Propose Business Growth Management Strategy for PT XYZ

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Abstract - **Indonesia is one of the middle-income countries. The Indonesian economy itself is sustained by SMEs (Small and Medium Enterprises). SMEs in Indonesia are around 99.9 percent of the established business units. Many companies in Indonesia are trying to upgrade from SMEs to large enterprises. One company that is growing and trying to scale-up is PT XYZ. PT XYZ certainly has the desire to continue to increase the scale of his company, as written in PT XYZ's brief profile, which states that PT XYZ is expected to be like Sidomuncul, which has an income of 2 - 5 trillion per year. The author in this research tries to analyze how effective PT XYZ is in managing its growth. This research will provide results in recommendations for PT XYZ to be even more effective in its growing organization.**

Keywords - **Growing Venture, Business Effectivity, Growth Management.**

I. INTRODUCTION

Indonesia is a middle-income country with a population of over 250 million people and 117.68 million jobs. 96.87 percent of them work for a small or medium-sized company. The contribution of SMEs to GDP is currently 60.34 percent, according to statistics. In addition, the number of SMEs in Indonesia reached 99.9% of the country's total business units in 2019 [1].

Many SMEs are growing in Indonesia, one of which is PT XYZ. PT XYZ is a company engaged in health drinks. PT XYZ is a company that is experiencing rapid growth. Currently, PT XYZ is listed as an SME because it has less annual revenue to be called a large company. PT XYZ is also counted as a company that has only recently been established. As one of the SMEs in Indonesia, of course, PT XYZ has an essential role in developing the Indonesian economy, as described above. It is hoped that it can become a big business in the future, is undergoing a period of growth within the company. Several things may be needed to run more effectively and become a sustainable company.

Based on its basic financial performance as Table I exhibits, PT XYZ is a company that is currently growing, and its growth is quite fast. So, the authors will examine how effective PT XYZ is in managing their growth. Because usually, in companies that are growing so fast, there is a gap between the growth and the infrastructure in it to make the company in growing pains [2]. Furthermore, in PT XYZ, the author already did a pre-research found in PT XYZ that there is a gap between Founder-CEO vision and the mindset. According to Wasserman, the gap between the Founder-CEO's vision and mindset growing the company can affect how a company develops [3]. In this case, the company is doing bootstrap, so the company can be forced to perform or achieve certain targets without being accompanied by good organizational infrastructure management so that growing pains can arise on the contents of the organization or company while it is growing. This study's output is a recommendation that is expected to increase the effectiveness of PT XYZ in managing growth in the future.

TABLE 1
BASIC FINANCIAL PERFORMANCE

Year	2017	2018	2019	2020*
Growth		123%	577%	211%
Total Annual Sales (Rp)	125.500.000	280.000.000	1.894.552.990	5.883.414.754
Monthly Sales (Rp)				
Jan			49.936.976	355.780.000
Feb			56.452.885	451.510.000
Mar			102.999.635	1.502.259.839
Apr			77.535.640	941.420.500
May			110.003.994	380.887.380
Jun			179.205.121	408.092.460
Jul			164.419.396	361.640.299
Aug			151.520.237	526.721.166
Sep			158.829.692	542.695.145
Oct			317.149.633	412.407.965
Nov			234.024.671	
Dec			292.475.110	

II. METHODOLOGY

Author used qualitative research because he felt this study was trying to understand a problem as stated by Cresswell about the qualitative methods of his book entitled "Research Design: Qualitative, Quantitative, and Mixed Methods Approaches" defines "Research that is guided by the qualitative paradigm is defined as: "An inquiry process of understanding a social or human problem based on building a complex and holistic picture ..." [4].

This study's data was gathered from a combination of primary and secondary sources. The primary data collection tool for this study was a qualitative approach involving interviews and discussions. Several employees and business owners at PT XYZ were interviewed and discussed for this study. The secondary data collection approach was derived from internal PT XYZ data as well as external sources such as books and the internet.

III. RESULT

In assessing the growth effectivity of PT XYZ, the author uses several assessments related to the business issues in this research. Those are; growing pains, founder's dilemma, modes of management, entrepreneur scaling challenge, managing the growth venture, and greiner's growth model.

