



STRATEGY DESIGN BUSINESS DEVELOPMENT FURNITURE INDUSTRY CV.XYZ

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Abstract - Strategy management is the science of formulation, implementation, and evaluation of decisions that enable the Organization to reaches its destination. Management strategy required by the company to be able to survive in the competition.selection of appropriate strategies required for the company to grow. Before select the strategy, we must determine the main competitors, and the company's position against its competitors. Then determine the strategies for simulated. The purpose of this research is to develop the company's business furniture and aims to increase profits.

To determine the main competitor, the first step is to conduct interviews of experts who know the furniture business development in the area around the company, determine the criteria, then the Exponential weighting Method Comparison (MPE) and have weights 537, and then use the matrix Boston Consulting Group (BCG) to calculate value growth and market share 31.67% , 1, 36x, to define some strategies, then use method Analytical Hierarchy Process weighting (AHP) to priority the strategy variation. And the strategy chosen by Powersim software simulated.

The results of this research, a generic strategy is expansion, and variations of strategy is market penetration with a weighting value and consistency ratio of 0.26 and 0.04. There are two scenarios from the selected strategy variation. The first scenario is do promotional products to spread into the area of geography with brochure market. Companies get benefit from this scenario Rp. 120.240.000 with a value of U-theils 0.063. The second scenario by lowering the

selling price of the product from Rp 1.700.000 to be.Rp. 1,500,000 and the company get a profit from this scenario is Rp. 104.050.000,- with U-theils value 0.038. Selection scenario based on profits, then it can be inferred that the first scenario was chosen because larger profits IDR 120.240.000.

Keyword -Strategy, profit, scenario, simulation

I. INTRODUCTION

Furniture industry in Jakarta and West Java has a fairly high level of competition, this data is based on [1], in Jakarta there were 80 companies and 392 companies in West Java are listed. Researcher choose CV XYZ as object research. To face competition in the era of industrialization is currently needed strategy design for the development of business company, as for the problem is as follows:

1. How to determine the company's main competitor?
2. How to determine the position of the company against its main competitors?
3. What is the proper formulation of the generic strategy for companies?
4. What is the formulation of variation strategies for company?
5. How to determine the priorities of the variation strategy would be applied by company?
6. How the results for the company after applying the strategist within 5 years ahead?

The first step of knowing the position of his company's main competitors with Boston matrix (BCG) Consultan Group, then, determine an

formulation of appropriate generic strategy. And then, the variation strategy added from a generic strategy. Afterwards, determine priority strategies to do the simulation model 5 years on 1 product Kitchen set.

II. REVIEW OF REFERENCES

Earlier researchers do research on traditional drinks company with the goal of determining the priority importance of the marketing strategy, and formulate a marketing strategy.

Management strategies can be defined as the science of formulation, implementation, and evaluation of decisions that enable the Organization to cross the function reaches its destination. The purpose of the management strategy is to harness and create opportunities for the future. The methods used in management strategy Comparison method of Exponential (MPE) is one of the alternative methods for determining priority criteria decision, is used to determine the main competitor, matrix Boston Consulting Group (BCG) is one of the few existing portfolio planning model in the world of management, in which matrix itself in designs by BCG Bruce Henderson in the early 1970s, is used to determine the position of the company. Analytical Hierarchy Process (AHP) to prioritize the variation strategy.

Profit in economic science is defined as the increase in the wealth of an investor as a result, reduced capital raiser after costs associated with capital investment (including inside, opportunity cost). Meanwhile, profit in accounting is defined as the difference between the sales prices and costs of production. The difference between the two is in defining costs.

Simulation is a powerful tool for analyzing, designing, and operating complex systems. Simulation objectives to understand the process, making the analysis and forecasting to the future.

