Conference Paper

Management and Business Development of a Furniture Company in Studio Inside Surabaya

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Abstract

The purpose of this study was to conduct a feasibility analysis to determine the steps in the management and development of furniture businesses in Studio Inside Surabaya. The aspects which were studied were the legal, market and marketing, technical and operational, natural resource and financial aspects. The legal aspect: Interior Business and Custom Furniture Studio Inside have obtained approval from the surrounding community to carry out the company’s activities and the SIUP of the company is in the process of making the deed. The market and marketing aspect: Interior Business and Custom Furniture Studio Inside have been able to maintain the business environment conditions with PEST analysis, maintain the industrial structure with the Five Force Model Porter, analyze STP, and describe the marketing mix. Technical and operational aspects: the Interior Business and Custom Furniture Studio Inside have fulfilled the element of feasibility because of their strategic location and workshop layout that is able to support the company’s activities to the maximum and has established a clear SOP. The human resources aspect: the Interior and Custom Furniture Studio Inside Business has fulfilled the element of eligibility because the organizational structure and position description have been well established. Financial aspects: the Interior Business and Custom Furniture Studio Inside have fulfilled the element of eligibility because the PP, NPV, and PI values have met the conditions under normal and optimistic conditions.

Keywords: Business Feasibility Study, Interior, Furniture

1. Introduction

The development of the Furniture Industry in Surabaya has great potential, the furniture industry grows along with the increase in the property sector in Indonesia. On the basis of the growth of the property sector and the furniture industry, the government supports this development with events such as the Decoration Interior Innovation Expo (Decorintex) and the Home Property Expo (Homepex) which is also a part of the activities of the Musda XIC DPD REI East Java. The growth of the property sector and the furniture industry
industry is very influential on property growth in East Java. Following are the results of a survey conducted by Bank BI on Residential Property Prices in Indonesia.

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![Residential Property Price Index by Bank BI](image)

**Figure 1:** Residential Property Price Index by Bank BI

This increase is the impact of increasing raw material prices and labor wages and is influenced by economic activity and affects the needs of housing and land. stimulate property development in Indonesia in general. Seeing the existing potential, being able to provide furniture and furniture procurement services for Studio Inside room can bridge the need for custom furniture. Studio Inside provides Interior Consultant and Architect services, Furniture Production, and Room Decorators. Studio Inside itself has been running for 3 years since 2015 until now. At the beginning, Studio Inside made furniture made from Dutch teak wood, but now Studio Inside has made furniture with various materials such as Multiplex, Particles, MDF, Wood and Iron. According to Studio Inside customer data, 70% of the projects that have been handled are in Surabaya, 20% are in the East Java area and 10% are outside East Java. The projects that Studio Inside are mostly working on are 20% Public Spaces, 25% Store, 30% Pop Up Booth and 25% Residential. Along with the increasing need for custom furniture, researchers consider
the Studio Inside workshop to be able to provide custom furniture options that suit the market needs in Surabaya.

**TABLE 1:** Comparison of Turnover, Profit and Total Work Studio Inside (Source: Company Internal Documents)

| No. | Studio Inside | Year       |
|-----|---------------|------------|
|     |               | 2015 | 2016   | 2017    | 2018    |
| 1   | Turn Over     | 38,763,000 | 266,440,000 | 828,418,000 | 1,572,345,000 |
| 2   | Profit        | 10,164,000  | 45,417,000   | 176,196,000  | 480,250,000   |
| 3   | Total Work    | 14            | 47            | 28            | 24            |

It can be seen from the Table 1 above that Studio Inside's annual turnover increases every year, at the end of 2016 Studio Inside managed to collect 47 projects with a total turnover of Rp. 266,440,000, an increase of more than 100% compared to 2015 which was only Rp. 38,763,000 with 14 projects and at the end of 2017 the total turnover of Studio Inside increased 4 times to IDR 828,418,000 with 28 projects. This multiplied increase in turnover was due to Studio Inside having started an all-in one vendor business, which initially only worked on small small furniture items such as photo frames and delivery boxes. In 2016 Studio Inside began working on larger furniture jobs such as booths and shop interiors. Meanwhile, in 2018 Studio Inside wants to target a short, medium and long term plan to ensure the business activities of this furniture service and service provider will continue.