A. Growing Pains

Growing pains are a term used to explain the difficulty of creating long-term sustainable organizations. When the company is growing, people in it often feels in pain. It directs an organization's growth after a new venture or entrepreneurship is created. It offers a structure to help readers understand how to handle organizational development at various levels, from a start-up to a dominant world-class-business like IBM. there are ten common pains questions in a growing company [5].

TABLE 2
RESULT OF GROWING PAINS ASSESSMENT

Total Score	255
Total Respondent	12
Average Score	21.25

It can be seen from the table above that the score of suffering that PT XYZ has is 21.25. According to Flamholtz & Randle, PT XYZ's numbers put PT XYZ in the Orange Zone in the severity of Growing Pains. It makes PT XYZ have several organizational problems that require attention and action. They may not be serious yet, but corrective action must be taken before they become serious [6].

B. Founder's Dilemma

Entrepreneurs should choose between being rich or being king, according to Wasserman. Entrepreneurs will face a plethora of options in their lives in order to achieve their dream or wish. Any choice comes with a trade-off, the control of company (king) or the market share of company (rich) [7].

Based on what the author assesses from the founder and CEO of PT XYZ, HK, it appears that the founder will bring PT XYZ to his goal by using "king" as a strategy to achieve it. The result is PT XYZ not having any prospect for giving or part away for PT XYZ equity to external funding. According to this, it may be less effective to see that PT XYZ aims to become the next Sidomuncul in the next few years.

C. Modes of Management

There have been four general "management modes" which differ in the terms of the manager's prerogative and the duties of the subordinate. Those are content, behavior, results, context [8].

Based on what the author assesses, in managing the transition in the growing company, the author classified the leaders at PT XYZ into 'Results' management modes in order to manage the change in the growing business. They are only concerned with a few items, such as forming an organization and deciding outcomes. They are in charge of increasingly complex and large organizations. They now have very little time, and all of their subordinates are capable of producing better results in their own way. They will need to go straight to middle management to ensure that the company's operations are running smoothly. The author concludes that in this situation, PT XYZ's Founder-CEO is operating in the appropriate modes.

D. Entrepreneur Scaling Challenge

There are many reasons why an entrepreneur's business does not improve. Those are loyalty to comrade, task orientation, single-mindedness, and working in isolation [9].

Based on what the author assesses from the founder and CEO of PT XYZ, the author concludes there is one problem in this entrepreneur scaling challenge that the Founder-CEO of PT XYZ has, loyalty to comrades. Maybe it is not causing the company do not scale, but the nature of loyalty to comrades can be a thing that can prevent company growth in the future. Decision in the company must be based on professionalism so the work and the decision wouldn't be delayed.

E. Managing the Growth Venture

In managing the growing venture there are four dimension that can be assessed in a company, there are vision and strategy; organization, structure, and process; people; and entrepreneur [10].

In this interview, on company's vision and strategy, PT XYZ had already defined their market and future target market for expanding their market. It will collaborate with NGO and other SMEs in related field to develop their market and achieve their goals. And also using feedback from the customer to improve the product. As far as the information give, the company's vision and strategy is quite fine for the company to grow.

On organization, structure and process side, PT XYZ can define the important process of the company, those are Research and Development for product and market, branding the product, and also strengthen the supply chain. The structure of PT XYZ is also clear that layers below C level can do their things. And also to maintain the PT XYZ remain in their way, company inherit the vision and mission and values they believe of PT XYZ to the whole level of company.

On people side, the company already define what they need in the growth related to the people. PT XYZ already have a plan on recruiting someone with technology and software specialization. PT XYZ also recruiting based on their vision and mission, the future employee must be in line with their vision and mission. One problem in this side is, there is no reward or recognition given to the employee with good performance. It can occur the symptoms of growing pains which is people will feel insecure about their position or job.

On the entrepreneur side, the good thing is, the Founder-CEO wants to make a change of himself in line with the growth in the company. So many Founder-CEO that do not want to change or switch the success method of his because they think it is the best for the company, even though when the company is growing, the condition and the need of the company is changing so, the founder-CEO also has to change and learn how to be a good manager as well. One problem in this side is the company doesn't use any tools in management model, even though using model of management can improve problem solution and plan better for company.

F. Greiner's Growth Model

There are two events in growing company according to greiner, evolution and revolution. The evolution has five stages. The first stage is creativity, the second stage is direction, the third stage is delegation, the fourth stage is coordination, and the fifth stage is collaboration. Every transition from one stage to the next stage, there is revolution, a crisis occurs in the company when the company trying to get to next stage [11].

