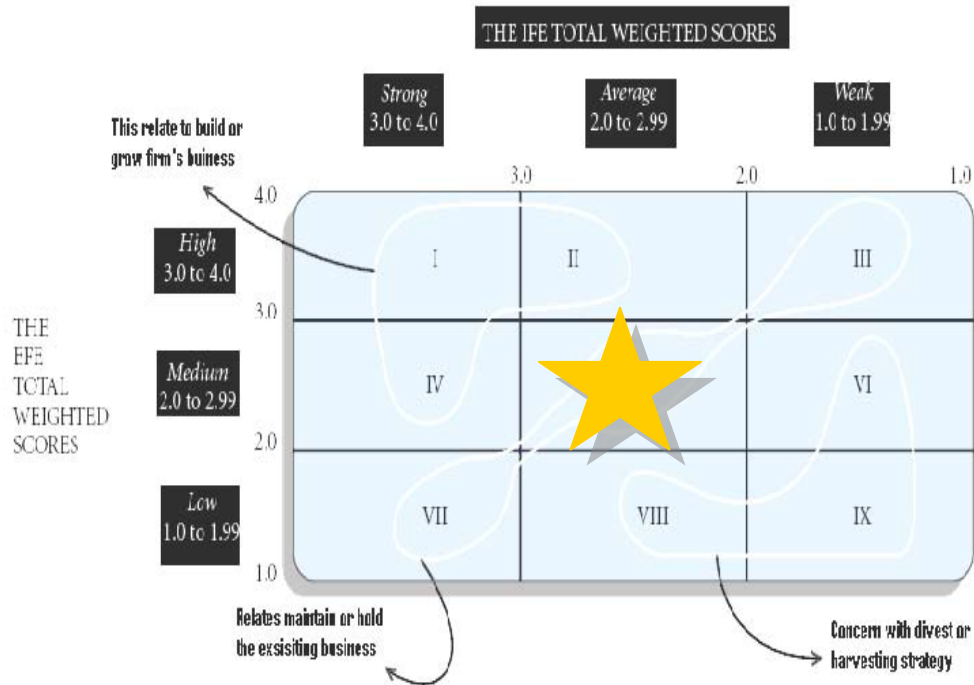
Based on Table 10, EFE matrix analysis conducted a total weighted value of 2.474. A major opportunity in the furniture business environment is demonstrated by a weighted factor of the biggest opportunities, which is the quality of teak wood that has been known since before with a weighted value of 0.314. While the main threat bargaining power of consumers is very high with a value of 0.220.

Table 12.*EFE Matrix of UD. Karangjati Furniture*

4.2.3 IE (Internal External) Matrix Analysis

IE Matrix is the stage of matching up the weighted scores on IFE and EFE Matrix. IE matrix analysis is used to determine the company's current position. Weighted values obtained from EFE matrix for 2474, while the weighted values of the IFE matrix for 2519. Through the weighted value of the EFE and IFE matrix, it can be described the company's position in the matrix IE below.

Figure 7. IE Matrix of UD. Karangjati Furniture



Based on the picture above, it can be seen that the position of company on IE Matrix analysis is located on the cell V (*hold and maintain*). It also illustrates the company's ability to respond to external and internal environment is still in the average level.

The position of UD. Karangjati Furniture in hold and maintain phase determine the strategy that will be applied by company. The strategy should be applied in this position is the strategic market penetration and product

development. Penetration strategy is an effort to increase market share and for a product or service through broader marketing efforts. While product development strategy is an effort to increase sales by improving or modifying the current products or services.

The market penetration and product development strategy is belongs to the intensive strategy, means that it will takes intensive and continuous efforts to being superior in a competitive corporate environment. The strategy that acquired through IE matrix is general. Therefore it still need SWOT matrix analysis to obtain the more specific and real strategy.

4.2.4 SWOT Matrix Analysis

SWOT matrix analysis is based on the identification of internal and external environmental factors from UD. Karangjati Furniture. SWOT matrix analysis performed will resulted in eight kinds of strategies that are grouped into four cells, namely S-O Strategies, W-O Strategies, S-T Strategies, and W-T Strategies as seen in the picture below.

Figure 8.*SWOT Analysis of UD. Karangjati Furniture*

S-O Strategy

1. SO-1 Strategy, which is adding more appropriate and strategic marketing location. In order the product of UD. Karangjati Furniture can be more widely known by the public, the company is still trying to add more promotion places other than at Jakarta Convention Center, Metropolitan Mall, and Cibubur Junction or open the branch showroom in Jakarta city.
2. SO-2 Strategy, which is innovating and adding more sophisticated and modern product design. The consumer demand that always higher and varied about the product they want order, make company to add more new products design combined with the use of additional accessories which are more sophisticated and modern so that the look and quality of product will be look special.

W-O Strategy

1. WO-1 Strategy, which is always give the direction and motivation to its employees. The owner must have the patience to continue to motivate and monitor the work progress done by employees. This is done so that employees feel at ease and happy to work at UD. Karangjati Furniture, along with the difficulty of finding new human resource today.
2. WO-2 Strategy, which is improving service and quality of the products to customers. The service and quality of products can give a high appraisal of company's performance. To that end, UD. Karangjati Furniture must continue to improve the *Quality Control* continuously to maintain customer loyalty.

S-T Strategy

1. Strategi ST-1, which is improving the promotion. Until now, the promotion of company was limited to the exhibition only. Actually, the company already has an own website, but had long since that website was never updated again. The promotion through website actually is not so effective because of the

company's product design can be easily replicated by other competitors. There are many types of promotions do companies, such as promotion through famous magazines or newspapers, television, etc.

2. ST-2 Strategy, which is maintain the market price strategy to face the competition. The target market of UD. Karangjati Furniture is the middle-upper class consumer. Although the company used the highest quality of wood material, the product price offered is not relatively expensive when compared to the competitor which has quality in below of company. The discount strategy offered in exhibition also can influence consumer to buy the company's product.

W-T Strategy

1. WT-1 Strategy, which is adding new marketing employees or sales promotion. This strategy is necessary to anticipate if the company follows the exhibition event in different places at one time as well and also to anticipate the crowded visitor in exhibition, so that 1 or 2 sales promotion are not enough to serve the consumer. The required marketing personnel for sure must be proficient in communicating and negotiating with customers.
2. WT-2 Strategy, which is doing evaluation and study about the company's ability to facing the competition. This evaluation can be carried out by the management which is expected to be able to continue for making the improvements of weaknesses and shortcomings of company continuously. This strategy also helps company to identify the condition of internal and external environment, also the competitive conditions in surrounding areas.

4.2.5 QSPM Analysis

QSPM Analysis able to determine the list of priorities for strategy implementation to determine the relative attractiveness (Attractiveness Score

= AS) of the viable alternative strategy. This technique objectively indicates which strategy is the best alternative for the company.

The analysis of QSPM is based on eight existing alternative strategies. The assessment is obtained through a questionnaire addressed to the respondent, which is an owner, because of all the company's activities is the responsibility of the owner and the only respondent who is considered to have knowledge about the development of UD. Karangjati Furniture.

Based on QSPM analysis, it appears that the priority strategy to do now is doing evaluate and study about the ability of company in facing the competition with the highest total of TAS is 6.594. Here are all alternative strategies according to QSPM formulation by rank order:

Tabel 13.*Ranking of strategy based on QSPM*

Ranking	Strategy	Total Attractiveness Score (TAS)
1	Doing evaluation and study about the ability of company in facing the competition	6,594
2	Improving service and quality of the product to customers	6,537
3	Innovating and adding more sophisticated and modern product design	6,072
4	Improving the promotion	5,457
5	Maintain the market price strategy to face the competition	5,282
6	Always give the direction and motivation to its employees	5,086
7	Adding more appropriate and strategic marketing location	5,013
8	Adding new marketing employees	4,540

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusion

1. UD. Karangjati Furniture is a company that produces teak wood furniture in minimalist design. The company is belonging to the medium scale enterprise that still needs development strategy in order to compete with other large-scale enterprises. To date the company has not dared to undertake a business development effort through exports due to the production system is still simple and the employee labor required is also not maximized. The company also still feels overwhelmed because the ordering of local products is too much. The strategy that has been done mostly in the form of promotional strategies through the exhibition event at the Jakarta Convention Center (JCC), Cibubur Junction, and Metropolitan Mall only.
2. The opportunities factors owned by UD. Karangjati Furniture, among others: (1) The expanding of market segments, (2) The Increased of economic growth and purchasing power, (3) The lack of competition for manufacturing teak furniture with minimalist design, (4) The quality of teak wood that has been known since before, and (5) The progress and innovation of technology. While facing the threat factors include: (1) Availability of teak wood materials is increasingly rare, (2) The weather and surroundings are difficult to estimate, (3) High competition in the furniture industry, (4) Small barriers to entry in furniture industry, (5) The substitute products available are very diverse, and (6) Bargaining power of consumers is very high.
3. The strength factors of UD. Karangjati Furniture, among others: (1) Having a responsible leader, social-minded, intelligent, and a great entrepreneurial, (2) Having a brand advantage and quality of goods, (3) Implementation of Standard

Operating Procedures (SOP) has begun to clear and focused, (4) Have been using the computer application system in the process of producing work, and (5) The family - oriented and mutual help in working atmosphere. While the weakness factors, among others: (1) Lack of human resource education level, (2) The financial system is still simple, (3) Income levels growing niche to fluctuative and unstable, (4) Lack of consistency in the distribution of the Job Description of each employees, (5) Has not make observations and studies in an optimal environment to promote the products, (6) Lack of a reliable marketing person, and (7) The Quality Control process that has not been performing well.