III. RESEARCH METHODOLOGY

Research study at the company of CV. XYZ in Depok in May 2012-June 2012. Below is a flowchart of research:

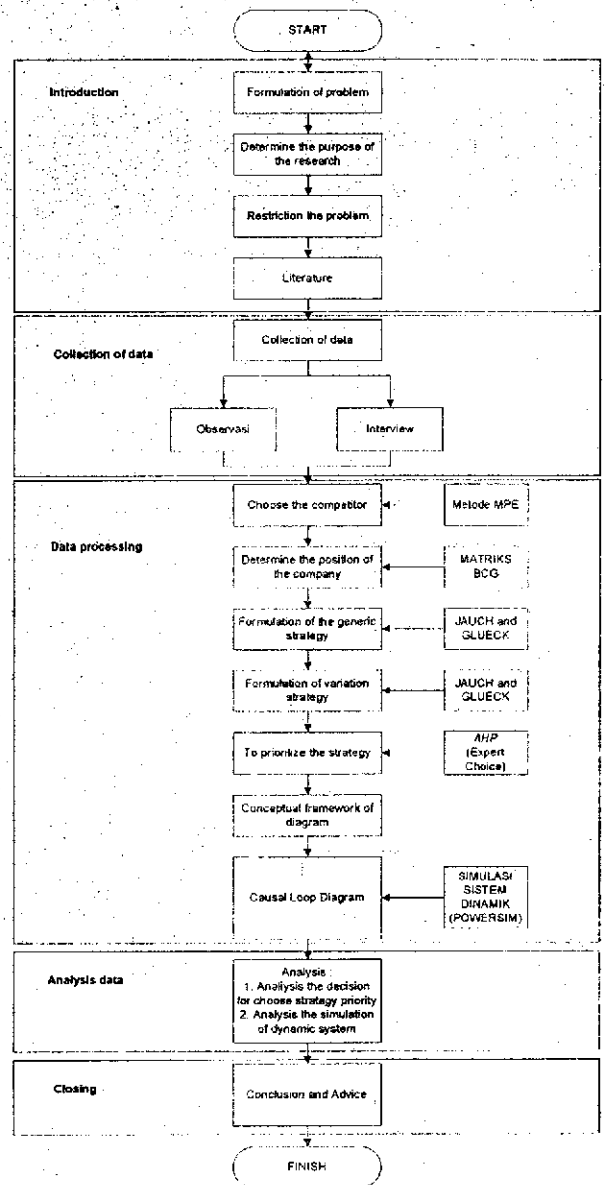


Figure 1. Flowchart of the research

IV. RESULT and DISCUSSION

4.1 Choose Main competitor with MPE Method

Selection of 3 main competitors competing alternatives i.e. CV.A, CV.B, CV.C and 5 criteria determining the quality of the product, organization, company, company Management, customer service, product Price MPE calculation and experts with Mr. X.

Table 1 The calculate with MPE method

No	Criteria	Bobot	Alternative of the competitor company		
			A	B	C
1	Quality of product	5	3	3	3
2	Corporation organization	4	3	4	3
3	Corporation management	3	2	3	3
4	Customer service	2	3	3	3
5	Price	1	3	2	2
Value			344	307	362

CV.B is the main competitor to the company based on the above calculation

4.2 Determine The Position Company against The Competitor byBCG matrix

Table 2. Data of production the competitorin 2010

No	Product	Amount
1	Kitchen Set	3
2	Table	4
3	Cupboard	9
4	Wallpaper	5
5	Bed	5
6	Chair	5
7	Door	9
8	Window	5
Amount		45

Table 3. Data of production the competitor in 2011

No	Product	Amount
1	Kitchen Set	2
2	Table	13
3	Cupboard	7
4	Wallpaper	3
5	Bed	13
6	Chair	12
7	Door	4
8	Window	3
Amount		57

Table 4. Data of production CV. XYZ Jaya in 2010

No	Product	Amount
1	Kitchen Set	26
2	Table	7
3	Cupboard	6
4	Wallpaper	6
5	Bed	5
6	Chair	5
7	Door	2
8	Window	3
Amount		60

