MEASURING THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISE (SME) BASED ON SMART SYSTEM MODEL: CASE STUDY OF DAIRY FARM "H. ACHMAD MARZUKI"

SCIENTIFIC ARTICLE

Submitted to Qualify the Study Program Requirement
Undergraduate Program of
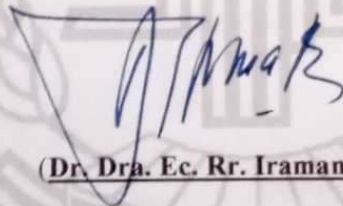Management Department

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2018

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Major   : Financial Management

Title   : Measuring the Performance of Small and Medium Enterprise (SME) based on SMART System Model: Case Study of Dairy Farm "H. Achmad Marzuki"
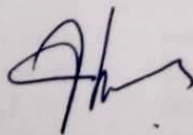
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MEASURING THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISE (SME) BASED ON SMART SYSTEM MODEL: CASE STUDY OF DAIRY FARM "H. ACHMAD MARZUKI"

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ABSTRACT

This case study aims to measure the performance of Dairy Farm of "H. Achmad Marzuki" based on SMART (Strategic Management Analysis and Reporting Technique) system model. The phenomena, this SME as being the biggest supplier cows' milk in Surabaya but has not performance measurement. This case study apply SMART system method which integrated financial and non-financial which applied just in time and focused on operational of each department. The purpose of this research is identifying the strategic objective and analyzing the performance of Dairy Farm of "H. Achmad Marzuki" based on SMART system on three level such department and work centers, business operating unit, business unit. The research approach in this case study is descriptive research, describes the performance of SME. The result of this research; the most five perspective prioritized are financial perspective, market perspective, customers' satisfaction perspective, productivity perspective and quality perspective. It has ten most five prioritized key performance indicators which relevant to measure its performance. The conclusion of case study is the performance of Dairy Farm of "H. Achmad Marzuki has good on each business level; Strategic Business Unit, Business Operating System, and Departement and Work.

Keywords: Performance Measurement, SMART system, Key Performance Indicators, Small and Medium Enterprises (SMEs).

INTRODUCTION

The rapid changes of enviromental that companies face today not only affect on production system but also the organizational performance. In the new economy, Small and Medium Enterprises (SMEs) have played importance role in Indonesia in term of employment growth, gross domestic product (GDP) and has already fostered Indonesia's economic development (Suryo, 2015). Collins & Ebenezer, (2015) stated that in Ghana, Small and Medium Enterprises (SMEs) have contributed about 40 percent to Gross Domestic Production (GDP), have 90 percent for accounting of existing business and 80 percent provided manufacturing employment. In Indonesia, Small and Medium Enterprises (SMEs) have contributed on GDP around 58.93 percent and absorbed about 97.30 percent to country's employment (Cooperatives and SME Ministry, 2014).

However, although SMEs have contribute to the national economic growth but there have critical problem that need attention such lack of strong foundation and cycle growth business which are limitation of financial access, lack of innovation and business knowledge (Suryo, 2015). In order to maintain the existence and development of SMEs, they need to measure their performance and helped by government, research centers, universities how to increase their productivity, shorten time production, and raise the quality and the ability to compete in the market. Appropriately, companies may have poor performance since they have lack of effective and

efficient performance management frameworks and strategies to allocate all the sourcess to achieve the organizational goals (Collins *et.al 2015)*. Performance measurement is both necessary and vital because performance is not only measured to know the business is performing but also how to perform better in next period. The main goals of performance measurement to improve the working environment for employees, growth for owner, stakeholders and provide customer satisfaction.

In recent years, organizational performance has been received attention from researchers in different approach to analyze the effect of financial and non-financial toward the performance of SMEs (Emad *et al.* 2014). Many researcher attempted to measure organizational performance by tools performance such Balance Score, Integrated Performance Measurement Performance (IPMS) and SMART System model.

This case study adopt SMART system tool to measure the performance of SMEs since it integrated both financially and non-financially perspective. According to Cross and Lynch (1991), SMART (Strategic Management and Reporting Technique) is known as a performance pyramid, was developed to eliminate the disadvantage associated with traditionally, financially focus performance measurement system. This model has purpose to translate the objective from the top down and measures from the bottom up trough connecting its organization's strategy and operation.

The motivation of researcher to measure the performance of dairy farm since Indonesia only able to supply the market demand around 20 percent while 80 percent is by imported. This case study attemp to measure the performance of Dairy Farm of "H. Achmad Marzuki" since it has operated more than 60 years and the biggest supplier of dairy farm in Surabaya. This phenomena support a researcher to help SME to measure their performance comprehensively based on finacially and non-financially; such as the customer satisfaction, flexibility, productivity, quality, delivery, cost, and process time.