4. The result of IE matrix analysis indicate that the position of UD. Karangjati Furniture is currently on V cells, which is the hold and maintain stage, with the alternative strategy of market penetration and product development. Results are determined based on the total of weighted value of EFE matrix 2.474 and IFE matrix of 2.519.
5. SWOT matrix analysis produced eight alternative strategies that can be used as a business development efforts, namely: 1) Adding more appropriate and strategic marketing location (SO-1), 2) Innovating and adding more sophisticated and modern product design (SO-2), 3) Always give the direction and motivation to its employees (WO-1), 4) Improving service and quality of the product to customers (WO-2), 5) Improving the promotion (ST-1), 6) Maintain the market price strategy to face the competition (ST-2), 7) Adding new marketing employees (WT-1) and 8) Doing evaluation and study about the company's ability in facing the competition (WT-2).
6. Based on the QSPM analysis, it can be shown that the best strategy to do by UD. Karangjati Furniture is doing evaluation and study about the company's ability in facing the competition (WT-2) with a value of TAS (Total Attractiveness Scores) of 6.594.

5.2 Recommendation

1. UD. Karangjati Furniture can implement the strategy to doing evaluation and study about the company's ability in facing the competition. This strategy is actually covers a wide range of management area within the company. Companies need to develop the ability and the strength and weaknesses and reevaluate the management system that is still very simple in order to compete with other furniture industry.
2. UD. Karangjati Furniture also need to consider the internal condition of the utilization and management of human resources optimally. The company's current constraint is the lack of human resources required in the production process so that the division of labor is still not organized and implemented well. Things to consider is the implementation of the Quality Control regularly and thoroughly and instill discipline and communication to every member of the company both in Bekasi and Solo so that the production process can be smooth and can be immediately delivered to the customer in accordance with the schedule without any complaints that may affect development of the company in the long term.
3. Intensify the promotion and advertising, by advertising in a newspaper or magazine and expand marketing locations in strategic places so that the products of UD. Karangjati Furniture can be known and familiar by many people.
4. Using accounting principles in preparing accounting system so that all transactions can be recorded neatly and systematically to facilitate the planning and evaluation of efforts by recruit some competent employees.

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APPENDIX

Appendix 1. Lists of Interview about Internal and External Environmental Analysis in UD. Karangjati Furniture (in Bahasa)

1. *Gambaran Umum Perusahaan*

- a Sejak kapan UD. Karangjati Furniture didirikan?
- b Bagaimana awal mula berdirinya UD. Karangjati Furniture?
- c Dimana lokasi UD. Karangjati Furniture dibangun?
- d Mengapa Bapak menggeluti bisnis di bidang furniture?
- e Sejak kapan UD. Karangjati Furniture mendirikan pabrik di Solo?
- f Apa alasan UD. Karangjati Furniture mendirikan pabrik di Solo?
- g Bagaimana perkembangan UD. Karangjati Furniture saat ini dibandingkan ketika awal pendiriannya?
- h Produk furniture apa saja yang ditawarkan UD. Karangjati Furniture?
- i Apa dan bagaimana visi, misi dan tujuan dari UD. Karangjati Furniture?
- j Berapa luas lahan yang digunakan perusahaan pada masing-masing pabrik baik di Bekasi maupun di Solo?
- k Dimana saja lokasi pemasaran yang dilakukan perusahaan saat ini?

2. *Lingkungan Internal Perusahaan*

- a Bagaimana perolehan modal usaha pada UD. Karangjati Furniture?
- b Bagaimana pengelolaan keuangan yang dilakukan oleh UD. Karangjati Furniture?
- c Bagaimana bentuk struktur organisasi yang diterapkan oleh UD. Karangjati Furniture?
- d Berapa jumlah tenaga kerja dalam usaha UD. Karangjati Furniture?
- e Bagaimana cara pembayaran upah untuk masing-masing tenaga kerja baik staf kantor maupun tukang finishing dan assembling?
- f Bagaimana proses perekrutan tenaga kerja? Dan bagaimana tingkat pendidikan yang dimiliki oleh tenaga kerja UD. Karangjati Furniture?
- g Bagaimana pembagian kerja (*job description*) pada karyawan UD. Karangjati Furniture?
- h Apa saja bahan baku utama dan bahan baku penunjang dalam pembuatan produk furniture UD. Karangjati Furniture?
- i Bagaimana cara perolehan bahan baku dalam pembuatan furniture?
- j Bagaimana proses produksi yang dilakukan oleh UD. Karangjati Furniture?
- k Apakah perusahaan telah memiliki pemasok tetap yang telah dipercaya?
- l Bagaimana sistem penyimpanan bahan baku?
- m Ada berapa jenis furniture yang diproduksi oleh UD. Karangjati Furniture?
- n Apa yang membedakan produk furniture dari UD. Karangjati Furniture dengan produk sejenis lainnya?
- o Bagaimana penetapan harga yang dilakukan oleh UD. Karangjati Furniture?

- p Apakah terdapat perbedaan harga jual untuk semua jenis konsumen dan pada saat perusahaan mengikuti pameran?
- q Promosi apa yang dilakukan oleh UD, Karangjati Furniture? Sebutkan kegiatan dan media promosinya?
- r Daerah mana saja yang merupakan daerah pemasaran UD, Karangjati Furniture?
- s Setiap kapan perusahaan mengikuti pameran untuk mempromosikan produknya?
- t Bagaimana sistem penyerahan barang kepada konsumen?
- u Bagaimana cara pemesanan dan pembayaran yang dilakukan oleh konsumen?

3. *Lingkungan Eksternal Perusahaan*

- a Apa yang menjadi peluang ekonomi bagi usaha furniture UD. Karangjati Furniture?
- b Bagaimana laju pertumbuhan jumlah penduduk di wilayah Jakarta dan sekitarnya?
- c Bagaimana prediksi pertumbuhan pangsa pasar property di wilayah Jakarta dan sekitarnya yang menjadi faktor peluang usaha furniture dari UD. Karangjati Furniture?
- d Apakah terdapat peran dari pemerintah pusat maupun daerah selama perusahaan menjalankan bisnisnya hingga sekarang?
- e Apa dampak yang ditimbulkan dari setiap aplikasi teknologi yang semakin maju dan berkembang?
- f Hambatan apa yang akan dihadapi oleh pendatang baru yang akan masuk ke dalam industry furniture?
- g Berapa jumlah pemasok yang menyediakan bahan baku untuk UD. Karangjati Furniture?
- h Apakah UD. Karangjati Furniture membeli dalam jumlah besar atau kecil terhadap bahan baku yang dijual oleh pemasok?
- i Apakah pembeli dihadapkan pada banyak pemasok yang menjual produk yang hampir sama dengan produk UD. Karangjati Furniture?
- j Bagaimana upaya perusahaan untuk selalu menjaga loyalitas kepada para pelanggannya?
- k Produk seperti apa yang dapat digolongkan menjadi produk pengganti bagi produk furniture UD. Karangjati Furniture?
- l Bagaimana pengaruh produk pengganti tersebut terhadap perkembangan usaha UD. Karangjati Furniture?