Table 5. Data of production CV. XYZ Jaya tahun 2011

No	Product	Amount
1	Kitchen Set	21
2	Table	10
3	Cupboard	8
4	Wallpaper	7
5	Bed	5
6	Chair	11
7	Door	12
8	Window	5
Amount		79

$$\text{Growth rate CV. XYZ} = \frac{79-60}{60} \times 100\% = 31,67\%$$

$$\text{Relative market share CV. XYZ} = \frac{139}{102} \times 1,36x$$

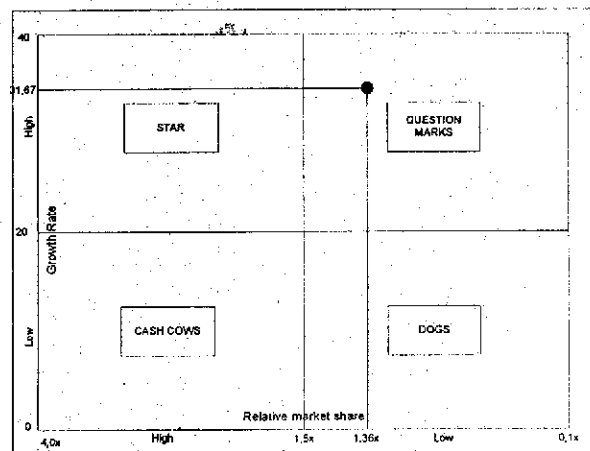


Figure 2.BCG Matrix

Based on the BCG matrix above, the position of the company is in the position of the Question marks. Where the company has a high growth rate, but only mengusasi a low market share. This is a result of low profit rates, and requires substantial funds if the company wants to develop. Due to the growth

of a market that is still high they can opt to embed a massive fund with the goal of increasing market share so that the position of the company can be turned into stars.

4.3 Generic strategy and variation strategy

Table 6. Generic strategy

No	Generic Strategy	Explanation
1	STABILITY STRATEGY	In principle this strategy emphasized the growing point of the product, market and company functions, more on improving the efficiency of disegala field to improve performance/profit, this
2	EXPAND STRATEGY	In principle this strategy focuses more on addition/expansion of product, market or function within the company, more on
3	CONTRUCTION STRATEGY	The company doing the reduction of a product, the market, or a specific function, and this strategy more emphasis on reducing or closing the business units that have a negative cash flow.
4	COMBINATION STRATEGY	Using more than one strategy for consecutive term or at the same time

The strategy is right for this position to move into the position of a star is the expansion, this is due to the growth of the company is high enough that a%, however 31,67 have market research is still low, 1, 36x.

Table 7. Variation strategy

No	Strategi	Penjelasan
1	Forward integration	Get control over possession or increase dealer or retail sellers
2	Backward integration	Get the ownership or improve control over suppliers
3	Horizontal integration	Get the ownership or improve control over competitors
4	Market penetration	Increasing market share for certain products through marketing efforts massively
5	Market development	Introduce existing products into new marketing
6	Product development	Increase sales by improving or developing products that already exist.
7	Konsentrik diversification	Add a new product to the market that are related to the same
8	Konglomerat diversification	Add new products which are not interconnected to different markets
9	Horizontal diversification	Add a new product that is not related to the purpose of satisfying the customer the same
10	Join venture	Two or more companies work together to form a new company that is separate from the second parent
11	Contruccion	Cost savings by reducing the portion of the assets of the company to cope with the decline in sales and profits
12	Business contruccion	Sell a business unit or a portion of the company to any other
13	Liquidation	Selling the entire company's assets or in other words shut down a company
14	Combination	Follow two or more of the strategies above simultaneously at the same time or time sequence Follow two or more of the strategies above simultaneously at the same time or time sequence

Based on the variation strategy table, some strategies that you can implement by the company is the market penetration, market development, product development, diversification is concentric, and horizontal diversification.