In the future, Studio Inside development will lead to mass production of furniture products (Mass Production). Mass production here aims to provide alternative furniture products that have economic value for consumer needs. Here are some reasons for conducting a feasibility study, including:

1. The investment made is an investment that has great value. Therefore, it is necessary to study several aspects that can reduce the emergence of potential risks. The aspects that are subject to the study are legal aspects, market and marketing aspects, technical and operational aspects, human resources and financial aspects.

2. The sustainability of the business activities of service providers and furniture services.

3. The return on investment expected by investors.
4. The potential for the development of furniture service and service provider businesses is very promising as seen from the growth in turnover of Studio Inside in the last 3 years.

Based on the 4 points why this business feasibility study was conducted, the main objective of this research is to assess how feasible and ready Studio Inside is to be able to carry out business development. As we see on background above, this study was conducted with the title: Management and Business Development of Furniture at Studio Inside Surabaya

2. Method and Equipment

2.1. Research Method

In order to achieve the objectives of this business development research, the right approach is needed. The research approach to be used in business development is a type of applied research. Applied research is research that concerns the application of theory in solving a particular problem. This study focuses on the type of evaluation research, where the results of this study will provide input and supporting information to make decisions about the relative value of several alternative actions.

Research on the development of the Furniture and Interior business is the new office of Studio Inside at Medokan Asri Utara 3 D-2 Rungkut Surabaya. This research period lasted for 8 months, starting from September 2018 to May 2019. The research was conducted with internal company parties, special resource persons for benchmarking competitor companies and clients who had completed contracts with Studio Inside during the research period using interview and direct observation methods.

In this study, an interview will be conducted with Mr. Fandi Firmansyah as Director of Studio Inside, Mr. Mizan Zano as a Production Head, Wisnu as a Carpenter and 2 clients who have completed work contracts (Mr. Daniel as the Owner of For The Love Of Coffe Café in Surabaya and Mr. Amin as an Owner of Gila Kopi Sidoarjo) The method used in this study is in-depth interviews and direct observation and subject taking used is purposive where all members of the population are sampled according to their needs.

2.2. Data Collection Method

To analyze the feasibility of developing a business, it is necessary to collect data related to the business. These data will support the feasibility analysis which will affect the
method used to represent the number of existing populations. The data in this study can be obtained from various sources as follows:

1. Primary data in the form of interviews, market observations, surveys and projections of internal company data.

2. Secondary data in the form of literature studies.

Data collection methods in each aspect can be explained through the types of data, data sources, and data collection techniques in the table below:

**Table 2: Data Collection Method**

| No. | Data Group       | Method   | Purpose              | Data Source               |
|-----|------------------|----------|----------------------|---------------------------|
| 1   | Legal & Permits  | Interview| Business Entity Form | Disperindag               |
|     |                  | Observations | Observations           | Benchmarks                |
| 2   | Market and       | Interview| PEST Analysis         | Mr. Fandi & Mr Mizan      |
|     | Marketing        | Observations | 5 Force Porter Model  | Benchmarks                |
|     |                  |          | Positioning Mapping   | Mr.Fandy                 |
|     |                  |          | EFAS - IFAS           |                           |
| 3   | Technical and    | Interview| Workshop Location     | Mr. Mizan and Mr Wisnu    |
|     | Operational      | Observations | Workshop Layout      | Benchmarks                |
|     |                  |          | Technology & Work Tools |                          |
|     |                  |          | Standar Operations    |                           |
| 4   | Human Resources  | Interview| Job Analysis          | Mr. Fandi                |
|     |                  | Observations | Company State of Finance | Benchmarks                |
| 5   | Finance          | Interview|                      | Mr. Fandi                |
|     |                  | Observations |                  |                           |

**3. Result**

To be able to provide better service to customers, business development will be carried out by Studio Inside, therefore you need to do it based on legal aspects, market and marketing aspects, technical and operational aspects, human resources aspects and financial aspects.
### 3.1. Legal & Permits Aspect