Appendix 2. Lists of Interview about Internal and External Environmental Analysis in UD. Karangjati Furniture (in English)

1. *Company Overview*

- a Since when UD. Karangjati Furniture was founded?
- b How does the beginning history of UD. Karangjati Furniture?
- c Where the location of UD. Karangjati Furniture was built?
- d Why are you (owner) interested in business in the field of furniture?
- e Since when UD. Karangjati Furniture built the factory in Solo?
- f What are the reasons of UD. Karangjati Furniture built the factory in Solo?
- g How is the development of UD. Karangjati Furniture today than the initial establishment before?
- h What kinds of furniture products offered by UD. Karangjati Furniture?
- i What are the vision, mission and goals of UD. Karangjati Furniture?
- j What is the area of land used by the company on each plant either in Bekasi or in Solo?
- k Where are the marketing locations of UD. Karangjati Furniture today?

2. *Internal Environment of Company*

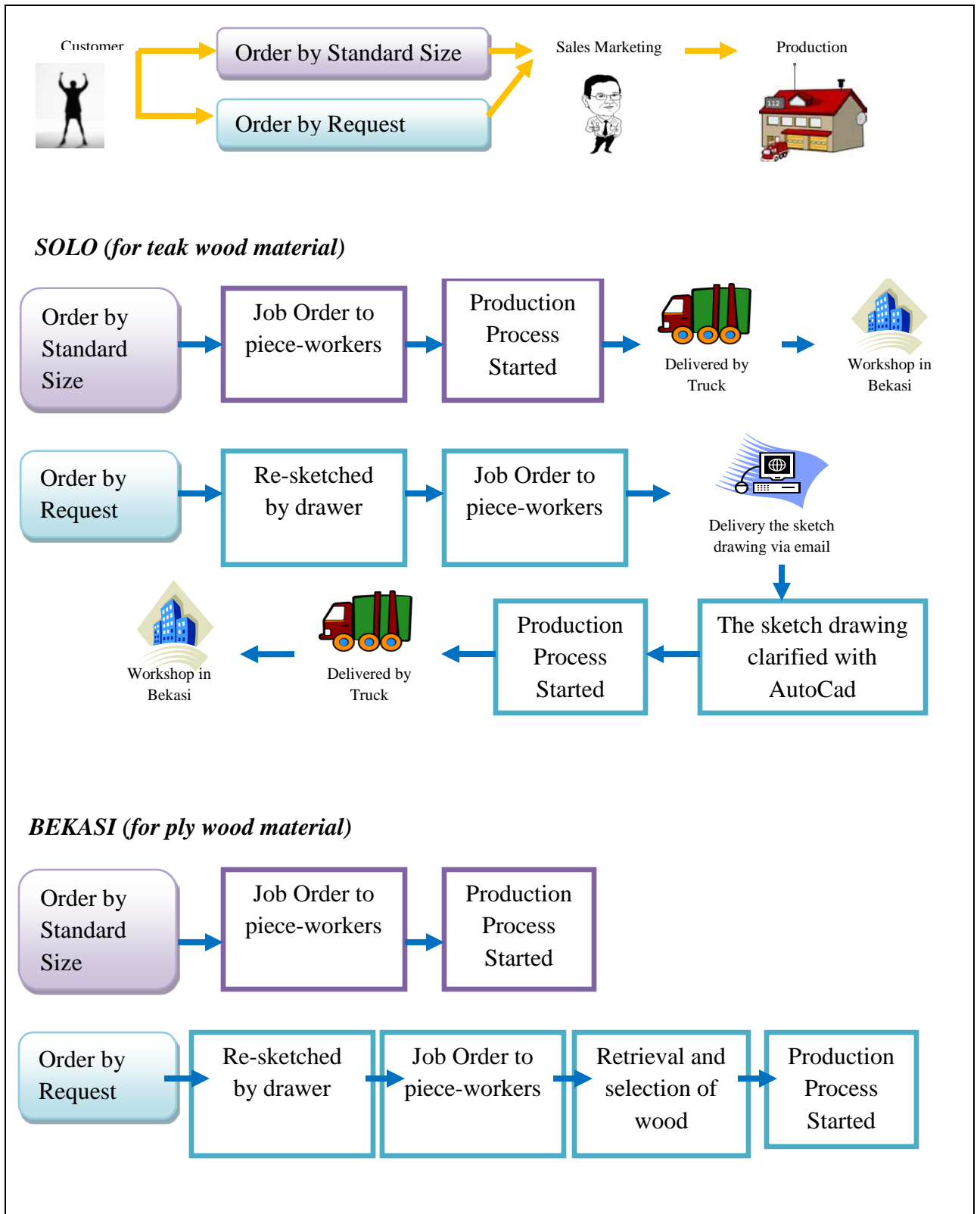
- a How is the business capital gain by UD. Karangjati Furniture?
- b How is the financial management conducted by UD. Karangjati Furniture?
- c How is the form of organizational structure adopted by UD. Karangjati Furniture?
- d How many the amount of labor in UD. Karangjati Furniture?
- e How is the wage payment system for each labor either in office or in assembling and finishing department?
- f How does the process of recruitment? And how about the level of education which had by the labor in UD. Karangjati Furniture?
- g How does the division of labor (*job description*) for employees in UD. Karangjati Furniture?
- h What are the main and auxiliary raw materials in the manufacture of furniture products in UD. Karangjati Furniture?
- i How is the acquisition of raw materials in furniture manufacturing?
- j How does the production process conducted by UD. Karangjati Furniture?
- k Does the company have the steady suppliers who are trusted?
- l How does the storage system of raw materials?
- m How many types of furniture produced by UD. Karangjati Furniture?
- n What are the distinguishes of company's furniture products with other similar products?
- o How is company determining the selling price of each product?
- p Is there a difference selling price for all consumers level and when the company had an exhibition?

- q What kinds of promotion done by UD. Karangjati Furniture? Please mention the promotional activities and media?
- r Which area that become the marketing location of UD. Karangjati Furniture?
- s When the company followed the exhibition in a year?
- t How does the delivery system of furniture to its customers?
- u How does the way of order and payment from customers to the company?

3. *External Environment of Company*

- a What are the economic factors that become the opportunities for UD. Karangjati Furniture business?
- b How does the rate of population growth in greater Jakarta area?
- c How does the prediction of property market growth in Jakarta and surrounding areas that become the opportunities factor in the furniture business of UD. Karangjati Furniture?
- d Is there a role of central and local government over the company's business until now?
- e What is the impact of any technology applications which are increasingly sophisticated and always innovated?
- f What are the threats faced by new comers to be entered into the furniture industry?
- g How many suppliers that provides raw materials for UD. Karangjati Furniture?
- h Is the company purchased in small or large amounts of raw materials sold by the supplier?
- i Do the buyers are faced with a lot of suppliers that sell products similar to UD. Karangjati Furniture?
- j How the company's efforts to always maintain the loyalty of its customers?
- k What kinds of products which can be the substitute products for the furniture of UD. Karangjati Furniture?
- l How does the effect of those substitute products to the business development of UD. Karangjati Furniture?

Appendix 3. Assembling Process of Making Furniture Products



Appendix 4. Weight and Rating Assessment of Internal Strategy Factors

I. STRENGTHS	II. WEAKNESSES
(A) Having a responsible leader, social-minded, intelligent, and a great entrepreneurial	(F) Lack of human resource education level
(B) Having brand advantage and quality of goods	(G) The financial system is still simple
(C) Implementation of Standard Operating Company (SOP), which has begun to clear and focused	(H) Income levels tend to fluctuative and unstable
(D) Have been using computer application system in the process of work producing	(I) Lack of consistency in the distribution of the <i>Job Description</i> of each employees
(E) The family – oriented and mutual help in working atmosphere	(J) Has not make observations and environment studies in an optimal to promote the products
	(K) Lack of a reliable marketing person
	(L) The Quality Control process that has not been performing well

Respondent 1 (Director/ Owner)

	A	B	C	D	E	F	G	H	I	J	K	L	Total	Weight	Rating
A		2	1	3	2	1	1	2	3	1	1	2	19	0.072	4
B	2		2	3	1	2	1	1	1	2	2	2	19	0.072	3
C	3	2		3	2	1	1	2	1	2	2	1	20	0.076	3
D	1	1	1		2	1	2	1	2	3	1	1	16	0.061	3
E	2	3	2	2		1	2	1	2	3	2	2	22	0.083	4
F	3	2	3	3	3		2	2	2	3	2	2	27	0.102	1
G	3	3	3	2	2	2		2	2	3	2	1	25	0.095	2
H	2	3	2	3	3	2	2		2	3	1	1	24	0.091	2
I	1	3	3	2	2	2	2	2		3	2	2	24	0.091	2
J	3	2	2	1	1	1	1	1	1		1	1	15	0.057	1
K	3	2	2	3	2	2	2	3	2	3		2	26	0.098	1
L	2	2	3	3	2	2	3	3	2	3	2		27	0.102	1
													264	1.000	