4.4 To prioritize the strategy with AHP method

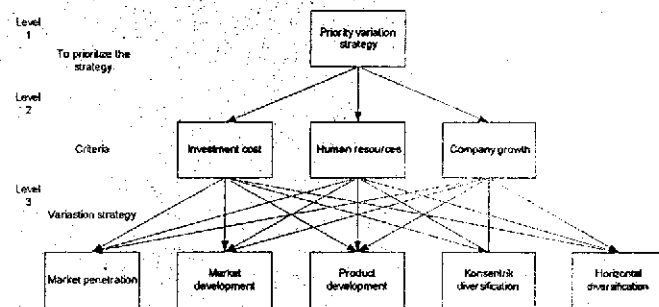


Figure3 AHP hierarchy

Because there are several variations of the strategies that can be applied, then the author will need to prioritize one of these strategies. To prioritize existing strategy variation requires author experts who better understand this area. This time the author interviewed 3 experts from different fields. The first experts are businessmen or from the owner's own company CV. XYZ Jaya Mr. X, both Experts is an expert in the field of academics, Mr. Y second Expert this is one professor of Industrial Engineering University of Al azhar Indonesia, the third Experts are experts from Government, Mr. Z. Experts are employees working at the Ministry of industry.

His strategy variation selection criteria is an investment cost, human resources, conditions and company growth.

Calculation of the weighting to use software aid expert choice. Calculation of the weighting is only done to the experts 1 and 3. For the second expert, argues that direct the right strategy for the company is the market penetration. Here are the results of calculations with software:

Table 8. Results of discussions with the third expert, author of Mr. Herry Subagyo.



No	Criteria	Weight
1	Cost investment	0,55
2	Human resources	0,24
3	Growth rate of company	0,21
Consistency ratio		0,02

Table 9. Results of discussions with the third expert, author of Mr. Andy Wibowo Mukti, SE.

No	Criteria	Weight
1	Growth rate of company	0,54
2	Cost investment	0,30
3	Human resources	0,16
Consistency ratio		0,01

After determining the weights for each of the criteria, the next is prioritizing strategy variation with discuss to each expert with consideration of investment costs, conditions, HUMAN RESOURCES company, and the company's growth.

Here is a calculation of the weighting of the results of the first discussion with experts:

Table 10. Weighting the variation strategy based on the cost of investment discussions with experts first

No	Variation strategy	Weight
1	Market penetration	0,28
2	Product development	0,28
3	Konsentrik diversification	0,19
4	Horizontal diversification	0,14
5	Market development	0,12
Consistency ratio		0,03

Table 11. Weighting the variation strategy based on the human resources discussions with experts first

No	Variation strategy	Weight
1	Market penetration	0,34
2	Horizontal diversification	0,24
3	Market development	0,21
4	Konsentrik diversification	0,12
5	Product development	0,10
Consistency ratio		0,05

Table 12. Weighting the variation strategy based on the company growth rate discussions with experts first

No	Variation strategy	Weight
1	Market penetration	0,33
2	Product development	0,22
3	Market development	0,19
4	Konsentrik diversification	0,16
5	Horizontal diversification	0,10
Consistency ratio		0,08

Table 13. The combined results weighting variation strategy based on all three criteria with first expert

No	Variation strategy	Weight
1	Market penetration	0,30
2	Product development	0,23
3	Konsentrik diversification	0,17
4	Horizontal diversification	0,15
5	Market development	0,15
Consistency ratio		0,05

According to the expert opinions first, Mr. Herry Subagyo. variation that has the highest weighting strategy is market penetration, with weighting 0.30. and value consistency ratio is 0.05.

The following is a calculation of weight discussions with a third expert:

Table 14. Weighting the variation strategy based on the cost of investment discussions with third expert

No	Variation strategy	Weight
1	Market penetration	0,41
2	Product development	0,20
3	Market development	0,15
4	Konsentrik diversification	0,14
5	Horizontal diversification	0,10
Consistency ratio		0,06

Table 15. Weighting the variation strategy based on the human resources discussions with third expert

No	Variation strategy	Weight
1	Product development	0,40
2	Horizontal diversification	0,24
3	Konsentrik diversification	0,16
4	Market penetration	0,12
5	Market development	0,08
Consistency ratio		0,02

Table 16. Weighting the variation strategy based on the company growth rate discussions with third expert.

