

CHAPTER V

CONCLUSION AND SUGGESTION

This chapter presents the conclusion of the study, the limitation of research, and recommendation for future research.

5.1 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. From the discussion in the fourth chapter, the result of this case study is summarized as bellow:

1. Based on result of research, a researcher 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.
2. Based on the findings of case study, a researcher has concluded that 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 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.

3. The performance of Dairy Farm of "H. Achmad Marzuki" on the most five prioritized perspective in each business level as bellow:

a. Strategic Business Unit

1) Financial perspective Key Performance Indicators (KPIs)

a) Net Profit Margin (NPM) Percentage

NPM percentage of Dairy Farm of "H. Achmad Marzuki" has increased from October at 14 percent 2017 to November 2017 at 18 percent. It means that this SME has good performance in term of ability to create higher revenue and able to control the operational expenses.

b) Revenue growth.

Dairy Farm of "H. Achmad Marzuki" has good performance in term of growth rate; it has increased 8 percent from October 2017 to November 2017. Increasing growth rate refers to the performance of SME in term of Revenue Growth is good.

2) Market Perspective Key Performance Indicators (KPIs)

a) Number of Market Share

The percentage of sales Dairy Farm of "H. Achmad Marzuki" comparing to total revenue in dairy farm milk industry was 7 percent. In other, prove has come from Surya (2011) which has

published that Dairy Farm of “H. Achmad Marzuki” is being the biggest supplier of fresh cow’s milk in Surabaya and has supplied around 300 liter daily to distributor and the end user. A researcher able to conclude that performance of SME in term of market share KPI is good.

b) Total Sales

Total sales of Dairy Farm of “H. Achmad Marzuki” keep increasing from October 2017 to November 2017; it means that total sales KPI has good performance.

b. Business Operating System

1) Productivity Perspective Key Performance Indicators (KPIs)

a) Percentage of product defects

Dairy Farm of “H. Achmad Marzuki” also has good performance in term of Percentage of product defects KPI since target expectation and performance were same.

b) Employee Productivity

In term of Employee Productivity, this SME has good performance due to productivity keep on increasing.

2) Customer satisfaction Perspective Key Performance Indicators (KPIs)

a) Customers’ complaint

This SME has good performance on customers’ complaint KPI since the target of expectation was equal to performance of customers’ complaint.

b) Net Promoter Score (NPS)

All respondents have good respond and willing to recommend the product of Dairy Farm of “H. Achmad Marzuki”.

c) Number of customer retention

The number of customer loyal is twenty-five percent; the number of percentage is equal to number of target expectation. It means Dairy Farm of “H. Achmad Marzuki” has good performance on number of customer retention

c. Department and Work Center

1) Quality Perspective Key Performance Indicators (KPIs)

a) Quality Assurance

This SME still not have quality Assurance to ensure the quality SME only try their best to provide comfortable bedding, the cleanness, animal health, good fodder and fresh water s are important to ensure the quality of dairy farm.

Based on explanation above, a researcher able to conclude that the Dairy Farm of “H. Achmad Marzuki” has good performance on each business level; Strategic Business Unit, Business Operating System, and Department and Work Center.

5.2 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 are explained as bellow:

1. 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.

2. 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.

3. 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.

4. Limitation of Time

A researcher only had more than one month to held interview and direct observation. If a researcher had more time, it would be better to determine the target at the beginning of period with a manager, involve to control the

progress of target or goals and gain the result of performance would be more relevant compared to only did interview, direct observation, and a documentation.

5.3 Recommendation

Based on result findings, a researcher have some recommendation to SME and future research as bellow:

1. For Dairy Farm of “H. Achmad Marzuki”

a. 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 set, clear strategic: what have to do, why have to do it, and how to implement those strategic.

b. Need to Implement Key Performance Indicators (KPIs)

By setting KPIs, it will help SME to determine the progress of goals achievement and compare the performance of company's finance and non-finance against other business in industry. It also helps SME do evaluation of their performance and prepare new strategic to improve their performance in the next period.

c. Possible improvement in the next period

1) Financial perspective

This SME needs to make financial report both to measure their profit and requirement to apply People's Business Credit (KUR). This SME recommended applying in KUR which interest rate currently decrease at nine percent to increase its working capital.

2) Market Perspective

SME needs to create interesting packaging design to build a brand's image and their identity in the market. Adding branding and packaging it will create product differentiation from other dairy farm. SME can use branding strategy such as information about its business in website, social media, brochure, banner, ballyhoo to expand the market.

3) Productivity Perspective

In order to improve the performance of employee productivity, SME needs to compensate or increase their salary them since their salary only IDR 1,500,000 per month while they have worked more than 10 hours per day to motivate employees and engage their emotions to achieve the success of company. Besides that, employees need to have training to increase their skills.

4) Customer satisfaction Perspective

Currently SME deals with customers' complaint by talking with the customers, it already worked out, but it will better if its SME defines the standard how to handle customers' complaint and also give feedback to customers such as free products or souvenir. If the customers satisfied, they will loyal to this SME and the best thing they will do is recommending its products to other people.

5) Quality Perspective

To ensure the quality of fresh milk, so far this SME only provide clean and comfortable animal's bed. It would better if the SME

provide veterinary medicines to ensure animals' health. Using new technology to help boost milk production and monitor their herds such as Dairy farming apps which now available in the App store and the Google Play Store or sensor technology around cows' neck to help SME so keep track of the cow's health, milk production levels, which cows have already been milked.

2. For Future Research

Future research is expected to conduct several improvement such as:

- a. Allocating more time to gain information about the SME.
- b. To ensure the valid data about the target, a researcher better if set the target together with a manager at the beginning of month and involve in controlling the target during the research period.
- c. It is also important to include cost perspective in SMART system framework since COGS as the KPI that helps SME to measure critical and impactful cost. COGS measure the performance in term of 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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