The objective of this case study is measuring how far Dairy Farm of "H. Achmad Marzuki" achieve their goals, analyzing current situation and providing future improvement based on SMART system Model. Based on research objective, the reseach problem is how the performance of Dairy Farm of "H. Achmad Marzuki" on department and work centers, on business operating unit and business unit.

PERSPECTIVE REVIEW LITERATURE

Performance

Definition of performance still widely debated altough many researchers who have been conducted performance measurement research. Prosper *at el. (2016)* attempt defined performance as the process of measuring the effectiveness, efficiency, capability and process to achieve the goals. Effectiveness means a system to measure the job in right way in order to meet the stakeholder's requirements. Efficiency means how to utilized the resources economically in order to meet the stakeholder satisfaction. Capability is a measure the degree of company do the job right way in short and long term, it can be tangible; resources, technology, and intangible; company culture.

Performance may be measured using objective, subjective and operational measure. Performance measurement provides the inspiration to achieve the superior level based on effectiveness and competitiveness it is focused on result and outcomes (Collins *et al.* 2015)

SMART System Model

SMART (Strategic Measurement Analysis and Reporting Technique) performance pyramid was created by Cross and Lynch (1991). SMART system use a pyramid-shaped as the map in aim to understand and define the relevant objective and measure each level. The performance pyramid derives from idea that organization has different levels in different focus. The levels in this pyramids embody the corporate vision, accountability of unit business, competitive dimension for operating business and specific criteria of operation. Supporting in each levels are the most important which link the business strategy in daily operation.

First level, Business Unit, financial targets are defined, and long-term goals, market growth are defined. The next level, Operating Business unit measure the operational such as customer

satisfaction, flexibility, and productivity. The last level, Department and Work Centers as indicators of performance measures; quality, deliver, cycle time and waste. Figure 1 shows the SMART system model.
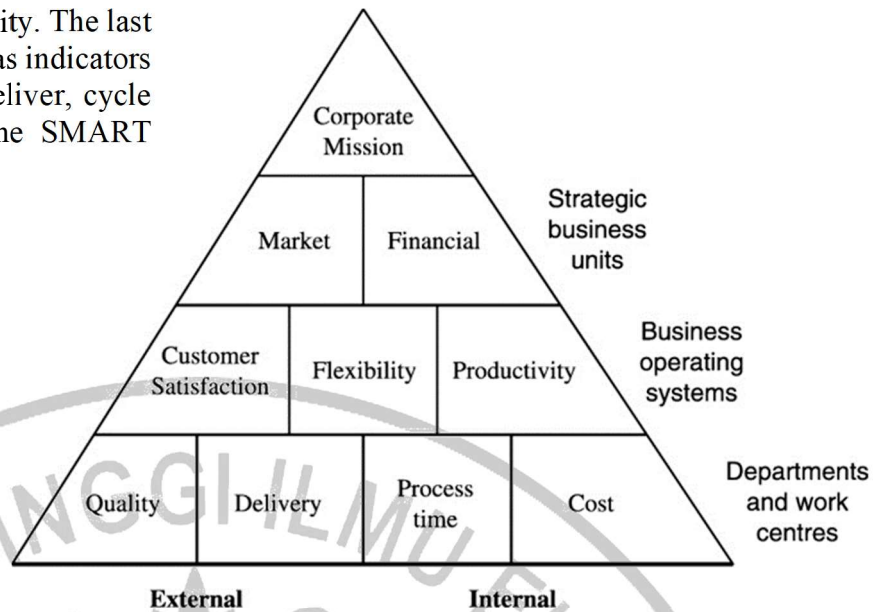

Figure 1- The performance pyramid
Source: Cross &Lynch, 1991

Key Performance Indicators (KPI)
According to Investopedia (2017), KPIs are used to determine the progress of company to achieve the goals. Once an organization has analysed its vision, mission, and defined goals, it needs a way to measure the progress of its goals by Key Performance Indicators (KPIs). The reasoan of organization need to apply KPIs due to performance effectiveness measurement, as accuracy of the progress, effeciency in delivering outcomes, monitor the result, and detect the potential problem, and as driver on improvement.

This case study use two type of measurement on KPIs; quantitative KPIs and qualitative KPIs. Quantitative KPIs is a measurable characteristic resulted by accounting, adding, or averaging the number such total sales. A researcher would compared between October and November 2017, if the result (performance) of KPIs increased, it indicates that SME has good performance while if the performance decreased, it indicates that the company not well and need attention to improve.

While qualitative KPIs that describe the characteristic, an opinion such customer's satisfaction. In this case study, a researcher would use traffic light scoring. It shows set of red, yellow and green light can be best judge of performance indicators of KPIs. Red light indicates that performance is under the target and need great attention to improve. Yellow light indicates that performance is under the target but within a tolerance interval. Green light indicates that performance is meet or above the target.