No	Variation strategy	Weight
1	Product development	0,28
2	Horizontal diversification	0,26
3	Konsentrik diversification	0,21
4	Market penetration	0,16
5	Market development	0,09
Consistency ratio		0,04

Table 17. The combined results weighting variation strategy based on all three criteria with third expert

No	Variation strategy	Weight
1	Product development	0,28
2	Horizontal diversification	0,22
3	Market penetration	0,21
4	Konsentrik diversification	0,19
5	Market development	0,11
Consistency ratio		0,04

Variation has the highest weighting strategies from expert opinions Mr. Xis product development with weight 0,28. And consistency ratio of 0.10. Merging the weight expert opinions first and third are as follows:

Table 18. The result weighting from both expert

No	Strategi variasi	Bobot
1	Market penetration	0,26
2	Product development	0,25
3	Konsentrik diversification	0,18
4	Horizontal diversification	0,17
5	Market development	0,15
Consistency ratio		0,04

Merge can be inferred from the expert opinions that the variation that has the highest weighting strategy is market penetration with weights, and the value of 0.26 consistency ratio 0.04. Thus according to experts the first and third, more market penetration strategies in priority compared to other strategies.

Next up is the result of discussions with the authors both experts Mr. Y about variation without weighting strategies. The second expert opinion, that gives market penetration will be the strategy of the most priority by reason of a State of which the company is still growing and the number of competitors around the company is large enough

market share with many competitors, market penetration is judged appropriate for corporate control market share in the regions they market location. Market penetration is done by doing a promotion-promotion of their products, or to lower the price of products to hit the market in order to buy the product "vendor. So it can be inferred that the expert opinions both prioritize the market penetration strategy variation. And the strategy chosen for the company is the market penetration.

4.5 Simulation

Based on the chosen strategy variation then would do simulate into the model. Here is a picture diagram of causal to indicate closed loop at the relationship between business development and profitability.

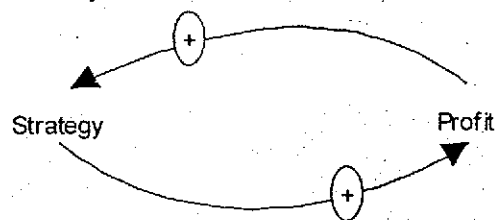


Figure 4 Causal loop diagram strategy and profit

And will be elaborated on the basis of variation that is market penetration strategy was chosen. Here is a picture diagram of the closed causal loop:

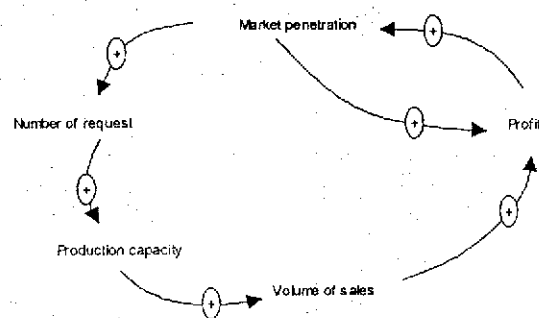


Figure 5. Causal loop diagram market penetration

The higher the market penetration that is done, then it will affect the amount of demand that exists, with the increasing number of requests for the company has increased production capacity, increasing the production capacity of the volume of sales was increasing. If the volume of sales increased then it brings any profit will increase.

4.5.1 Pengembangan scenario variasi strategi terpilih

Researcher create two scenarios from market penetration, the first scenario is doing vigorous in the area geography markets namely Jakarta and Depok, the second scenario is to do price drop products. Two scenarios will be applied against a product set of kitchen.

Here is a causal loop diagram picture scenario 1:

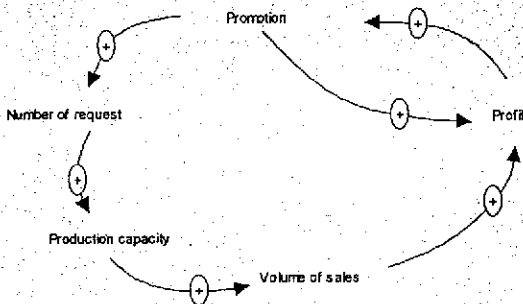


Figure 6. Causal loop diagram first scenario

The higher the product promotion is done, then the amount of demand will increase with the growing number of requests, then the company has increased production capacity, increasing production capacity and sales volume has increased. If the volume of sales increased then it brings any profit will increase.

