

PERFORMANCE MEASUREMENT OF SMALL AND MEDIUM ENTERPRISE FROM "WIRAUSAHA MUDA MANDIRI" CONTESTANT

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Abstract- *In order to become a developed country, Indonesia needs approximately 12 million entrepreneurs to fulfill the requirement that developed countries of at least 2% of the population are entrepreneurs. Bank Mandiri as a Government Bank makes a company social responsibility programs such as Wirausaha Muda Mandiri. Wirausaha Muda Mandiri awarded to young entrepreneurs who succeed in business. This program is success to increase the interest of young people to become entrepreneur and hoped young generation can success in business field. WMM has produced young entrepreneurs since 2007. Since 2007 there's no measurement who measure the Wirausaha Muda Mandiri Performance. By using Strategic Factor Analysis Summary, this research aims to determine the performance of the Young Entrepreneur duo mainly regional winners in 2012. After interviewing eight regional winners and by using the theory of Strategic Factor Analysis Summary showed that 3 of the 8 winners WMM has a below average value and potential bankruptcy. The results obtained are also the majority of these young entrepreneurs have the core competencies to compete. Unfortunately they do not have good cash flow and capital usually mixed up with owner's money.*

Keyword: *Wirausaha Muda Mandiri, Young entrepreneur, Developed Country, Strategic Factor Analysis Summary, Indonesia.*

Introduction

Finance minister of Indonesia Hatta Rajasa said that the amount of poverty and unemployment declined sharply post the reform era at beginning of twenty centuries initiated following the level of income per capita has increased significantly. In 2004, the poverty in Indonesia reached 17 %, but today it decreased to the 11.6 %. Meanwhile, the unemployment rate also decreased from 10% in 2004 to 5.92 % this year." The number of Indonesia's per capita income also increased from U.S. \$ 1,100 per capita per year in 2004 to U.S. \$ 4000 per capita per year at this time." Hatta, in addition the other good news is the Indonesian economy continued to growth at over 6 % in between a global crisis confronted by most developed countries such as European & US countries. (<http://whatindoneews.com/id/post/2856>, 2013,). This remarkable insitatiev economic progress can't be separated from the increase of Small and Medium Enterprises in Indonesia contribute 57.64% National GDP in 2011. Considering the high contribution of SME to Indonesian economic growth, Mandiri bank, a leads national bank, looks at the potential to encourage and support entrepreneur initiative, particularly young generation. Through Wirausaha Muda Mandiri (WMM), Mandiri Bank invite young generation such as students and alumni of universities who willing take risk being an entrepreneurs and changing their main set instead of job seeker.

The Program Wirasusah Muda Mandiri is seriously developed to develop new young entrepreneurship. Nevertheless, since it established there are not efforts addressed to examine the business performance of each constestant sustainably growth whereas those business. This research addresses to examine the performance business of WMM winners business, in particularly, to their

area operate in Bandung. In 2010 more than 90 percent of the number of business units in West Java is SMEs, which absorbs more than 80 percent of the workforce (BPS West Java, 2011). According to Badan Pusat Statistics Kota Bandung (BPS) there are 1.129.744 from total Bandung population around 0.4%. (kadingbandung.org/news/detail/bandung-perlu-perwal-umkm).

In this respect of this study, the author consider the Mandiri Bank WMM program as a very attractive effort to support this economic trend, particular in Bandung. As CSR initiative, this program may contribute for community development. Nevertheless after the several year running there is no attempts to evaluate the performances of the WMM winners, whether their business run sustainable, this study argues that an evaluation of WMM business performance will be the initial stage to give an input for the future of WMM program. Therefore this program could sustain and achieve it main objective to contribution in developing Indonesia economic through encourage entrepreneurs among young generation.