RESEARCH METHOD

Research Approach

This research is considered as qualitative research. According to Crossman (2017), defined qualitative research is a type social science which collecting and working with numerical data and interpreting the meaning based on data to understand the social life through the study of targeted population. Qualitative research provides deep understanding and allow the respondent to express themselves without being constrained. This is very useful when discerning the perception of SME manager to set up strategic objective, KPIs and weighting each KPIs.

This research also consider as a single holistic case study which try to investigate a contemporary phenomenon with its real-life context when boundaries between phenomenon and context are not clear evidence. The research approach of this case study is descriptive research, describes the existing data and discover the facts. According to Basuki (2016:23), descriptive research is a research which describe and disclose the object and the subject of research. Simply, the design case study of this research as figure bellow:
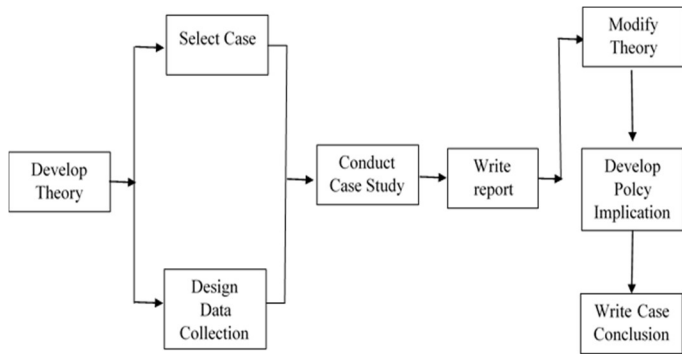
Figure 2-Case Study Method
Source: Yin, 2003:50

Unit of Analysis

Unit of analysis is relate to the fundamental of defining what the case is-a problem has been examined by many researchers at the outset of case studies (Yin, 2009: 22). The main unit of analysis is the level to find the main study questions. Unit of analysis in this research is framework of SMART system to measure the performance on Dairy Farm of "H. Achmad Marzuki" consist there level of business and nine perspective; Financial, Market, Productivity, Flexibility, Customer satisfaction, cost, process time, delivery, and quality.

Research Location

The subject of this case study is Dairy Farm of "H. Achmad Marzuki" which is located in Jemur Wonosari, Wonocolo, Surabaya.

Steps of Research

The steps of this research as bellow:
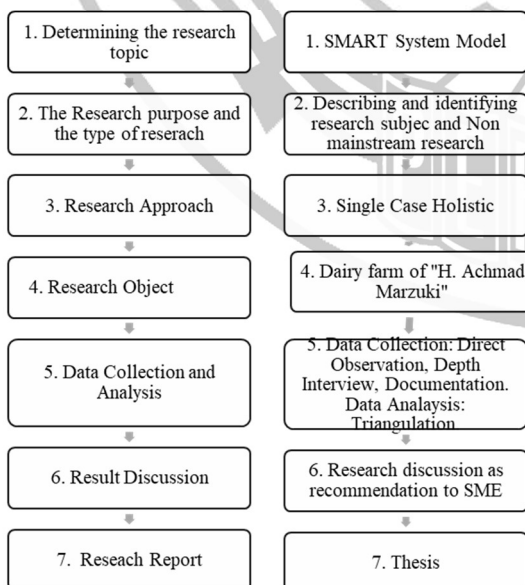
Source: Basuki (2016: 27)

Data Collection Procedures

Data collection procedure of this case study is direct observation, documentation, and depth interview with a manager, department production, and customers.

Validity and Reability Test

This research used data triangulation data due to facilities validation of data through comparing the observed data with one other, the result of interview with one other, documents with one other. If the result of research is consistent, documents are consistent with others, the results of interview of each respondents are consistent, it can be conclude that the research are valid (Basuki, 2016).

RESEACH RESULT AND DISCUSSION

Description of Research Subject

The subject of this research is Dairy Farm of "H. Achmad Marzuki" located in Wonocolo, Surabaya. The founder was H. Achmad Marzuki and the current manager is Mr. Shodiq as the son of H. Achmad Marzuki. Market place of SME is Surabaya and Sidoarjo. The organizational structure as bellow:
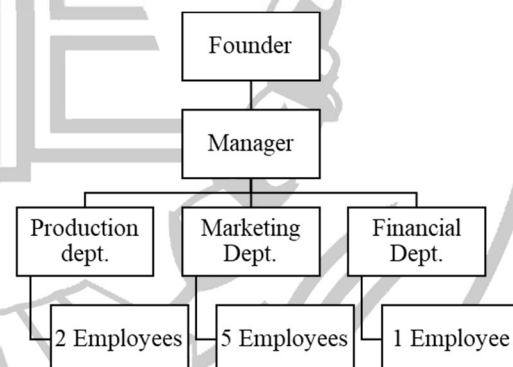
Figure 3-Organization Structure
Source: Dairy Farm of "H. Achmad Marzuki"

Identifying Vision and Mission

The vision statement of Dairy Farm of "H. Achmad Marzuki" is: Quality of products is the core of business. Due to achive the vison, a manger explained the strategy to achive the vision, as the mission statement of Dairy Farm of "H. Achmad Marzuki" is providing quality products and striving to fulfil the best servicess for business growth.