Respondent 2 (Manager)

	A	B	C	D	E	F	G	H	I	J	K	L	Total	Weight	Rating
A		2	2	2	2	3	3	3	3	2	2	2	26	0.098	4
B	2		2	2	2	3	3	3	3	2	2	2	26	0.098	4
C	2	2		2	2	3	3	3	3	2	2	2	26	0.098	3
D	2	2	2		2	3	3	3	3	2	2	2	26	0.098	3
E	2	2	2	2		3	3	3	3	2	2	2	26	0.098	3
F	1	1	1	1	1		3	2	2	1	1	1	15	0.057	2
G	1	1	1	1	1	1		1	1	1	1	1	11	0.042	2
H	1	1	1	1	1	2	3		2	1	1	1	15	0.057	2
I	1	1	1	1	1	2	3	2		1	1	1	15	0.057	2
J	2	2	2	2	2	3	3	3	3		2	2	26	0.098	2
K	2	2	2	2	2	3	3	3	3	2		2	26	0.098	2
L	2	2	2	2	2	3	3	3	3	2	2		26	0.098	1
													264	1.000	

Respondent 3 (Production and Operation)

	A	B	C	D	E	F	G	H	I	J	K	L	Total	Weight	Rating
A		2	3	3	3	2	3	3	3	3	2	2	29	0.110	4
B	2		3	3	3	3	3	3	3	3	3	1	30	0.114	4
C	1	1		3	3	3	3	3	3	3	2	1	26	0.098	3
D	1	1	1		3	3	3	3	3	3	1	2	24	0.091	3
E	1	1	1	1		3	3	3	3	3	1	1	21	0.080	3
F	2	1	1	1	1		2	3	3	1	1	1	17	0.064	2
G	1	1	1	1	1	2		3	3	3	1	1	18	0.068	2
H	1	1	1	1	1	1	1		1	3	2	1	14	0.053	2
I	1	1	1	1	1	1	1	3		3	2	2	17	0.064	2
J	1	1	1	1	1	3	1	1	1		1	1	13	0.049	1
K	2	1	2	3	3	3	3	2	2	3		2	26	0.098	1
L	2	3	3	2	3	3	3	3	2	3	2		29	0.110	2
													264	1.000	

Respondent 4 (Finance)

	A	B	C	D	E	F	G	H	I	J	K	L	Total	Weight	Rating
A		2	2	2	2	3	2	2	2	2	3	2	24	0.093	4
B	2		3	3	3	3	3	2	3	3	3	2	30	0.117	4
C	2	1		2	3	2	2	2	2	3	2	2	23	0.089	3
D	2	1	2		3	3	2	2	2	2	3	2	24	0.093	4
E	2	1	1	1		3	3	2	2	2	2	2	21	0.082	3
F	1	1	2	1	1		2	2	2	2	2	2	18	0.070	2
G	2	1	2	2	1	2		2	2	2	3	2	21	0.082	2
H	1	1	1	1	1	1	1		2	2	3	2	16	0.062	2
I	2	1	2	2	2	2	2	2		2	2	2	21	0.082	2
J	2	1	1	2	2	2	2	2	2		2	2	20	0.078	2
K	1	1	2	1	2	2	1	1	2	2		2	17	0.066	2
L	2	2	2	2	2	2	2	2	2	2	2		22	0.086	2
													257	1.000	

Appendix 5. Weight and Rating Assessment of External Strategy Factors

I. OPPORTUNITIES	II. THREATS
(A) The expanding of market segment	(F) Availability of teak wood materials is increasingly rare
(B) The increased of economic growth and purchasing power	(G) The weather and surroundings are difficult to estimate
(C) The lack of competition for teak furniture manufacturing with minimalist design	(H) High competition in the furniture industry
(D) The quality of teak wood that has been known since before	(I) Small barriers to entry in furniture industry
(E) The progress and innovation of technology	(J) The substitute products available are very diverse
	(K) Bargaining power of consumers is very high

Respondent 1 (Director/ Owner)

	A	B	C	D	E	F	G	H	I	J	K	Total	Weight	Rating
A		3	2	1	1	3	1	1	3	1	2	18	0.082	3
B	1		2	2	1	2	3	2	3	2	2	20	0.091	4
C	2	2		2	2	2	3	2	3	1	1	20	0.091	4
D	3	2	2		3	2	2	2	3	2	1	22	0.100	4
E	3	3	2	1		1	3	1	1	1	2	18	0.082	2
F	1	2	2	2	3		3	2	2	2	2	21	0.095	4
G	3	1	1	2	1	1		1	3	2	1	16	0.073	2
H	3	2	2	2	3	2	3		2	2	1	22	0.100	3
I	1	1	1	1	3	2	1	2		1	2	15	0.068	2
J	3	2	3	2	3	2	2	2	3		1	23	0.105	4
K	2	2	3	3	2	2	3	3	2	3		25	0.114	3
												220	1.000	

Respondent 2 (Manager)

	A	B	C	D	E	F	G	H	I	J	K	Total	Weight	Rating
A		2	2	2	2	2	2	3	3	2	2	22	0.100	2
B	2		2	2	2	2	2	3	3	2	2	22	0.100	1
C	2	2		2	2	2	2	3	3	2	2	22	0.100	1
D	2	2	2		2	2	2	3	3	2	2	22	0.100	2
E	2	2	2	2		2	2	3	3	2	2	22	0.100	2
F	2	2	2	2	2		2	3	3	2	2	22	0.100	1
G	2	2	2	2	2	2		3	3	2	2	22	0.100	1
H	1	1	1	1	1	1	1		3	1	1	12	0.055	2
I	1	1	1	1	1	1	1	1		1	1	10	0.045	3
J	2	2	2	2	2	2	2	3	3		1	21	0.095	1
K	2	2	2	2	2	2	2	3	3	3		23	0.105	2
												220	1.000	

Respondent 3 (Production and Operation)

	A	B	C	D	E	F	G	H	I	J	K	Total	Weight	Rating
A		3	2	2	3	3	1	3	2	3	1	23	0.105	4
B	1		3	3	3	3	1	3	2	3	3	25	0.114	3
C	2	1		2	2	1	1	1	1	3	2	16	0.073	3
D	2	1	2		3	3	3	1	1	3	3	22	0.100	3
E	1	1	2	1		1	1	1	2	3	1	14	0.064	3
F	1	1	3	1	3		3	2	2	3	2	21	0.095	2
G	3	3	3	1	3	1		2	2	3	3	24	0.109	2
H	1	1	3	3	3	2	2		3	3	2	23	0.105	1
I	2	2	3	3	2	2	2	1		1	2	20	0.091	2
J	1	1	1	1	1	1	1	1	3		1	12	0.055	1
K	3	1	2	1	3	2	1	2	2	3		20	0.091	2
												220	1.000	

Respondent 4 (Finance)

	A	B	C	D	E	F	G	H	I	J	K	Total	Weight	Rating
A		2	2	2	3	2	2	2	2	2	2	21	0.095	4
B	2		3	3	3	3	3	3	3	3	3	29	0.132	3
C	2	1		2	2	2	2	2	2	2	2	19	0.086	2
D	2	1	2		2	2	2	2	2	2	2	19	0.086	4
E	1	1	2	2		3	3	3	3	3	3	24	0.109	4
F	2	1	2	2	1		2	2	2	2	2	18	0.082	2
G	2	1	2	2	1	2		2	2	2	2	18	0.082	1
H	2	1	2	2	1	2	2		2	2	2	18	0.082	3
I	2	1	2	2	1	2	2	2		2	2	18	0.082	2
J	2	1	2	2	1	2	2	2	2		2	18	0.082	2
K	2	1	2	2	1	2	2	2	2	2		18	0.082	2
												220	1.000	