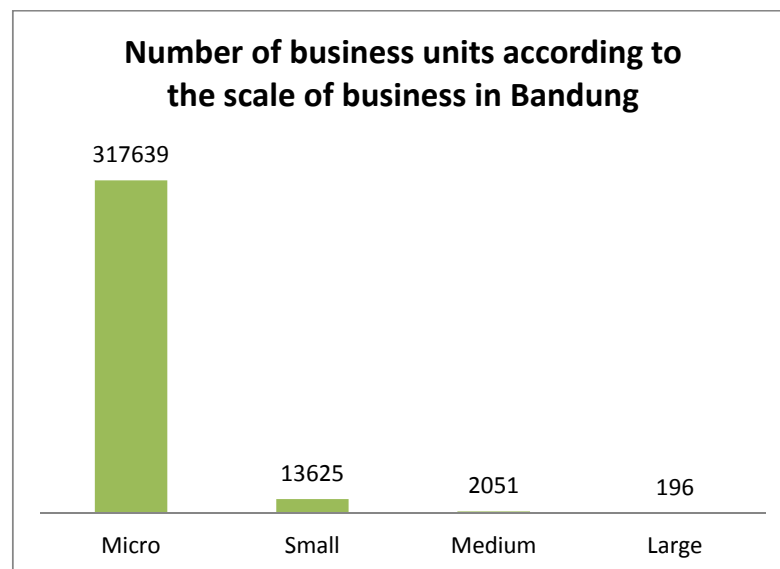


Figure 1.1 Number of business units according to the scale of business in Bandung

In the respect of research formulation this research question will focus on:

- What factors (both external and internal) of each WMM business success?
- How are the futures at potential development of WMM businesses, particularly in West Java?

Literature Review

A long run performance of business is determined by how the management at the corporation able to creating and developing their strategic program for the business growth. It includes four aspects: Environmental Scanning, Strategy Formulation, Strategy Implementation & Evaluation and Control. (Whellen & Hunger, 2012). Barney (1981) revealed a business competency is determined by the corporation way to develop it distinctive position among competitor within the industry and develop its competitive advantage of it internal resources. Drawing from this argument this study will focus on scanning WMM existing environment. Environmental Scanning is a key step of an organization to adapt with the business environment that it face (Hambrick, 1982). It will describe the position of a business with in the industries and potential for future business development.

To get long time succeed, a corporation is threat by new entrants, rivalry between existing firm, threat buyers, bargaining power of suppliers and relative power of other stakeholders (see figure 2.1). The power of each force determines the potential of development of the corporation. (Porter 1991).

Furthermore, wheelen (2008) said a high force of the factor, could be regarded as threat, since it may cause reduce the corporation's profit in contrast, the low force of each factor could be viewed as opportunity because it allowed to increase it margin.

Using this industrial analysis approach, this thesis examines the external force faced by contestants of WMM. This forcing factor could describe the future development of WMM. Whether the businesses have good prospect or they are in a difficult situation.

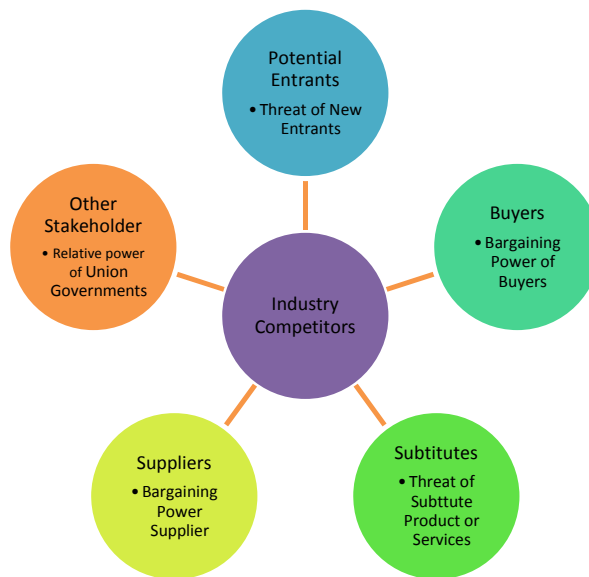


Figure 1.1 Industry Analysis

New entrants are the new industry, which comes with new concept and new resources. The factor that makes new entrants hard to penetrate into the industry is Entry Barrier. Entry Barrier is an obstruction that makes difficult for a company to enter the industry. Some of possible barrier are

- Economies of Scale
- Product Differentiation
- Capital Requirements
- Switching Costs
- Access to Distribution Channels
- Cost Disadvantages independent of size
- Government Policy

Substitute Product is a product that the usefulness can be replace the product. Substitutes product is fulfill what costumer needs

Bargaining Power of Buyers reflect the ability to bargain and affect an industry through their ability to force down prices, bargain for higher quality or more services, and play competitors against each other.

Supplier can affect an industry through their ability to raise prices or reduce the quality of purchased goods and services.