Identifying SWOT Analysis

In order to formulate the strategic objective, SME needs to explain the vision, mission statement,

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and engage in SWOT analysis to understand their strengths, weakness, opportunities and threats that face ahead in their business. SWOT analysis obtained based depth interview with the managers, employees, and customers, and had direct observation. The SWOT analysis of Dairy Farm of "H. Achmad Marzuki in SWOT Analysis matrix as bellow:
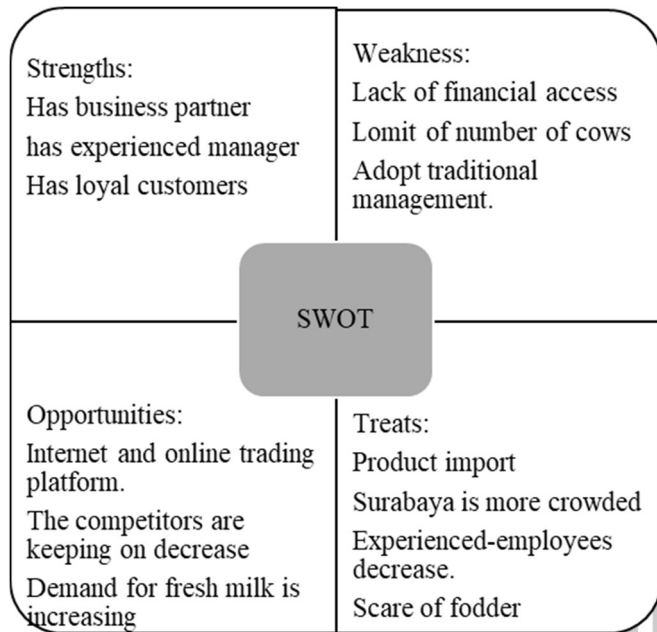

Figure 4 - SWOT Analysis matrix
Source: Dairy Farm of "H. Achmad Marzuki

Identifying the Strategic Objective
All the perspective have strategic objective which have been decided by a researcher based on depth interview and direct observation related to vision, mission, and SWOT analysis with a manager, production department and customers. After all the perspective have been considered, a researcher and manager should do weighting in each aspect in order to decide the most company priority within the SMART system framework.

The most priority in SME depends on the critical aspects that need attention. Dairy Farm of "H. Achmad Marzuki has 9 perspective on 3 level of business and 17 strategic objective based on SMART system model, the summarize of strategic objective as bellow:

Table 1
Strategic Objective
Dairy Farm of "H. Achmad Marzuki"

Business Level	Perspective	Strategic Objective
Strategic Business Unit	Financial	Increasing Profit Margin
		Increasing Revenue Growth
	Market	Increasing Total Sales
		Increasing Market Share
		Decreasing Products Defect
	Productivity	Increasing Employee Productivity
Business Operating System		Increasing the ability to produce products
	Flexibility	Volume utiizing technology
		New Product Innovation
	Customer Satisfaction	Decreasing Customers Complaint
		Net Promoter Score (NPS)
		Increasing Customer Retention
	Cost	Decreasing cost of good production
		Increasing Employee Salary
Departemen and Work Center	Process Time	Increasing Production Capacity
		Employee Experience
	Delivery	Exact Time Delivery

Source: Data processed

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Weighting the Perspective

The research findings in weighting the perspective is determining the most five critical perspective in SME and deciding the appropriate percentage for the most five prioritized perspectives based on SMART system model. The result of relevant perspective from as bellow:

1. Financial perspective: it is important for business sustainability in short and long term.
2. Marketing perspective: existing of market demand; SME would able to create income and profit.
3. Productivity perspective: it is measure how effectively resources.
4. Customer's satisfaction: it indicators of customers repurchase intention and creates long-term relationship.
5. Quality perspective: it helps SME to maintain the loyal customers and acquire customers.