Based on author assessment, the condition in PT XYZ is now at the 'Direction Phase' (stage 2). The operation, operating structure and accounting systems of PT XYZ were already evident. However, some small things may still overlap in the PT XYZ business process or administration. Every year, PT XYZ also allocates part of its income to provide a company gathering agenda, which is held to strengthen collaboration between divisions. In making decisions, decisions are made based on the agreement of all C-level parties in PT XYZ.

G. Fishbone Diagram

Based on some of the above assessments, the authors make a diagram to map the problems that exist in PT XYZ from the Founder-CEO side and also organizational development. Looking at the diagram above, the problems that arise in PT XYZ revolve mostly around organizational development and can be implemented more for the benefit of the company. so the authors decided to focus on solving problems in organizational development so as to form a better organization for PT XYZ.

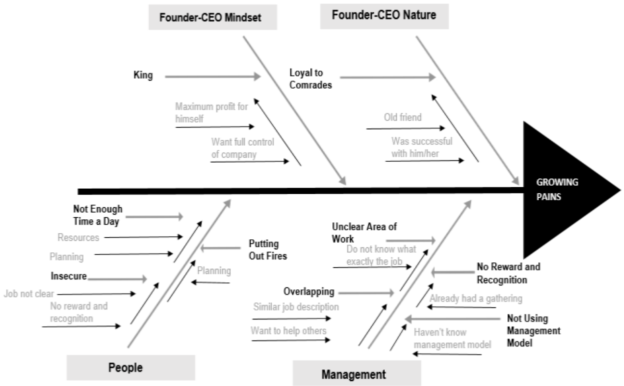

Fig. 1 Fishbone Diagram on Mapping Problem

IV. DISCUSSION

Based on Flamholtz & Randle, in order to grow effectively in companies that are growing in short- and long-term terms, two transitions are needed, in terms of founder-CEO and organizational development [12]. These business solutions will be focusing on the organizational development side of problems that occurred above because they have the most damaging thing on company effectivity.

A. Using Model of Management

In a company, model management is essential because it can solve problems effectively. This suggests that in the case of management models, the model reflects the elements that are important for the analysis of a given problem (in this case, a company, business process or industry). It can be used to exchange views and to gather different viewpoints and perceptions of different members and divisions. A model that has proved incorrect should be ignored.

Management tools may aid in a deeper understanding of specific aspects of a company or its climate. The founder-CEO of PT XYZ was unaware of the existence of a management model. It needs to be fixed so a better management model would help. PT XYZ has not used a management model to solve a problem, according to the assessment. As a result, companies must use it to address issues.

Several models of management which, according to the author, are suitable for PT XYZ to use in solving his problems are:

Mckinsey 7-s Model

seven elements are divided into two groups: hard S's and soft S's. The difficult elements (Strategy, Structure, and System) are attainable and simple to recognize. Strategy statements, corporate plans, organizational maps, and other documents all contain them.

The four soft Ss, on the other hand, are difficult to achieve. Since skills, values, and corporate culture elements are constantly evolving and changing, they are difficult to define. They are heavily influenced by the people who work for the business. As a result, planning or influencing the characteristics of soft elements is even more complicated. While soft factors aren't visible, they can have a big effect on the organization's hard structures, strategies, and systems [13].

POAC

Another model in the management model that PT XYZ can use is the POAC (Planning, Organizing, Actuating, and Controlling) model. *Planning* entails determining objectives and devising strategies for achieving them. *Organizing* is the method of ensuring that both human and physical resources are available to carry out strategies and accomplish organizational objectives. *Actuating* is the method of putting plans into action. When good planning and organization aren't accompanied by job execution, the result is less than ideal. *Controlling* is a method of observation. Control is required to follow the vision, mission, work rules, and programs [14].

To make this happen, PT XYZ should give understanding or training in management model to the company managers, because in running a company, especially a growing company, a management model is needed to become better and solve problems more precisely.

B. Implementing Reward and Recognition for Good Performer

Employees will react favorably to all types of benefits that come their way. Appreciation is an intrinsic human need that cannot be overlooked. When others respect their job, it leads to increased satisfaction and productivities.