A competitive advantage of a corporation may also be determined by the power of resources being to the corporations (Whelen, 2008). Resources are an organization's assets (Grant, 1991). It is included tangible assets (a physical assets such as chair, pen, table etc.) while intangible assets are non-physical asset from the company such as brand and patent. A Successful business is lead by its capacity to manage and integrate all their resources to turn inputs into output (Whellen, 2008) one of a way to view the competitive. Capacity of internal organization is value chain analysis of Porter Value chain is a series of value added activities involved in production, marketing and end distributors getting the product into the hand at consumers as figures below

First step in Corporate value chain is firm infrastructure, in this step Michael Porter define how important the general management, accounting, finance, strategic management etc. The

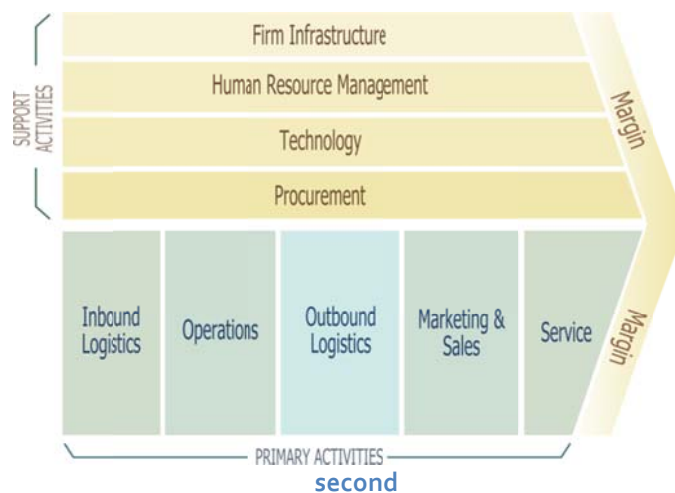


Figure 1.2 Value Chain Analysis

step consists HRM that is recruiting and development. The third step is about R&D, product and process improvement. Procurement step will be important in purchasing raw materials, machines and supplies. The four steps above is support activities. The Primary activities are inbound logistics (raw materials handling and warehousing), operation (machining and assembling), outbound logistics (warehousing and distribution of finished product), marketing and sales (advertising, promotion and pricing), Service (installation, repair parts).

BCG Growth Share Matrix

BCG Growth Matrix is the simplest way to portray corporation portfolio investment. Boston Consulting Group categorize the Growth Share Matrix into 4 Category

1. Question Marks.

Question Marks are new product with the potential for success, but they need a lot of cash for development.

2. Stars

Stars are market leaders that are typically at the peak of their product life cycle and area able to generate enough cash to maintain their high share of the market and usually contribute to company's profit

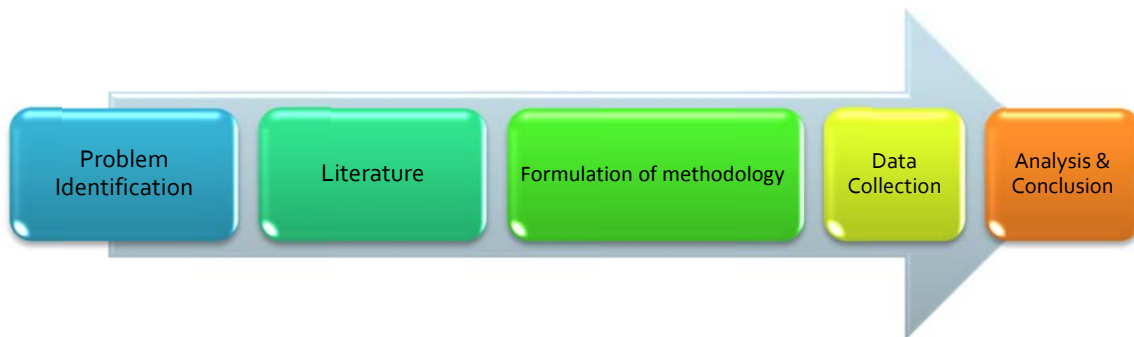
3. Cash Cows

Cash cow is typically bring in far more money than is needed to maintain their market share.

4. Dogs

Dogs have low market share and do not have the potential to bring in much cash because they are in unattractive industry.
should take a correction and if there's a match in the standards, Entrepreneur should stop.

Research Framework



Individual Depth Interview

Individual Depth Interview is an interaction between an individual interviewer and a single participant. Individual depth interviews generally take between 20 minutes to 2 hours to complete depending on the issues or topics of interest and contact method used. (Donald R Cooper & Pamela S. Schindler, *Business Research Method*, 2011, p208)

In this case, researcher uses Individual Depth Interview in collecting the data. The question is open question to know the real problem of Wirusaha Muda Mandiri Contestant. These researches are using mobile phone to record the interview. The resume of interview is written in appendices.