#### TABLE 3: Legal & Permits Aspect Analysis

| No. | Provisions                      | Conditions in the Company                              | Analysis   |
|-----|--------------------------------|-------------------------------------------------------|------------|
| 1.  | Deed of Company                | On Progress                                           | Not Feasible|
| 1.  | Have a SIUP                    | On Progress                                           | Not Feasible|
| 2.  | Have an Environmental Permit   | Request a business certificate from RT / RW and Kelurahan and ask permission from the surrounding community | Feasible   |
| 3   | NPWP                           | Personal NPWP                                         | Feasible   |

Analysis of the legal aspects as stated in the provisions of the Regulation of the Minister of Trade of the Republic of Indonesia. Number: 46 / M-DAG / PER / 9/2009 regarding the obligation to have SIUP for companies, Studio Inside is still not feasible because it is still in the process of obtaining SIUP. The process of obtaining the SIUP itself is still in the making of the deed at the Notary Public. For permission, the community around Studio Inside has already obtained permission from the RT / RW and the surrounding neighbors to carry out company activities.

### 3.2. Market and Marketing Aspects

Studio Inside’s business development which aims to increase the company’s turnover is also based on market analysis so that the direction that Studio Inside is aiming at has good prospects. The market that Studio Inside is aiming for is also expected to be well served according to the company’s goals. This market aspect will be seen based on the analysis of PEST (Political, Economic, Social and Technological) and industrial structure (5 Force Porter).

### 3.3. Technical and Operational Aspects

Operational aspects need to be analyzed to ensure that Studio Inside business development can be realized
3.4. Human Resources Aspect

Human Resources Aspect, there are two things that need to be examined, namely the organizational structure and job descriptions. The organizational structure will describe the arrangement and relationships between sections or positions within the company. In a company organization, the organizational structure is so important because it explains the division of work activities and the flow of responsibility and coordination.

**TABLE 6: Human Resources Aspect**

| No. | Provisions               | Conditions in Studio Inside                                      | Analysis |
|-----|--------------------------|-----------------------------------------------------------------|----------|
| 1.  | Organizational structure | Formed Organizational Structure                                | Feasible |
| 2.  | Job Description          | Description Jabatan has been formed and synergized with each other | Feasible |
3.5. Financial Aspects

Analysis of this financial aspect is necessary to be able to determine an investment plan by calculating the expected costs and benefits. Financial analysis itself is divided into three categories, namely pessimistic, moderate and optimistic conditions. A pessimistic condition is the worst condition that occurs in a company, a normal condition is what usually happens to a company, an optimistic condition is the best condition that can be achieved.

| No. | Provisions  | Conditions in Studio Inside                                      | Analysis   |
|-----|-------------|------------------------------------------------------------------|------------|
| 1.  | NPV         | It is known that the NPV Studio Inside value is feasible         | Feasible   |
| 2.  | IRR         | There is an IRR of 10.86% where the value exceeds 1 loan interest, namely 10.86% > 10%. So Studio Inside has been deemed feasible because this value has exceeded the loan interest value. | Feasible   |
| 3.  | PP          | The Payback Period from Studio Inside according to the calculation above is 6 months | Feasible   |
| 4.  | Estimated Income | Studio Inside's Revenue Estimates are considered eligible for Moderate and Optimistic Estimates | Feasible   |
| 5.  | Financial Projections | Studio Inside Financial Projection can be declared feasible and profitable in the calculation of the next 4 years. | Feasible   |

Data Processed 2019-12-10

4. Discussion

After carrying out the data collection and data processing process, a finding was found regarding several aspects that were not yet feasible to support company development. Some of these findings are indeed steps that have not been taken by the company and in this research process produced some input later will be useful for the company’s development. The following is a table regarding the impacts that appeared before and after this research was carried out.