Appendix 6. Weight and Rating Average of Internal Strategy Factors

Weighted Average of Internal Strategy Factors

No.	Internal Strategic Factors	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Total Average
STRENGTHS						
1	Having a responsible leader, social-minded, intelligent, and a great entrepreneurial	0.072	0.098	0.110	0.093	0.093
2	Having brand advantage and quality of goods	0.072	0.098	0.114	0.117	0.100
3	Implementation of Standard Operating Company (SOP), which has begun to clear and focused	0.076	0.098	0.098	0.089	0.091
4	Have been using computer application system in the process of work producing	0.061	0.098	0.091	0.093	0.086
5	The family – oriented and mutual help in working atmosphere	0.083	0.098	0.080	0.082	0.086
WEAKNESSES						
6	Lack of human resource education level	0.102	0.057	0.064	0.070	0.073
7	The financial system is still simple	0.095	0.042	0.068	0.082	0.072
8	Income levels tend to fluctuative and unstable	0.091	0.057	0.053	0.062	0.066
9	Lack of consistency in the distribution of the <i>Job Description</i> of each employees	0.091	0.057	0.064	0.082	0.073
10	Has not make observations and environment studies in an optimal to promote the products	0.057	0.098	0.049	0.078	0.071
11	Lack of a reliable marketing person	0.098	0.098	0.098	0.066	0.090
12	The Quality Control process that has not been performing well	0.102	0.098	0.110	0.086	0.099
						1.000

Rating Average of Internal Strategy Factors

No.	Internal Strategic Factors	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Total Average
STRENGTHS						
1	Having a responsible leader, social-minded, intelligent, and a great entrepreneurial	4	4	4	4	4.0
2	Having brand advantage and quality of goods	3	4	4	4	3.8
3	Implementation of Standard Operating Company (SOP), which has begun to clear and focused	3	3	3	3	3.0
4	Have been using computer application system in the process of work producing	3	3	3	4	3.3
5	The family – oriented and mutual help in working atmosphere	4	3	3	3	3.3
WEAKNESSES						
6	Lack of human resource education level	1	2	2	2	1.8
7	The financial system is still simple	2	2	2	2	2.0
8	Income levels tend to fluctuative and unstable	2	2	2	2	2.0
9	Lack of consistency in the distribution of the <i>Job Description</i> of each employees	2	2	2	2	2.0
10	Has not make observations and environment studies in an optimal to promote the products	1	2	1	2	1.5
11	Lack of a reliable marketing person	1	2	1	2	1.5
12	The Quality Control process that has not been performing well	1	1	2	2	1.5

Appendix 7. Weight and Rating Average of External Strategy Factors

Weighted Average of External Strategy Factors

No.	External Strategic Factors	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Total Average
OPPORTUNITIES						
1	The expanding of market segment	0.082	0.100	0.105	0.095	0.095
2	The increased of economic growth and purchasing power	0.091	0.100	0.114	0.132	0.109
3	The lack of competition for teak furniture manufacturing with minimalist design	0.091	0.100	0.073	0.086	0.088
4	The quality of teak wood that has been known since before	0.100	0.100	0.100	0.086	0.097
5	The progress and innovation of technology	0.082	0.100	0.064	0.109	0.089
THREATS						
6	Availability of teak wood materials is increasingly rare	0.095	0.100	0.095	0.082	0.093
7	The weather and surroundings are difficult to estimate	0.073	0.100	0.109	0.082	0.091
8	High competition in the furniture industry	0.100	0.055	0.105	0.082	0.085
9	Small barriers to entry in furniture industry	0.068	0.045	0.091	0.082	0.072
10	The substitute products available are very diverse	0.105	0.095	0.055	0.082	0.084
11	Bargaining power of consumers is very high	0.114	0.105	0.091	0.082	0.098
						1.000

Rating Average of External Strategy Factors

No.	External Strategic Factors	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Total Average
OPPORTUNITIES						
1	The expanding of market segment	3	2	4	4	3.3
2	The increased of economic growth and purchasing power	4	1	3	3	2.8
3	The lack of competition for teak furniture manufacturing with minimalist design	4	1	3	2	2.5
4	The quality of teak wood that has been known since before	4	2	3	4	3.3
5	The progress and innovation of technology	2	2	3	4	2.8
THREATS						
6	Availability of teak wood materials is increasingly rare	4	1	2	2	2.3
7	The weather and surroundings environment are difficult to estimate	2	1	2	1	1.5
8	High competition in the furniture industry	3	2	1	3	2.3
9	Small barriers to entry in furniture industry	2	3	2	2	2.3
10	The substitute products available are very diverse	4	1	1	2	2.0
11	Bargaining power of consumers is very high	3	2	2	2	2.3

Appendix 8. Quantitative Strategic Planning Matrix (QSPM) of UD. Karangjati Furniture

No.	Key Factors	Weight	Strategy 1		Strategy 2		Strategy 3		Strategy 4		Strategy 5		Strategy 6		Strategy 7		Strategy 8	
			AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS	AS	TAS
OPPORTUNITIES																		
1	The expanding of market segment	0.095	4	0.382	4	0.382	3	0.286	3	0.286	4	0.382	2	0.191	3	0.286	3	0.286
2	The increased of economic growth and purchasing power	0.109	2	0.218	2	0.218	2	0.218	3	0.327	4	0.436	4	0.436	3	0.327	3	0.327
3	The lack of competition for teak furniture manufacturing with minimalist design	0.088	4	0.350	3	0.263	3	0.263	1	0.088	2	0.175	2	0.175	3	0.263	4	0.350
4	The quality of teak wood that has been known since before	0.097	3	0.290	4	0.386	2	0.193	4	0.386	3	0.290	4	0.386	2	0.193	2	0.193
5	The progress and innovation of technology	0.089	1	0.089	4	0.355	3	0.266	3	0.266	4	0.355	2	0.177	2	0.177	4	0.355
THREATS																		
1	Availability of teak wood materials is increasingly rare	0.093	-	-	3	0.280	-	-	2	0.186	2	0.186	3	0.280	-	-	3	0.280
2	The weather and surroundings are difficult to estimate	0.091	1	0.091	-	-	-	-	3	0.273	1	0.091	3	0.273	-	-	4	0.364
3	High competition in the furniture industry	0.085	2	0.170	4	0.341	2	0.170	4	0.341	4	0.341	3	0.256	3	0.256	4	0.341
4	Small barriers to entry in furniture industry	0.072	2	0.143	3	0.215	3	0.215	4	0.286	2	0.143	3	0.215	3	0.215	3	0.215
5	The substitute products available are very diverse	0.084	2	0.168	4	0.336	1	0.084	4	0.336	3	0.252	3	0.252	4	0.336	4	0.336
6	Bargaining power of consumers is very high	0.098	3	0.293	4	0.391	3	0.293	4	0.391	3	0.293	4	0.391	4	0.391	2	0.195

STRENGTHS																		
1	Having a responsible leader, social-minded, intelligent, and a great entrepreneurial	0.093	3	0.280	3	0.280	4	0.374	3	0.280	2	0.187	3	0.280	2	0.187	4	0.374
2	Having brand advantage and quality of goods	0.100	4	0.401	4	0.401	2	0.200	4	0.401	4	0.401	2	0.200	4	0.401	4	0.401
3	Implementation of Standard Operating Company (SOP), which has begun to clear and focused	0.091	3	0.272	3	0.272	3	0.272	4	0.362	3	0.272	2	0.181	2	0.181	4	0.362
4	Have been using computer application system in the process of work producing	0.086	3	0.258	4	0.343	3	0.258	4	0.343	2	0.172	2	0.172	1	0.086	4	0.343
5	The family – oriented and mutual help in working atmosphere	0.086	1	0.086	2	0.172	3	0.257	2	0.172	2	0.172	1	0.086	1	0.086	3	0.257
WEAKNESSES																		
1	Lack of human resource education level	0.073	-	-	1	0.073	4	0.294	1	0.073	-	-	-	-	1	0.073	4	0.294
2	The financial system is still simple	0.072	2	0.143	1	0.072	2	0.143	3	0.215	3	0.215	3	0.215	-	-	2	0.143
3	Income levels tend to fluctuative and unstable	0.066	4	0.263	3	0.197	3	0.197	4	0.263	3	0.197	4	0.263	4	0.263	3	0.197
4	Lack of consistency in the distribution of the <i>Job Description</i> of each employees	0.073	2	0.147	2	0.147	4	0.294	3	0.220	2	0.147	1	0.073	2	0.147	3	0.220
5	Has not make observations and environment studies in an optimal to promote the products	0.071	3	0.212	4	0.282	2	0.141	4	0.282	4	0.282	3	0.212	3	0.212	4	0.282
6	Lack of a reliable marketing person	0.090	4	0.362	3	0.271	3	0.271	4	0.362	3	0.271	3	0.271	4	0.362	2	0.181
7	The <i>Quality Control</i> process that has not been performing well	0.099	4	0.396	4	0.396	4	0.396	4	0.396	2	0.198	3	0.297	1	0.099	3	0.297
TOTAL				5.013		6.072		5.086		6.537		5.457		5.282		4.540		6.594