While flexibility perspective, Cost Perspective, Process Time, and Delivery are not being the critical attention for SME succession. For example, delivery perspective are not critical aspects since SME does not provide product delivery to customers which means it is not impact on SME operation. Flexibility also are not critical things due to SME still not adopt technology to boost their business. The conclusion of the most five prioritized perspective and the percentage as bellow:

Table 2
Weighting the Perspective
Dairy Farm of "H. Achmad Marzuki"

Business Level	Perspective	Weight	Strategic Objective
Strategic Business Unit	Financial	30%	Increasing Profit Margin Increasing Revenue Growth
	Market	25%	Increasing Total Sales Increasing Market Share
Business Operating System	Productivity	10%	Decreasing Products Defect Increasing Employee Productivity
	Customer Satisfaction	15%	Decreasing Customers Complaint Net Promoter Score (NPS) Increasing Customer Retention
Departemen and Work Center	Quality	20%	Quality Assurance

Source: Dairy Farm of "H. Achmad Marzuki"

Identification Key Performance Indicators (KPIs)

Critical thing in management integrated development framework is how about performance is measured and reported the result of action events on daily/weekly/monthly. Company needs to measure their performance by using Key Performance Indicators (KPIs). KPIs measure the progress of the achievement of company's goals; financial and non-financial aspects. SMART system method has nine perspective to measure the performance of Dairy Farm of "H. Achmad Marzuki". Nine perspective in SMART system has seventeen strategic objective and all the strategic objective has KPIs. A researcher identifying KPIs by having depth interview with respondents and analyzing vision, mission and SWOT analysis of Dairy Farm of "H. Achmad Marzuki". Summarizing of Key Performance Indicators (KPIs) of Dairy Farm of "H. Achmad Marzuki" as Table 4.3 below:

Table 3
Key Performance Indicators (KPIs)
Dairy Farm of "H. Achmad Marzuki"

Business Level	Perspective	Strategic Objective	*Key Performance Indicators* (KPI)
Strategic Business Unit	Financial	Profit Margin	Net Profit Margin (NPM) percentage
		Revenue Growth	Revenue growth
	Market	Market Share Growth	Number of Market Share
		Increasing Total Sales	Total Sales
Business Operating System	Productivity	Decreasing Products Defect	Percentage of products defects
		Increasing Employee Productivity	Employee Productivity
	Flexibility	Volume Utilizing Technology	The Volume of utilizing technology
		New Product Innovation	Number of New Product Innovation
	Customer Satisfaction	Decreasing Customers Complaint	Number of Customers Complaint
		Net Promoter Score (NPS)	Net Promoter Score (NPS)
		Increasing Customer Retention	Number of customer rate
Department and Work Center	Cost	Decreasing Cost of Goods Sold (COGS)	Cost of Goods Sold (COGS)
		Increasing Employee Salary	Percentage of Increasing Employee Salary
	Process Time	Increasing Production Capacity	Production capacity
		Employee Experience	Experienced employee
	Delivery	Exacts time delivery	The exactness time delivery
	Quality	Quality Assurance	Quality Assurance

Source: Dairy Farm of "H. Achmad Marzuki"

Strategic Business Unit Level

Financial Perspective Key Performance Indicators (KPIs)

Measuring the performance on financial perspective use the data based Table 4 and Table 5 as bellow:

Table 4
Financial Statement
Dairy Farm of "H. Achmad Marzuki"
October 2017

	Quantity	Price	Total Daily	Total Monthly
Income:				
Loyal Customer	63	IDR 8.500	IDR 535.500	IDR 16.065.000
New Customer	170	IDR 10.000	IDR 1.700.000	IDR 51.000.000
Cow's Waste				IDR 250.000
Total Income	233		IDR 2.235.500	IDR 67.065.000
COGS			IDR 1.450.000	IDR 46.500.000
Gross Margin			IDR 785.500	**IDR 20.565.000**
Operational Expenses:				
Marketing				IDR 100.000
Transportation	2	IDR 10.000	IDR 20.000	IDR 600.000
Telephone				IDR 200.000
Manager Salary				IDR 3.500.000
L&B Tax				IDR 167.000
Total Operational Expenses				IDR 4.567.000
Net Profit				**IDR 15.998.000**

Source: Dairy Farm of "H. Achmad Marzuki"

Table 5
Financial Statement
Dairy Farm of "H. Achmad Marzuki"
November 2017

	Quantity	Price	Total Daily	Total Monthly
Income:				
Loyal Customer	63	IDR 8.500	IDR 535.500	IDR 16.065.000
New Customer	187	IDR 10.000	IDR 1.870.000	IDR 56.100.000
Cow's Waste				IDR 250.000
Total Income			IDR 2.405.500	IDR 72.165.000
COGS			IDR 1.500.000	IDR 48.000.000
Gross Margin			IDR 905.500	**IDR 24.165.000**
Operational Expenses:				
Marketing				IDR 100.000
Transportation	1	IDR 10.000	IDR 10.000	IDR 300.000
Telephone				IDR 200.000
Manager Salary				IDR 3.500.000
L&B Tax				IDR 167.000
Total Operational Expenses				IDR 4.267.000
Net Profit				**IDR 19.898.000**