Recognizing employees can be difficult for an organization to decide whether to do so or not, particularly if it has no direct effect on employee results, but for PT XYZ, which is built on strong values and employs a hiring system that is driven by its vision and purpose, it will be easy. Emotional and personal factors can have a significant effect on the mindset of PT XYZ workers, such as a simple thank you, which can be extremely beneficial. PT XYZ can simply do the employee of the month or team of the month to make the employees feel recognized.

When it comes to reward, they can be thought of as a more concrete way of expressing gratitude to workers who have produced high-quality work or shown exceptional performance levels. Businesses, it might be argued, pay a little extra for benefits because they often accept incentives and profit sharing. Since it greatly improved commitment and motivation levels, this system proved to be just as successful as employee recognition. However, when implementing it, PT XYZ must consider a number of factors relating to social issues in the workplace, as jealousy may arise. PT XYZ must also exclude wage raises and merit pay from the compensation scheme.

The author suggests that PT XYZ use sharing profit for the best performer of the company to reward the employee. It can be a team or a person. The formula of the sharing profit that the author suggest is:
Reward = (Profit x 5%)/total employee or Reward = (Profit x 5%)/total team

C. Make People Have Enough Time a Day

The existence of this increasing pain may indicate that the company's planning structure is lacking or underdeveloped (will explained later in point F) or that people do not know how to properly handle their time. It may also indicate that the organization lacks the necessary resources to sustain current and expected future activities, or that operating processes are underdeveloped.

PT XYZ can increase the resources they have so that they can solve this problem. Resources included here are in the form of employees and also in the form of infrastructure. the employees in this problem may not have received proper training from skilled people so that some work cannot be completed efficiently. training for people is not enough, but it must also be accompanied by an increase in resources in the form of infrastructure such as machines or technology that can help complete work more efficiently, and this still requires more training for employees.

The author suggests upgrading the technology, hiring the engineer, and training of new technology for employee, so as the company grows, employees do not feel too much work for them in a day because of the effectivity.

D. Define Responsibilities More Clearly

Another issue with the growing pains evaluations is that some employees have started to doubt their position within the company. Employees can become insecure as a result of their inability to recognize the importance of their role to the organization. It happens when roles and duties aren't clearly established, and when people are shot. People keep their actions hidden and avoid making waves in order to defend themselves. It leads to alienation and a reduction in cooperation, so PT XYZ should try to clarify roles and, as previously mentioned, reward and recognize employees.

The author suggests to obtain this goal, PT XYZ can make a booklet of all roles in PT XYZ, so if anyone have any doubt of doing something in his role, he can open up the booklet or the guide. Managers are not the exception is this role guide or booklet. And also, because the company is growing maybe there will be a change of the role or additional role in the future, the guide or booklet must be updated or reviewed in certain time.

E. Improve Strategic Planning

People spend too much time “putting out fires”, usually resulting from a lack of long-range planning and, typically, the absence of a strategic plan. This pain is a result of the tendency to hold on to a culture that rewards firefighters rather than planners. Individual employees and the organization as a whole life from day to day, never knowing what to expect. The result may be a loss of organizational productivity, effectiveness, and efficiency.

There are steps that can company use to do a strategic plan, but these steps cannot guarantee that the right strategic decisions will be made or that strategy will be better executed, but by enhancing the planning process they will improve the odds for success. Start with the issues, bring together the right people, Integrate human-resources human resources systems into the strategic plan [15].

To reduce people in the company in the face of unexpected things that interfere with their main job desks, it is necessary to improvise or implement the right strategic plan by listing all the risk that may come out in a company year plan.

V. CONCLUSION

PT XYZ is a company that is growing quite fast. But behind its speed, PT XYZ has a growing pain score in the orange zone, which means that there must be several actions related to growing pains before the problem becomes more severe. Based on the data analysis, those actions are; using model of management, responding on overlapping, implementing reward and recognition for good performer, make people have enough time a day, define responsibilities more clearly, and improve strategic planning.

ACKNOWLEDGMENT

All praise to Allah the Almighty and blessings to Rasulullah Muhammad S.A.W because of His grace and opportunity, the author can complete this research the title of “Proposed Business Growth Management Strategy for PT XYZ. In writing this research, the author has been supported, assisted, and guided by many people. The author realizes that without the support, assistance, and guidance from them, it is very difficult for the author to complete this research. Therefore, the author would like to express gratitude and appreciation for everyone who help author to finish this research.

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