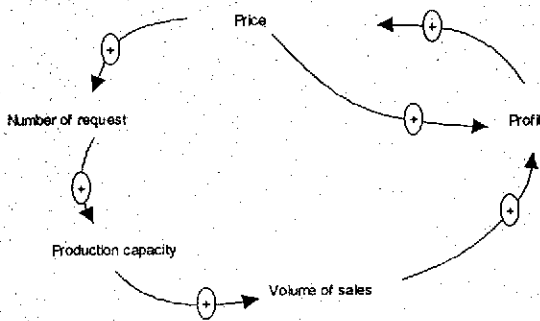


Figure 7. Causal loop diagram second scenario

The lower the price of products on sale, then the amount of demand will increase with the growing number of requests, then the company has increased production capacity, increasing the production capacity of the volume of sales was increasing. If the volume of sales increased then it brings any profit will increase.

The first scenario is doing marketing by promoting the product to the community that sets kitchen located in the geography of the company market. In this scenario, the company paid 4 people to spread into the area of Jakarta and Depok. The promotion was done 3 times a year or per 4 months. In this scenario the company also print brochure 500 sheets for all promotions. And increased production capacity by at least 50% of the demand for 2011. Assuming all products sold, then the benefit of the company in 5 years is Rp. 120.240.000,-. U-values to model this scenario theils is 0.27 from their original state. Powersim modelling with the attached.

The second scenario is by means of lowering the price of the sale of kitchen sets, which originally sold for Rp 1.700.000,-. A \$ 150,-. With the decline in price then set enhanced production kitchen 100% of the total production. Assuming all of the products sold, the profits it brings company next year is Rp. 112.450.000,-. With the U-value of the initial state theils 0.14.

In the current state, based on sales data sets in kitchen in 2011, if the simulated companies benefit in 5 years into the future of Rp. 103.950.000,-.

V. CONCLUSION

1. The company's main competitors is CV B
2. The current state of the company is good because it has a growth rate of 31.67%, but has enough market share is relatively low, i.e. 1.36x data above which concluded that the company's position was in the zone on the BCG matrix is question mark.
3. Generic strategy that is right for the company based on CV XYZ Jaya company position in the BCG matrix theory and approaches Jauch and Glueck is a expansion.
4. Variation of strategy that can be applied by the company is the market penetration, product development, market development, diversification is concentric, and horizontal diversification.
5. Market penetration is a variation on the strategies that prioritize with 0.26
6. From this strategy try to apply the product kitchen set, and made two scenarios, the first scenario is doing a promotion of

products by spreading flyers to customers who are the regions i.e. Jakarta geography and market company and increase production capacity of Depok by 50%. The second scenario is to lower the price of Rp 1.700.000 products, -be 1,500,000,-and increase production capacity by 100%. Price reductions that are guaranteed to increase market demand, and the price drop disanggupi company is Rp. 200.000,-. From the second scenario it obtained the first scenario results that benefit the larger namely Rp. 120.240.000,-compared with the second scenario, namely 112.450.000,-Usd. Because the selection of strategies aims to increase profits, then the first scenario is selected.