Source: Dairy Farm of "H. Achmad Marzuki"

Net Profit Margin (NPM

Based on Table 4 and Table 5.
Net Profit Margin (NPM) calculated using formula (1):

Table 6
Net Profit Margin (NPM)
Dairy Farm of "H. Achmad Marzuki"

	Net Profit	Total Revenue	NPM %
NPM % October 2017	IDR 15.998.000	IDR 67.065.000	24%
NPM % November 2017	IDR 19.898.000	IDR 72.165.000	28%

Source: Dairy Farm of "H. Achmad Marzuki"

The increasing of NPM indicates that SME able to create higher revenue than the increasing of expenses. It means that the ability of SME in term of managing operational and production more efficiency. Since the increasing of NPM, Dairy Farm of "H. Achmad Marzuki" has good performance on NPM Key Performance Indicators (KPI).

Dairy Farm of "H. Achmad Marzuki" has 8% growth of revenue by comparing revenue on October and November 2017. Higher revenue refers to ability of SME to sell fresh milk higher in November than October. Increasing revenue growth means Dairy Farm of "H. Achmad Marzuki" has good performance on Revenue Growth Key Performance Indicators (KPI).

Revenue growth

Using data from Table 4 and Table 5 calculated using formula (2):

Table 7
Revenue growth
Dairy Farm of "H. Achmad Marzuki"

Revenue October	Revenue November	Growth Rate
IDR 67.065.000	IDR 72.165.000	8%

Source: Dairy Farm of "H. Achmad Marzuki"

Market Perspective Key Performance Indicators (KPIs)

Number of Market Share

Number of Market Share Dairy Farm of "H. Achmad Marzuki" refers to percentage sales comparing to total revenue in dairy farm milk industry in Surabaya. The result of market share using formula (3) based on Table 4 and Table 5 as below:

Table 8
Number of Market Share
Dairy Farm of "H. Achmad Marzuki"

Unit Sales	Total Sales of Firm	Market Share
72.000	1.095.457	7%

Source: Dairy Farm of "H. Achmad Marzuki"

Based on Table 8, Market share of Dairy Farm of "H. Achmad Marzuki" was 7 percent in 2016. It refers to ability of SME to supply the demand in Surabaya is 7 percent compare to competitors in industry.

Total Sales

Based on Table 4 and Table 5. Total income of Dairy Farm of "H. Achmad Marzuki" has increased from October 2017 IDR 67.065.000 to November 2017 IDR 72.165.000. Increasing the total sales due to SME has higher acquire customers during the period. It means Dairy Farm of "H. Achmad Marzuki" has good performance in Total Sales Key Performance Indicator (KPI).

Business Operating System

The performance of Dairy Farm of "H. Achmad Marzuki" on Business Operating System as bellow:

Productivity Perspective Key Performance Indicators (KPIs)

Percentage of product defects

A manager said about product defect (translated to English), "We always try the best to ensure the quality of milk by ensuring the cleanness during the production to decrease the number of product defect". In line to respond from dept. production believe that (translated to English); "We always keep the cleanness of byre". All the perspective of manager and employees are supported from customer perspective who cite that (translated to English), "I have been trusted their product for more than 14 years since I am satisfied on their product quality".

During the period, SME has zero number of percentage of product defects of Dairy Farm of "H. Achmad Marzuki" which means SME has good performance in percentage of product defects KPI. Manager has decided about target maximum of product defects on production

process was one, while target minimum and target expectation was 1, while the performance was 0. Means SME has meet the objective of SME that has good performance in term of product defect on production process. Table 9 shows the number of product defect of Dairy Farm "H. Achmad Marzuki"

Table 9
Number of Products Defect
Dairy Farm of "H. Achmad Marzuki"

	Performance	Target Maximum	Target Minimum	Target Expect.
Products Defect	0	1	0	0

Source: Dairy Farm of "H. Achmad Marzuki"

The performance of Dairy Farm of "H. Achmad Marzuki" on Product Defect Key Performance Indicator (KPI) is green light, means the performance of the SME is on the target.

Employees Productivity

Based on interview with dept. operation, working hours of employee is 15 hours per day, started from 3 a.m. until 7 p.m. and working days in October was 31 days while on November 2017 was 30 days: (translated to English), " I start working at 3 a.m. and finish it at 5 p.m.". While the ability to produce dairy milk not depends on how department production able to provide fresh water, best quality fodder, comfortable byre and ensure the health of cows.

A manager mentioned that (translated to English) " each cow able to produce milk 10 liters until 12 liters in the morning and 5 liters until 6 liters in the evening". Employees milking cows twice in a day, in the morning at 5 am and in evening at 2 pm.