Appendix 9. Questionnaire of Weight and Rating Assessment of Internal and External Strategy Factors (in Bahasa)



PRESIDENT UNIVERSITY

**ANALISIS FORMULASI STRATEGI PENGEMBANGAN
USAHA PADA PERUSAHAAN PEMBUATAN FURNITURE**

(Studi Kasus pada UD. Karangjati Furniture, Bekasi, Jawa Barat)

KUESIONER PENELITIAN

(Penentuan Bobot dan Rating Terhadap Faktor Strategis Internal dan Eksternal)

IDENTITAS RESPONDEN

Nama :

Pekerjaan / Jabatan :

Diharapkan bantuan Bapak/ Ibu agar dapat mengisi kuesioner ini secara lengkap, benar dan objektif, karena kuesioner ini ditujukan sebagai bahan penelitian skripsi yang sangat dibutuhkan data yang valid dan akurat sehingga dapat menjadi masukan untuk penulisan tugas akhir (skripsi)

Peneliti:

Nirmala Tilami

Banking and Finance

014200900117

1. PENILAIAN BOBOT FAKTOR STRATEGIS INTERNAL DAN EKSTERNAL

Tujuan:

Mendapatkan penilaian dari para responden mengenai faktor-faktor strategis internal dan eksternal dengan cara pemberian bobot terhadap seberapa besar faktor strategis tersebut dapat mempengaruhi atau membentuk keberhasilan perusahaan.

Petunjuk Umum:

1. Pengisian kuesioner dilakukan secara tertulis oleh responden
2. Jawaban merupakan pendapat pribadi dari masing-masing responden
3. Pengisian kuesioner dilakukan secara langsung oleh responden (tidak menunda) untuk menghindari jawaban yang tidak konsisten
4. Responden berhak untuk menambahkan atau mengurangi hal-hal yang tercantum dalam kuesioner ini, memiliki pandangan yang berbeda dengan responden lainnya atau dengan peneliti. Hal ini dibenarkan jika dilengkapi dengan alasan yang kuat.

Petunjuk Khusus:

1. Bobot mengindikasikan tingkat kepentingan relative dari setiap faktor terhadap keberhasilan perusahaan. Penentuan bobot merupakan pandangan masing-masing responden terhadap faktor strategis internal dan eksternal perusahaan.
2. Untuk menentukan bobot setiap faktor digunakan keterangan skala sebagai berikut:
Nilai 1: Jika indikator horizontal *kurang penting* daripada indikator vertikal
Nilai 2: Jika indikator horizontal *sama penting* daripada indikator vertikal
Nilai 3: Jika indikator horizontal *lebih penting* daripada indikator vertikal

3. Cara membaca perbandingan dimulai dari variable pada baris 1 terhadap kolom 1 secara konsisten (indikator horizontal adalah indikator yang terdapat pada kolom vertikal, dan sebaliknya)

Misalnya: Jika faktor “Penerapan Standar Operasional Perusahaan (SOP) yang sudah mulai jelas dan terarah” (C) pada kolom horizontal lebih penting daripada faktor “Keunggulan merek dan kualitas barang” (B) pada baris vertikal, maka diberikan bobot sebesar 3.

a. Identifikasi Bobot Faktor Strategis Internal

Internal Factors	A	B	C	D	E	F	G	H	I	J	K	L	Total
A													
B													
C													
D													
E													
F													
G													
H													
I													
J													
K													
L													

Keterangan:

KEKUATAN:

- (A) Memiliki pemimpin yang bertanggung jawab, berjiwa social, cerdas, dan berjiwa wirausaha yang besar
- (B) Keunggulan merk dan kualitas barang
- (C) Penerapan Standar Operasional Perusahaan (SOP) yang sudah mulai jelas dan terarah

- (D) Telah menggunakan sistem aplikasi komputer dalam proses produksi kerja

- (E) Terbina suasana kerja yang bersifat kekeluargaan dan gotong-royong

KELEMAHAN:

- (F) Kurangnya tingkat pendidikan SDM yang dimiliki
 (G) Sistem keuangan yang masih sederhana
 (H) Tingkat pendapatan yang cenderung fluktuasi dan tidak stabil
 (I) Kurang konsistensinya pembagian job description pada karyawan
 (J) Belum melakukan pengamatan dan kajian lingkungan secara optimal untuk mempromosikan produk
 (K) Kurangnya tenaga marketing yang handal
 (L) Proses Quality Control yang belum terlaksana dengan baik

b. Identifikasi Bobot Faktor Strategis Eksternal

External Factors	A	B	C	D	E	F	G	H	I	J	K	Total
A												
B												
C												
D												
E												
F												
G												
H												
I												
J												
K												

Keterangan:

PELUANG:

- (A) Pangsa pasar semakin luas
- (B) Peningkatan pertumbuhan ekonomi dan daya beli masyarakat
- (C) Masih minimnya pesaing untuk produsen furniture yang berbahan kayu jati dengan desain minimalis
- (D) Kualitas bahan baku kayu jati yang sudah terkenal sejak dulu di kalangan masyarakat umum
- (E) Perkembangan kemajuan dan inovasi teknologi

ANCAMAN:

- (F) Ketersediaan bahan baku kayu jati yang semakin langka
- (G) Faktor cuaca dan lingkungan sekitar yang sulit diperkirakan
- (H) Persaingan dalam industry furniture yang tinggi
- (I) Hambatan masuk industry sangat kecil
- (J) Produk substitusi yang tersedia sangat beragam
- (K) Kekuatan tawar menawar konsumen sangat tinggi

2. PEMBERIAN RATING (PERINGKAT) FAKTOR STRATEGIS INTERNAL DAN EKSTERNAL

Tujuan:

Mendapatkan penilaian dari para responden mengenai faktor-faktor strategis internal dan eksternal dengan cara pemberian rating (peringkat) terhadap seberapa besar faktor strategis tersebut dapat mempengaruhi atau membentuk keberhasilan perusahaan. Penilaian rating dilakukan untuk melihat seberapa besar respon perusahaan terhadap faktor strategis internal dan eksternal tersebut

Petunjuk Umum:

1. Pengisian kuesioner dilakukan secara tertulis oleh responden
2. Jawaban merupakan pendapat pribadi dari masing-masing responden
3. Pengisian kuesioner dilakukan secara langsung oleh responden (tidak menunda) untuk menghindari jawaban yang tidak konsisten

4. Responden berhak untuk menambahkan atau mengurangi hal-hal yang tercantum dalam kuesioner ini, memiliki pandangan yang berbeda dengan responden lainnya atau dengan peneliti. Hal ini dibenarkan jika dilengkapi dengan alasan yang kuat.

A. PEMBERIAN NILAI RATING TERHADAP FAKTOR INTERNAL

1. Pemberian rating dilakukan dengan cara memberikan tanda (✓) pada pilihan Bapak/Ibu
2. Pemberian rating untuk faktor internal berbeda dengan penentuan rating pada faktor eksternal. Pada faktor internal, rating dengan skala 3 dan 4 diberikan untuk faktor kekuatan, sedangkan skala 1 dan 2 diberikan untuk faktor kelemahan. Pemberian rating (peringkat) suatu faktor internal diberikan penilaian sebagai berikut:

Skala 4: Kekuatan utama

Skala 3: Kekuatan minor

Skala 2: Kelemahan minor

Skala 1: Kelemahan utama

Faktor Strategis Internal	Rating			
	1	2	3	4
KEKUATAN				
1. Memiliki pemimpin yang bertanggung jawab, berjiwa social, cerdas, dan berjiwa wirausaha yang besar				
2. Keunggulan merk dan kualitas barang				
3. Penerapan Standar Operasional Perusahaan (SOP) yang sudah mulai jelas dan terarah				
4. Telah menggunakan sistem aplikasi komputer dalam proses produksi kerja				
5. Terbina suasana kerja yang bersifat kekeluargaan dan gotong-royong				
KELEMAHAN				
1. Kurangnya tingkat pendidikan SDM yang dimiliki				
2. Sistem keuangan yang masih sederhana				
3. Tingkat pendapatan yang cenderung fluktuasi dan tidak stabil				
4. Kurang konsistensinya pembagian job				

description pada karyawan				
5. Belum melakukan pengamatan dan kajian lingkungan secara optimal untuk mempromosikan produk				
6. Kurangnya tenaga marketing yang handal				
7. Proses Quality Control yang belum terlaksana dengan baik				