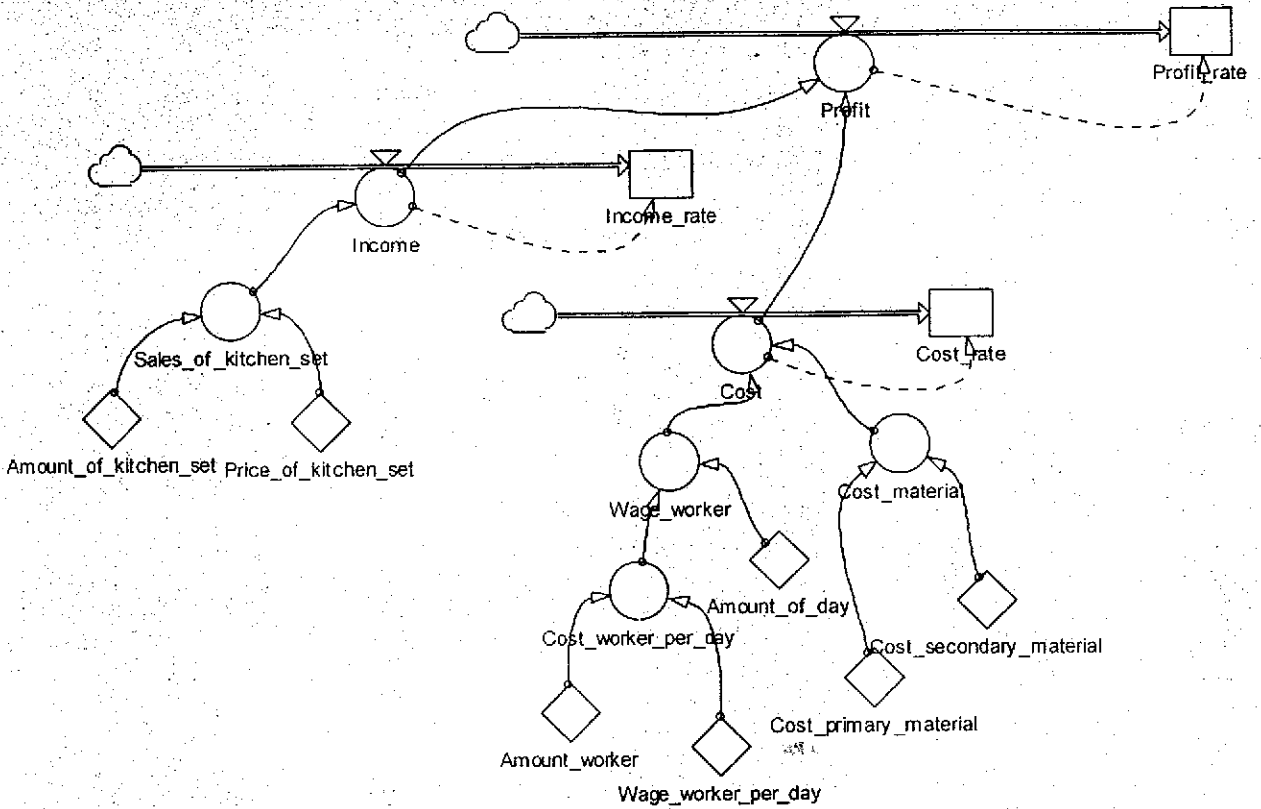
The suggestion can be given this time was the writer, business development scenario does is 2nd scenario by performing marketing products by spreading the flyers to area companies that market geography of Jakarta and Depok because it has a bigger profit from real state.

REFERENCES

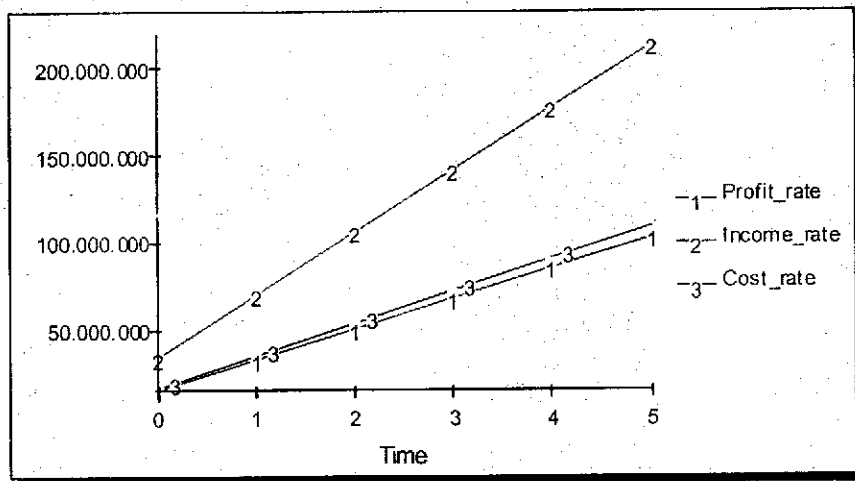
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Powersim software attachments State real business company