In the five aspects that have been studied regarding the feasibility of the Studio Inside furniture business, there are significant changes that arise from the results of
TABLE 8: Managerial Implications before and after Research

| No. | Before Study | After Study |
|-----|--------------|-------------|
| 1.  | Legal & Permits Aspect | Knowing the laws governing the law for conducting trading activities. Knowing the SIUP management requirements. Knowing the legal form of the company. Carry out the completeness of the Legal Aspects. Complementing the deficiencies in the Legal Aspect to streamline the company’s activities going forward. |
| 2.  | Market and Marketing Aspects | Able to analyze and consider in detail the business environment / PEST analysis and industrial structure / Five Force Model Analysis. Able to determine the location and what advantages can be maximized. Able to determine the marketing mix of Studio Inside. Make detailed plans on how to target your target market effectively. Mapping detailed and comprehensive market target locations. |
| 3.  | Technical and Operational Aspects | Knowing how to determine the location and what advantages can be maximized. Make detailed service procedures. Rearranging and tidying up the layout and division of areas in the Studio Inside workshop. |
| 4.  | Aspects of Human Resources | Already compiled a clear and detailed organizational structure. Have compiled a clear and detailed job description. Make a human resource development plan in terms of work quality and quantity of workers. |
| 5.  | Financial Aspects | Has carried out a detailed financial analysis of the Estimated Income and Financial Projections of the company in terms of the Payback Period which can be achieved in less than 3 years under moderate and optimistic conditions. Perform detailed financial calculations regarding investments that will be made at a later date. |

This study. In such a long duration of research, companies can do things that become input for business development. For example, in the legal aspect, when the initial direct observation of the company was found, it was found that the company did not yet have a business status for CV or PT, by knowing the company's shortcomings, weaknesses would emerge which would hamper the company if the company did business development.
In the Operational and Human Resources aspects, it was also found that so far the company had run only with rules that were not written down in a standard manner, work standards that were not understood by all components of the company, the structure of positions and work responsibilities that were overlapping. The findings above are improved in accordance with the time of direct supervision of the company so that at the end of this research the company can improve what is lacking and carry out what has not been implemented. Company improvement is based on research findings not only on legal, operational and human resources aspects, but marketing and financial aspects are also subject to research and improvement from the findings.

In this research process, the company directly improves and completes the findings because the company is also in the process of developing and needs to quickly and precisely take steps that are deemed necessary to accelerate the process of developing the company.

5. Conclusions

Based on the analysis that has been done, it can be concluded about the Feasibility of Business Interior and Custom Furniture Studio Inside terms of Aspects of Legal, Aspect Markets and Marketing, Aspect Technical and Operations, Aspect Human Resources and Aspects of Finance as follows.

1. The Law Aspects of Business Interior and Custom Furniture, Studio Inside already has the approval of the people around to do the activities of companies and License the company was in the process of making the Deed.

2. Market and Marketing Aspects of Interior Business and Custom Furniture, Studio Inside has been able to maintain the conditions of the business environment with PEST analysis, be able to maintain the industry structure with Porter’s Five Force Model, be able to analyze STP, and be able to describe the marketing mix.

3. Technical and Operational Aspects of Business Interior and Custom Furniture, Studio Inside already meets the elements of eligibility because of the location which is very strategic and layout workshop which is able to support the activities of the company are the maximum and have ultimately determine SOP clear.

4. Human Resources Aspect of Interior and Custom Furniture, Studio Inside had Enterprises Interior and Custom Furniture Studio Inside was fulfilling elements of the feasibility because already formed the structure of the organization as well as a description of the post of the well.
5. Financial Aspects of Interior and Custom Furniture, Studio Inside was fulfilling elements of eligibility for the value of the PP, NPV, and PI has been fulfilling the terms under conditions of normal and optimistic.

Based on the research description, findings and conclusions above, the suggestions that can be submitted are as follows:

1. Interior and Custom Furniture Studio Inside business development in terms of legal aspects, market and marketing aspects, technical and operational aspects, human resource aspects and financial aspects have met the feasibility element. Then the company development process can be followed up with concrete steps such as maximizing marketing and completing the SIUP process.

2. As an effort to maximize marketing, it would be nice to be able to maximize conventional media such as distributing brochures and visiting companies in the target market area of Studio Inside.

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Conflict of Interest

The authors have no conflict of interest to declare.

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