Measurement

The Primary Data collection of this study is through interview. Interview is addressed to gain specific description of business performance of Wirusaha Muda Mandiri. Researcher uses semi structure in this research. For determine the key performance researcher using Twitter Facebook and Mandiri Bank Website to get the contact of Key Informant. The Key Informant is from Wirusaha Muda Mandiri Contestant 2012, which is 16 Contestant. Researcher takes 8 Contestant from same category. The category is food category, industry category, creative category and service category. Individual Depth Interview is an interaction between an individual interviewer and a single participant. Individual depth interviews generally take between 20 minutes to 2 hours to complete depending on the issues or topics of interest and contact method used. (Donald R Cooper & Pamela S. Schindler, *Business Research Method*, 2011, p208). In this case, researcher uses Individual Depth Interview in collecting the data. The question is open question to know the real problem of Wirusaha Muda Mandiri Contestant. These researches are using mobile phone to record the interview. The resume of interview is written in appendix.

From defining what is the question should be ask researcher-using reference from the first interview of key informant. The Question is divided into two 5 category first is about Company Historical and about Wirusaha Muda Mandiri, What should be increase in Wirusaha Muda Mandiri. Second Category is about Environmental Scanning. Third Category is Strategic Formulation, and fourth is Evaluation and Control. This study also uses observation as the way to record the information to support the data from interview. This observation help researcher to identify social situation related to the research purpose. The observation approach tents to be unstructured (open-ended) observation.

Analysis

Value chain Analysis for Food Industry.

Support Activities

Bebek udig has their own livestock. The livestock is in Purwarkata where is 50 KM from Restaurant. The firm infrastructure shows that the strategic planning and general management for Bebek Udig is good. Bebek udig has a blue print what they will do in 1 year, 3 year and 5 year. This situation based on the owner experience that he had been bankrupt. In Process improvement Bebek Udig can reduce the time because they have the raw materials. Ferry as the owner have an ability to cook so it's effect to the training and development, He don't have to hire reputable chef to develop the menus. The good human resource management system from Ferry as the owner also seen in how ferry separate the job. There are only one problem faced by Bebek udig is, they still need funding investor. Black Burger has lack of management system it is seen in how fast they make a franchise system. In Human resource management, Rinanda as Black Burger Owner has a weakness in separate the job he is doing procurement and cooking by himself. For product development he has a good creativity in making a creative menu such as Black Burger. Black burger don't have their own raw material, they depend on the local market.

"I have had a bankruptcy, I don't want to fall again so I do this business seriously." (Bebek Udig Owner)

Primary Activities

Inbound logistics for Bebek Udig is fully controlled; everyday they bring the raw material to the warehouse. They have their own transportation vehicle. Marketing and Sales is not maintained properly with Bebek Udig they don't maintain their facebook and twitter as the cheapest promotion media. They think there is not necessary if the product value chain analysis is not good. Black burger has a problem in Inbound logistics that there's not enough space for warehousing remembered that they don't have a big store such as Bebek Udig. For Distribution Channel, Black Burger using Bober Café (one of the café in Bandung) as the place to sell the product. Black Burger promote their product to social media they really care about the social media, they made the trending topic in twitter.

"Our Product become trending topic in twitter and facebook because we are very unique" Black Burger Owner

SWOT Matric Analysis

Table 1.1 SWOT Analysis Food Industry.

	Bebek Udig	Black Burger
Strenght	<ul style="list-style-type: none"> - Variation of Menu and have a strong management - Production cost s cheap because They have their own stock breeding 	<ul style="list-style-type: none"> - Menu Variation - There's no fix place and the employee salary is high
Weakness	<ul style="list-style-type: none"> - Lack of Social Media Promotion - Still need Funding from investor 	<ul style="list-style-type: none"> - Management System is not ready but the financing already recorded - Set the franchise program too fast.
Opportunity	<ul style="list-style-type: none"> - Bandung become tourism destination - There is no fast food from Duck Ingredients 	<ul style="list-style-type: none"> - Black Burger Pioneer - The raising of creative industry.

Threat	<ul style="list-style-type: none"> - Product is easy to copy - There is a chance for new entry with new concept 	<ul style="list-style-type: none"> - Product is easy to imitate - There is a chance for new entry with new concept
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Value chain Analysis for Creative Industry.