1. *Stock Flow Diagram real state*



2. *Graph of rate for SFD real state*

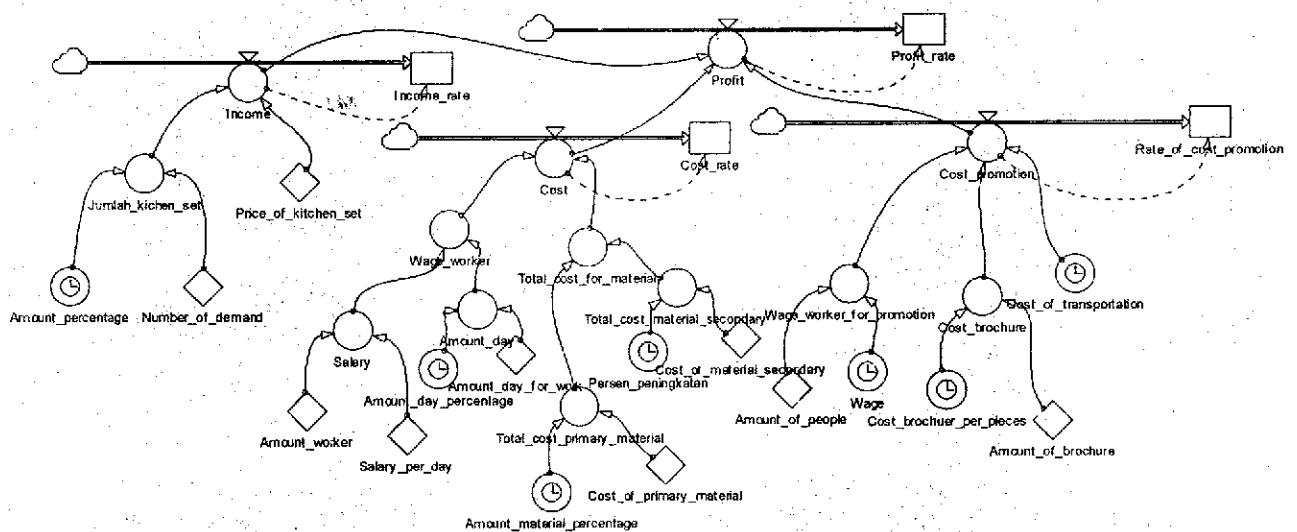


3. Table of SFD real state

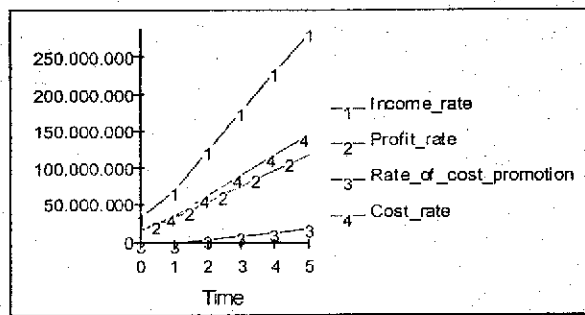
Time	Cost rate	Income rate	Profit rate
0	18.375.000,0	35.700.000,0	17.325.000,0
1	36.750.000,0	71.400.000,0	34.650.000,0
2	55.125.000,0	107.100.000	51.975.000,0
3	73.500.000,0	142.800.000	69.300.000,0
4	91.875.000,0	178.500.000	86.625.000,0
5	110.250.000	214.200.000	103.950.000

Powersim software attachments scenario 1 business development strategy

1. Stock Flow Diagram first scenario



2. Graph of rate SFD first scenario



3. Table SFD scenario 2

Time	Rate of cost marketing	Cost rate	Profit rate	Income rate
0	0,00	18.375.000,0	17.325.000,0	35.700.000,0
1	0,00	36.750.000,0	34.650.000,0	71.400.000,0
2	2.800.000,00	77.500.000,0	54.100.000,0	134.400.000
3	5.600.000,00	118.250.000	73.550.000,0	197.400.000
4	8.400.000,00	159.000.000	93.000.000,0	260.400.000
5	11.200.000,00	199.750.000	112.450.000	323.400.000