Table 10
Employees Productivity
Dairy Farm of "H. Achmad Marzuki"

	Labor hours per month	Unit produced per Month	Employees Productivity
October	465	133	28,60%
November	450	150	33,00%

Source: Dairy Farm of "H. Achmad Marzuki"

Based on Table 10, the employees' productivity on October 2017 was at 28, 60 percent while on November 2017 at 33 percent. It

means that employees' productivity have increased from October 2017 to November 2017 since the output on November 2017 higher than October 2017 at 150 output from 133 output.

In other hands, the labors hours per month from November 2017 to October 2017 have decreased since in October 2017 working days were 31 days while in November 2017 were 30 days. This reason was help the employees' productivity performance of Dairy Farm of "H. Achmad Marzuki" better from October 2017 to November 2017.

Customer satisfaction Perspective Key Performance Indicators (KPIs)

Customers Complaint
Dairy Farm of "H. Achmad Marzuki" needs to measure customers satisfaction by number of customers complaint. Customer's complaint refers to number of dissatisfaction of customers toward service and products provided by company, for example, SME does not provide fresh milk in good quality. The purpose of SME to measure customer's complaint by KPI in order to assess the level of customer satisfaction because of poor quality of products or services.

Based on interview with manager, customers who doing complaint do not always bad issues for SME, instead of providing good suggestion and opportunity due to improve their performance: "complaining is not always bad but evaluate my business". Most of the time customers who doing complaint is about the price which is more expensive and the taste is not as same as cow's milk from Malang. Manager handle those complaint by give them explanation clear explanation.

The second interview had been with a customer, Mrs. Endang. She believes that (translated to English) "I am been their customer for more than 14 years because I am satisfied about the price and quality". SME has already fulfilled her satisfaction in term of products' quality and price

Unfortunately, not all the customers who feel satisfied especially new customers still doing complaint relate to the price which expensive and the quality different from the competitors. The best way to solve customer's complaint by giving

them explanation, as manager cited (translated to English): "… I tell them the reason why I set the price is more expensive than their expectation". Table 11 shows the performance of SME in term of customers' complaint.

Table 11
Customers' complaint
Dairy Farm of "H. Achmad Marzuki"

	Performance	Target Maximum	Target Minimum	Target Expect.
Customers' Complaint	2	3	0	2

Source: Dairy Farm of "H. Achmad Marzuki"

Based on Table 11 shows that performance of number customers' complaint is equal to target expectation that means Dairy Farm of "H. Achmad Marzuki" in term of customers' complaint has green light that the performance is equal to the target expectation. A researcher conclude that the customers' complaint KPI has good performance.

Net Promoter Score (NPS)
NPS shows the number of customers of Dairy Farm of "H. Achmad Marzuki" who like to recommend or promote their products to other customers. A researcher obtained relevant data buy interviewing customer's wheatear they like to recommend Dairy Farm of "H. Achmad Marzuki" products or not. The customers viewed that (translated to English): "yes, I am not mind to tell this product to other people because I am satisfied". Table 13 shows the wiliness of customers to promote its products

Table 13
Net Promoter Score (NPS)
Dairy Farm of "H. Achmad Marzuki"

	Yes	No
Customer 1	V	
Customer 2	V	
Customer 3	V	
Customer 4	V	
Customer 5	V	

Source: Dairy Farm of "H. Achmad Marzuki"

Based on interviewed with the customers, they are satisfied with the products and would like to recommend it to other people. The performance of Dairy Farm of "H. Achmad Marzuki" in NPS Key Performance Indicators (KPI) is very good

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since all the respondents agree to recommend the product to other people.

Number of customer retention

Customers' retention KPI refers to ability of company to keep customer to buy the products or services. Based on depth interview with manager, number of customer loyal is twenty-five percent; the number of percentage is equal to number of target expectation: (translated to English) "currently, we have 25 percent loyal customers". As a proved, a customer has already being loyal customer more than ten years which means the ability of Dairy Farm of "H. Achmad Marzuki" to keep the customers has good. A customers said that (translated to English) "I am been their customer more than 10 years". A researcher able to conclude that, performance of SME in term of number of customer retention is on the target or green light that means the performance is good.

Department and Work Center

The performance of Dairy Farm of "H. Achmad Marzuki" on Department and Work Center as bellow:

Quality Perspective Key Performance Indicators (KPIs)

Based on interviewed with dept. production believes that (translated to English) "Good quality fodder and the cleanness of byre influence the quality of fresh milk". In line with the respond from manager who believe that (translated to English) "comfortable bedding, cleanness, animal health, good fodder and fresh water are important to ensure the quality of dairy milk". A researcher also had done interview with a customer who believes (translated to English) "I am been their customers for 14 years since I am satisfied with the product quality".