Support Activities

Newbee Corporation has a common general management and strategic planning. This situation is same as the other entrepreneur in Indonesia. They don't know what the business will be in 1 year, 3 year or 5 year. They also has a weakness similar to the other entrepreneur, they don't record the balance sheet properly. In Recruiting and Training, Newbee train their programmer to be a qualified programmer, they usually take the employee from the fresh graduate. But unfortunately, they are hijacked by big company. The condition in the men's world is they have a trouble in the general management of the ownership. One of the Men's world owner's is cheating by taken the contract without the agreement of the rest. They also don't have a balance sheet recorded.

"Unfortunately the employee that we had trained is hijacked by other big company, our big mistake is don't have a contract between us and employee." (Newbee Corp Owner)

Primary Activities

Inbound logistics for this two company is not significant because their product is not real. Newbee Corporation is software development so they have their production themselves. The Men's World bought the domain from the web developer. For Marketing and Sales, Newbee Corporation is not using social media so much. Their buyer is a company, and the product is not a consumer goods. Different with Newbee, The Men's health sells the consumer good that is a seminar to the men who lack of confidence. The Men's Health really maintains the social media.

"We sell the product to social media, first we give them the tips and second is encourage them to join our seminar"(The Men's health Owner)

SWOT Matric Analysis

Table 1.2 SWOT Analysis Creative Industry

SWOT	Newbee Cooperation	The Men's World
Strength	Have a qualified programmer Pioneer in software development company	Knowing exactly the weakness of competitors so as to present what the customer needs, and as one of pioneer motivational business for man
Weakness	The balance sheet is recorded but not in detail	Lack of transparency in the distribution of tasks resulting in fraud of the owner
Opportunity	IT industry competition in Bandung not as much hospitality and fashion.	There's many market share in man who have problem in their confident The raising of Big Investor like Djarum or Small investor who want to acquire the business
Threat	Programmer is hijacked with big competitor	Investor is too dominate

Value chain Analysis for Service Industry.

Support Activities

The different general management is showed at this category, Dreadlock salon don't have a goal what the business will be in 1, 3 and 5 years. The other side, Intheless has a goal that every year they can open a new branch. Intheless is really concern about their financing that's why they have finance division. Intheless realize that the product is paid annually and full packaged, so there will be a mess if they don't record the balance sheet. In the dreadlock salon side, they don't have a financing recorded. In recruiting the teacher, Intheless choose the colleagues from state-owned university such as ITB and UNPAD. Dreadlock salon recruit the barber randomly, they don't have specific criteria. Docko as the owner of dreadlock salon train the barber to make dreadlock

"We hoped that every year we open a new branch in big city in Indonesia" (Intheless Owner)

Primary Activities

Inbound logistics for this two company is not significant because their product is service. Marketing and sales for Dreadlock salon is they using the social media marketing and word of mouth. In the less use promotion in different way, they use poster and flyer that separated in every high school in Bandung. They are also using a word of mouth marketing through school representative.

"We give a flyer to the student parent, we also using word of mouth marketing with a school representative. If they can invite high school student join our course they will get discount" Intheless owner

SWOT Matric Analysis

Table 1.3 SWOT Analysis Service Industry

SWOT	Dreadlock Salon	In The less
Strength	First Dreadlock Salon in Bandung	New concept in courses with home sensation
	Dreadlock salon integrated with Fashion store	Teacher are qualified and fit to the young generation
Weakness	Financing is mix with the owner, There is no financing recorded	Financing isn't recorded well
Opportunity	Young Generation who loves something new and Docko using their customer to promote their business through Instagram Dreadlock Salon has no competitor	There's not much competitor of course which provide home condition lesson
Threat	The raising of new entrance The hijack of caster to other company	The big competitor copy the concept

Value chain Analysis for Service Industry.

Support Activities

The general management problem for Fauves is from the owner, the owner is not focus in running the business and doing her college at the same time. They also don't have a plan that what the company will do in the next year. This condition is not similarly happen in with Qibla. They have a plan in running the business, but they admit it that the plan is not really clear. For the procurement Qiblas is better than the Fauves because they have their own convection. Raw material from qibla also can be cheaper because they buy the raw material in the large scale. Fauves doesn't have their owns convection and the raw material is slightly more expensive because they buy the raw material in the small scale. Fauves also using uncommon raw material so, the raw material would be expensive. For staffing, Qibla has their owns financial staff that record the procurement and the sales. In the other side, Fauves don't have the financial staff to calculate the revenue or record the balance sheet.