B. PEMBERIAN NILAI RATING TERHADAP FAKTOR EKSTERNAL

1. Pemberian rating dilakukan dengan cara memberikan tanda (✓) pada pilihan Bapak/Ibu
2. Pemberian rating (peringkat) suatu faktor eksternal diberikan penilaian sebagai berikut:

Skala 4: Respon perusahaan *sangat tinggi*

Skala 3: Respon perusahaan *tinggi*

Skala 2: Respon perusahaan *rendah*

Skala 1: Respon perusahaan *sangat rendah*

Faktor Strategis Eksternal	Rating			
	1	2	3	4
PELUANG				
1. Pangsa pasar semakin luas				
2. Peningkatan pertumbuhan ekonomi dan daya beli masyarakat				
3. Masih minimnya pesaing untuk produsen furniture yang berbahan kayu jati dengan desain minimalis				
4. Kualitas bahan baku kayu jati yang sudah terkenal sejak dulu di kalangan masyarakat umum				
5. Perkembangan kemajuan dan inovasi teknologi				
ANCAMAN				
1. Ketersediaan bahan baku kayu jati yang semakin langka				
2. Faktor cuaca dan lingkungan sekitar yang sulit diperkirakan				
3. Persaingan dalam industry furniture yang tinggi				
4. Hambatan masuk industry sangat kecil				

5. Produk substitusi yang tersedia sangat beragam				
6. Kekuatan tawar menawar konsumen sangat tinggi				

Appendix 10. Questionnaire of Attractiveness Score (AS) Assessment of Alternative Development Strategy (in Bahasa)



PRESIDENT UNIVERSITY

**ANALISIS FORMULASI STRATEGI PENGEMBANGAN
USAHA PADA PERUSAHAAN PEMBUATAN FURNITURE**

(Studi Kasus pada UD. Karangjati Furniture, Bekasi, Jawa Barat)

KUESIONER PENELITIAN

(Penentuan *Attractiveness Score* Terhadap Alternatif Strategi Pemasaran)

IDENTITAS RESPONDEN

Nama :

Pekerjaan / Jabatan :

Diharapkan bantuan Bapak/ Ibu agar dapat mengisi kuesioner ini secara lengkap, benar dan objektif, karena kuesioner ini ditujukan sebagai bahan penelitian skripsi yang sangat dibutuhkan data yang valid dan akurat sehingga dapat menjadi masukan untuk penulisan tugas akhir (skripsi)

Peneliti:

Nirmala Tilami

Banking and Finance

014200900117

KUESIONER PENELITIAN PENENTUAN STRATEGI TERPILIH DENGAN *QUANTITATIVE STRATEGIC PLANNING MATRIX (QSPM)*

Tujuan:

QSPM menentukan daya tarik relatif dari berbagai strategi berdasarkan seberapa jauh faktor keberhasilan kunci internal dan eksternal dimanfaatkan atau diperbaiki. QSPM secara objektif akan mengindikasikan alternative strategi mana yang terbaik untuk dilakukan perusahaan.

Alternatif Strategi:

- Strategi 1 : Menambah lokasi pemasaran yang sesuai dan strategis
- Strategi 2 : Menambah inovasi dan desain produk yang lebih canggih dan modern
- Strategi 3 : Selalu memberikan arahan dan motivasi kerja kepada para karyawannya
- Strategi 4 : Meningkatkan layanan dan kualitas produk kepada pelanggan
- Strategi 5 : Meningkatkan promosi
- Strategi 6 : Mempertahankan strategi harga pasar untuk menghadapi persaingan
- Strategi 7 : Menambah tenaga marketing baru
- Strategi 8 : Melakukan evaluasi dan kajian kemampuan perusahaan dalam menghadapi persaingan

Petunjuk Pengisian:

Tentukan Attractiveness Score (AS) yang mengindikasikan daya tarik relative dari setiap alternative strategi yang telah ditentukan dengan cara mengamati setiap faktor eksternal atau internal utama perusahaan. Dengan mengajukan pertanyaan “ Apakah faktor utama ini mempengaruhi pilihan strategi yang dibuat?”. Jika jawabannya “ya” maka strategi kemudian perlu diperbandingkan relative terhadap faktor utama tersebut dengan kriteria sebagai berikut:

- Nilai 1 : Alternative strategi *tidak memiliki daya tarik* terhadap faktor utama tertentu
- Nilai 2 : Alternatif strategi *memiliki daya tarik rendah* terhadap faktor utama tertentu
- Nilai 3 : Alternatif strategi *memiliki daya tarik sedang* terhadap faktor utama tertentu
- Nilai 4 : Alternatif strategi *memiliki daya tarik tinggi* terhadap faktor utama tertentu

Jika jawabannya “tidak”, maka *Attractiveness Score* (AS) tidak perlu diisi.

No.	Key Factors	Strategi 1	Strategi 2	Strategi 3	Strategi 4	Strategi 5	Strategi 6	Strategi 7	Strategi 8
KEKUATAN									
1	Memiliki pemimpin yang bertanggung jawab, berjiwa social, cerdas, dan berjiwa wirausaha yang besar								
2	Keunggulan merk dan kualitas barang								
3	Penerapan Standar Operasional Perusahaan (SOP) yang sudah mulai jelas dan terarah								
4	Telah menggunakan sistem aplikasi komputer dalam proses produksi kerja								
5	Terbina suasana kerja yang bersifat kekeluargaan dan gotong-royong								
KELEMAHAN									
1	Kurangnya tingkat pendidikan SDM yang dimiliki								
2	Sistem keuangan yang masih sederhana								
3	Tingkat pendapatan yang cenderung fluktuasi dan tidak stabil								
4	Kurang konsistensinya pembagian job description pada karyawan								
5	Belum melakukan pengamatan dan kajian lingkungan secara optimal untuk mempromosikan produk								
6	Kurangnya tenaga marketing yang handal								
7	Proses Quality Control yang belum terlaksana dengan baik								
PELUANG									
1	Pangsa pasar semakin luas								
2	Peningkatan pertumbuhan ekonomi dan daya beli masyarakat								
3	Masih minimnya pesaing untuk produsen furniture yang berbahan kayu jati dengan desain minimalis								
4	Kualitas bahan baku kayu jati yang sudah terkenal sejak dulu di kalangan masyarakat umum								
5	Perkembangan kemajuan dan inovasi teknologi								
ANCAMAN									
1	Ketersediaan bahan baku kayu jati yang semakin langka								
2	Faktor cuaca dan lingkungan sekitar yang sulit diperkirakan								
3	Persaingan dalam industry furniture yang tinggi								
4	Hambatan masuk industry sangat kecil								
5	Produk substitusi yang tersedia sangat beragam								
6	Kekuatan tawar menawar konsumen sangat tinggi								
TOTAL									

Appendix 11. Questionnaire of Weight and Rating Assessment of Internal and External Strategy Factors (in English)



PRESIDENT UNIVERSITY

**Analysis of Business Development Strategy Formulation
in a Furniture Manufacturing Company**

(A Case Study of UD. Karangjati Furniture, Bekasi, West Java)

RESEARCH QUESTIONNAIRE

(Determination of Weight and Rating Assessment to Internal and External Strategic Factors)

RESPONDENT IDENTITY

Name :

Job / Position :

Expected help from Mr. / Mrs. in order to fill this questionnaire in completely, true and objective, because the questionnaire is intended as the material for research thesis which much-needed valid and accurate data that can be input to the thesis writing

Researched by:

Nirmala Tilami

Banking and Finance

014200900117

1. WEIGHTED ASSESSMENT OF INTERNAL AND EXTERNAL STRATEGIC FACTORS

Purpose:

Getting the respondents' assessment of the internal and external strategic factors to the way how much weight given to these strategic factors may influence or shape the company's success.

General Instructions:

1. Completion of the questionnaire is made in writing by the respondent.
2. The answer is the personal opinion of the individual respondent.
3. Completion of the questionnaire is done directly by the respondent (no delay) to avoid inconsistent answers.
4. The respondent has the right to add or subtract the things listed in this questionnaire, had a different view to another person or to researcher. This is justified if it comes with good reason.