In other hand, a researcher also had direct observation to ensure the real condition of Dairy Farm of "H. Achmad Marzuki".

The finding of this research same with previous study, Collins & Ebenezer (2015) who believe that internal and external factors have strong positive influencing to the performance of SME especially customers satisfaction. The ability of SME to provide customer satisfaction strongly influence the performance of SME.

The second findings from Ferri, M.Mohd, & Radiah, (2012) who found that innovation in distribution channel has effect the distribution performance. In current research found that, SME has not had the innovation distribution channel which able to improve the distribution efficiency.

Another finding, SMs have limitation of financial access, lack of innovation and business knowledge (Suryo, 2015). Other dominant constraint was SME lack of ability to produce the raw materials, lack of business information access, high transportation cost, difficult in marketing, communication problem, policies and regulation in the market (Tulus, 2008). Financial also has great impact to influence the performance of the SME, the same research finding was from Emad, Suhaial, & Jabbar, (2014) who believe that SMEs have financial problem due to SMEs are not able to meet the requirement of the financial institution since the SMEs are not have financial report such as income statement, financial position.

From all the aspects which influence the SME comes from financial and nan-financial aspects, this statement support previous study Dewi & Yuliando (2015) who believe that non-financial factors are crucial than financial factors, the SMEs need support from government to eliminate the boundaries to develop their business.

CONCLUSION AND SUGGESTION

Conclusion

The research purpose is measuring the performance of Dairy Farm of "H. Achmad Marzuki" on Department and Work Centers, Business Operating Unit, and Business Unit based on SMART system. Based on discussion, the result of this case study is; concluded that the most five prioritized on perspective were (1) financial perspective thirty percent, (2) market perspective twenty five percent, (3) quality twenty percent, (4) customer satisfaction fifteen percent, and (5) productivity ten percent.

Dairy Farm of "H. Achmad Marzuki" has ten key performance indicators which relevant to measure its performance include (1) Financial perspective has two key performance indicators such as Net Profit Margin (NPM) Percentage, and Revenue growth. (2) Market perspective has two key performance indicators such as Number of Market Share, and Total Sales. (3) Productivity

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Perspective has two key performance indicators such as Percentage of product defects, and Employee Productivity. (4) Customer satisfaction Perspective has three key performance indicators such as Customers complaint, Net Promoter Score. (NPS), and Number of customer retention. (5) Quality Perspective has one key performance indicator such as Quality Assurance.

Research Limitation
However, this case study is designed well but still not free from limitation. The limitation on case study are those characteristic of methodology or design which impacted on interpretation of finding the result of case study. The limitation of study explains researcher could solve three important point. Limitation of this case study explain as bellow:

Lack of Available Data
Dairy Farm of "H. Achmad Marzuki" does not have financial statement include income statement, balance sheet, statements of retained earnings and cash flow that limited the scope of analysis especially financial aspects. To obtain relevant data, a researcher attempted to have depth interview with manager, did direct observation and had a documentation. To ensure the validity of data, a researcher applied triangulation method that compared the result of interview one with others such as manager with customers.

Difficult in Investigating
Manager explained the ideas during the interview more on the opinion rather than the result. Such how manager explained customers satisfaction performance without including the market research, the cleanness and the comfort of cows' bedding without research qualities on laboratory.

Lack of knowledge and Experience
Manager has lack of knowledge how to determine strategic objective, Key Performance Indicators (KPIs), target of each KPIs. This was being challenging to a researcher to explain detail about the research questions and conducted flexible interview.

Limitation of Time
It would be better to determine the target of KPIs at the beginning of period with a manager, and a researcher involve to evaluate the progress of

target would be more relevant compared to have interview, direct observation, and a documentation only.

Recommendation

For Dairy Farm of "H. Achmad Marzuki"

Need to set clear vision and mission.
Vision will help SME to set their goals and strive for achieving their goals. Those goals become measurement of the success. While mission helps SME to achieve the goals by setting, clear strategic.

Need to Implement Key Performance Indicators (KPIs)
By setting KPIs, it will help SME to determine the progress of goals achievement. It also helps SME do evaluation of their performance and prepare new strategic to improve their performance in the next period.

Possible improvement in the next period

For Future Research
Allocating more time to gain information about the SME. To ensure the valid data about the target, a researcher better to set the target together with a manager at the beginning of month and involve in controlling the target during the research period.

Moreover, cost perspective in SMART system framework also important because COGS as the KPI which helps SME to measure critical things. For example direct cost includes raw material which providing better fodder, good quality grass in order to ensure the cows' healthy and increase the number of production; overhead cost includes the cows shed to ensure the cattle are kept and milked in proper condition.

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