"It's hard for me in running the business and studying for my college at the same time" (Fauves Owner)

Primary Activities

Inbound logistics for this two company is really significant especially in raw material and warehousing. First they should have a warehouse. Because Qibla has their own production place so it is become a main problem for them. In doing their marketing both of them are using social media marketing. They promote the product through Facebook, Twitter and the current trending application is Instagram. Besides social media marketing, the uniqueness of Qibla is they are using the business representative to the congregation who will go umra. This campaign is quite effective that the other Indonesian people who will go umra is attract with the design.

Fauves also good in channeling the product, they did a consignment with the fashion concept store in big cities.

"We use the representative to wear our product to Arab Saudi, this way is quite effective that the other Indonesian congregation is attracted by the design " Qibla owner

SWOT Matric Analysis

Table 1.4 SWOT Analysis General Industry

SWOT	Qibla	Fauves
Strength	Become the pioneer of T-shirt with Moslem theme. Have their own production factory Have their own financial staff	Design is unique and different with other competitor Raw Material is different
Weakness	Using common raw materials	There's no financial recorded Owner is not serious in making a business
Opportunity	Moslem market share is big	Young generation is like new product
Threat	Big Investor steal the concept.	Big Brand from foreign country make an invitation to bandung

BCG Growth Matrix



Researcher Classified the Newbee Corp, Qibla, Bebek Udig, Black Burger and The Men's World into the Question Mark because the product that they offer is unique and have a potential market to success. The problem is they don't have a huge capital to develop the product. Researcher also classified Fauves and Intheless into Cash Cows that they need an investor to make their business growth because the business that they offered are common in Bandung. Dreadlock Salon is in Dogs matrix because they have a low market share and the business is not potential to grow. The market share is too niching. There's no wirausaha muda mandiri contestant in Star's Matrix. The reason is they have not been so long in doing their business. The second reason is because their capital is not big. Most of them come from their own capital. In finding the capital they don't want to borrow the money from bank even though they have a privilege from Bank Mandiri. Many Bank requirements in borrowing the money make the Wirausaha Muda Mandiri contestant don't want to take the credit.

Conclusion and Recommendation

Conclusion

1. Based on the research, Researcher concludes that Wirausaha Muda Mandiri Contestants and SBM ITB Entrepreneur student have their own core competence to win the market. They're fully aware that the products they provide unique and can answer what the needs of the market, most independent young entrepreneurs also know the strength and weakness of their products. Unfortunately this situation is not supported by the influence of external threat; the competitors who steal ideas from young entrepreneurs are a major problem. It becomes the culture if there is a new innovation that is accepted in the community, and then there are people who want to replicate the concept.
2. The second problem that occurs in the Young Entrepreneur contestants are: they do not have sufficient funds to develop their business. WMM Contestant still needs investors in the development of their business. Although the Bank has provide convenience to provide low interest loans, businesses are reluctant to borrow money in the bank on the grounds that many requirements and guarantees should be in the process of borrowing money.
3. The availability and price of raw materials into the next issue, especially for entrepreneurs engaged in the field of consumer goods. Indonesian economic turmoil resulting unstable against price volatility of raw materials. Besides the issue of raw materials, most SMEs do not have their own production sites so that is very dependent on suppliers or vendors.
4. Further problems faced by WMM Contestant is the united the working capital and personal finance, this is certainly a very dangerous situation if the money if money are mixed. There's no back up money to prevent the worst condition whether there's a bad debt or any other risk.

5. Furthermore the mixing of working capital and personal finance, the problem also arises is the lack of cash flow recording and reviewing periodic cash flow.

Recommendation

1. Researcher wants to recommend for further research to make more comparisons with a business plan competition that other competition. Researcher realized that the 8 key informant from Young Entrepreneur and 4 people from SBM ITB students is not enough to know the problems, especially problems that exist in the world of entrepreneurship.
2. Researcher also suggested that in future studies more comparable number of similar competitions WMM. Researcher realized by comparing WMM Contestant with SBM students that entrepreneurship is not sufficient to uncover the problems that occurred in Indonesia.
3. Researcher also hopes to all entrepreneur young entrepreneurs in Indonesia to be more concerned with the details regarding the terms of the business, not only pay attention to the innovation of a product alone.

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