Specific Instructions:

1. The weight indicates the relative degree of importance from each factor to the success of the company. The determination of the weight is from the views of each respondent's to the internal and external strategic factors of the company.
2. To determine the weight of each factor scale used this following information:
Scale 1: If horizontal indicator is *less important* than vertical indicator
Scale 2: If horizontal indicator is *equally important* than vertical indicator
Scale 3: If horizontal indicator is *more important* than vertical indicator
3. How to read a variable in the comparison starts from row 1 to column 1 are consistent (horizontal indicators are indicators contained in a vertical column, and conversely)
Example: If factor "Implementation of Standard Operating Company (SOP), which has begun to clear and focused" (C) in vertical column is

more important than factor “Having brand advantage and quality of goods (B) in horizontal row, so give the weight at scale 3.

a. Weight Identification of Internal Strategic Factors

Internal Factors	A	B	C	D	E	F	G	H	I	J	K	L	Total
A													
B													
C													
D													
E													
F													
G													
H													
I													
J													
K													
L													

Information:

STRENGTHS:

- (A) Having a responsible leader, social-minded, intelligent, and a great entrepreneurial
- (B) Having brand advantage and quality of goods
- (C) Implementation of Standard Operating Company (SOP), which has begun to clear and focused
- (D) Have been using computer application system in the process of work producing
- (E) The family – oriented and mutual help in working atmosphere

WEAKNESSES:

- (F) Lack of human resource education level
- (G) The financial system is still simple
- (H) Income levels tend to fluctuative and unstable
- (I) Lack of consistency in the distribution of the Job Description of each employees
- (J) Has not make observations and environment studies in an optimal to promote the products
- (K) Lack of a reliable marketing
- (L) The Quality Control process that has not been performing well

b. Weight Identification of External Strategic Factors

External Factors	A	B	C	D	E	F	G	H	I	J	K	Total
A	■											
B		■										
C			■									
D				■								
E					■							
F						■						
G							■					
H								■				
I									■			
J										■		
K											■	

Information:

OPPORTUNITIES:

- (A) The expanding of market segment
- (B) The increased of economic growth and purchasing power

- (C) The lack of competition for teak furniture manufacturing with minimalist design
- (D) The quality of teak wood that has been known since before
- (E) The progress and innovation of technology

THREATS:

- (F) Availability of teak wood materials is increasingly rare
- (G) The weather and surroundings environment are difficult to estimate
- (H) High competition in the furniture industry
- (I) Small barriers to entry in furniture industry
- (J) The substitute products available are very diverse
- (K) Bargaining power of consumers is very high

2. RATING ASSESSMENT OF INTERNAL AND EXTERNAL STRATEGIC FACTORS

Purpose:

Getting the respondents' assessment of the internal and external strategic by giving the rating scale on how big strategic factors may influence or shape the company's success. Rating assessment done to see how big the company's responses to internal and external strategic factors are.

General Instructions:

1. Completion of the questionnaire is made in writing by the respondent.
2. The answer is the personal opinion of the individual respondent.
3. Completion of the questionnaire is done directly by the respondent (no delay) to avoid inconsistent answers.
4. The respondent has the right to add or subtract the things listed in this questionnaire, had a different view to another person or to researcher. This is justified if it comes with good reason.

C. Rating Assessment of Internal Factors

1. Give the rating by giving a (✓) sign to the choice of respondent
2. Giving rating for internal factors is different with external factors. On internal factors, the rating scale of 3 and 4 is given for the strengths factor, while the scale of 1 and 2 are given for the weaknesses factor. Giving rating of an internal factor given the following assessment:

Scale 4: Prior strengths

Scale 3: Minor strengths

Scale 2: Prior weaknesses

Scale 1: Minor weaknesses

Internal Strategic Factors	Rating			
	1	2	3	4
STRENGTHS				
1. Having a responsible leader, social-minded, intelligent, and a great entrepreneurial				
2. Having brand advantage and quality of goods				
3. Implementation of Standard Operating Company (SOP), which has begun to clear and focused				
4. Have been using computer application system in the process of work producing				
5. The family – oriented and mutual help in working atmosphere				
WEAKNESSES				
1. Lack of human resource education level				
2. The financial system is still simple				
3. Income levels tend to fluctuative and unstable				
4. Lack of consistency in the distribution of the Job Description of each employees				
5. Has not make observations and environment studies in an optimal to promote the products				
6. Lack of a reliable marketing person				
7. The Quality Control process that has not been performing well				

D. Rating Assessment of External Factors

1. Give the rating by giving a (✓) sign to the choice of respondent
2. Giving rating (ranking) of an external factor given the following assessment:

Scale 4: Company's response is *very high*

Scale 3: Company's response is *high*

Scale 2: Company's response is *low*

Scale 1: Company's response is *very low*

External Strategic Factors	Rating			
	1	2	3	4
OPPORTUNITIES				
1. The expanding of market segment				
2. The increased of economic growth and purchasing power				
3. The lack of competition for teak furniture manufacturing with minimalist design				
4. The quality of teak wood that has been known since before				
5. The progress and innovation of technology				
THREATS				
6. Availability of teak wood materials is increasingly rare				
7. The weather and surroundings are difficult to estimate				
8. High competition in the furniture industry				
9. Small barriers to entry in furniture industry				
10. The substitute products available are very diverse				
11. Bargaining power of consumers is very high				

Appendix 12. Questionnaire of Attractiveness Score (AS) Assessment of Alternative Development Strategy (in English)



PRESIDENT UNIVERSITY

**Analysis of Business Development Strategy Formulation
in a Furniture Manufacturing Company**

(A Case Study of UD. Karangjati Furniture, Bekasi, West Java)

RESEARCH QUESTIONNAIRE

(Determination of *Attractiveness Score* to Internal and External Strategic Factors)

RESPONDENT IDENTITY

Name :

Job / Position :

Expected help from Mr. / Mrs. in order to fill this questionnaire in completely, true and objective, because the questionnaire is intended as the material for research thesis which much-needed valid and accurate data that can be input to the thesis writing

Researched by:

Nirmala Tilami

Banking and Finance

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RESEARCH QUESTIONNAIRE OF DETERMINATION THE SELECTED STRATEGY WITH QUANTITATIVE STRATEGIC PLANNING MATRIX (QSPM)

Purpose:

QSPM determine the relative attractiveness of various strategies based on how far the key success factors of internal and external used or repaired. QSPM objectively will indicate which strategy is the best alternative for the company.

Alternative Strategies:

- Strategy 1 : Adding more appropriate and strategic marketing location
- Strategy 2 : Innovating and adding more sophisticated and modern product design
- Strategy 3 : Always give the direction and motivation to its employees
- Strategy 4 : Improving service and quality of the product to customers
- Strategy 5 : Improving the promotion
- Strategy 6 : Maintain the market price strategy to face the competition
- Strategy 7 : Adding new marketing employees
- Strategy 8 : Doing evaluate and study about the ability of company in facing the competition

Filling Instruction:

Determine attractiveness Score (AS), which indicates the relative attractiveness of each alternative strategy that has been determined by observing any external or internal factors of the company. By asking the question "Is this a major factor affecting the choice of strategy made?". If the answer is "yes" then the strategy should be compared relative to these key factors with the following criteria:

Scale 1 : Alternative strategy *does not have attractiveness* of certain key factor

Scale 2 : Alternative strategy has *low attractiveness* of certain key factor

Scale 3 : Alternative strategy has *average attractiveness* of certain key factor

Scale 4 : Alternative strategy has *high attractiveness* of certain key factor

If the answer is "no," then *Attractiveness Score* (AS) does not need to be filled.

No.	Key Factors	Strategy 1	Strategy 2	Strategy 3	Strategy 4	Strategy 5	Strategy 6	Strategy 7	Strategy 8
STRENGTHS									
1	Having a responsible leader, social-minded, intelligent, and a great entrepreneurial								
2	Having brand advantage and quality of goods								
3	Implementation of Standard Operating Company (SOP), which has begun to clear and focused								
4	Have been using computer application system in the process of work producing								
5	The family – oriented and mutual help in working atmosphere								
WEAKNESSES									
1	Lack of human resource education level								
2	The financial system is still simple								
3	Income levels tend to fluctuative and unstable								
4	Lack of consistency in the distribution of the <i>Job Description</i> of each employees								
5	Has not make observations and environment studies in an optimal to promote the products								
6	Lack of a reliable marketing person								
7	The <i>Quality Control</i> process that has not been performing well								
OPPORTUNITIES									
1	The expanding of market segment								
2	The increased of economic growth and purchasing power								
3	The lack of competition for teak furniture manufacturing with minimalist design								
4	The quality of teak wood that has been known since before								
5	The progress and innovation of technology								
THREATS									
1	Availability of teak wood materials is increasingly rare								
2	The weather and surroundings are difficult to estimate								
3	High competition in the furniture industry								
4	Small barriers to entry in furniture industry								
5	The substitute products available are very diverse								
6	Bargaining power of consumers is very high								
TOTAL									