

## **CHAPTER 3**

### **COMPANY PROFILE**

#### **3.1 Background**

Establish in 1983 by Mr. Au Bintoro, PT. Cahaya Sakti Furintraco (PT. CSF) took the path as knockdown furniture Manufacturing and Distribution Company, with children study desk as the main product lines and using “Olympic Furniture” as the brand name. To expand the market and distribution channel, PT. Cahaya Sakti Multi Intraco (PT. CASMI) was established in 1986 as Marketing and Distribution Company for Olympic Furniture. Not only to open branches office in some potential area, PT. CASMI also introduced new product range from bedroom set, living room set, children set, kitchen set and office set.

Now days, Olympic Furniture has become a part of both Indonesians and International communities life through the distribution of more than 4000 stores, both Traditional and Modern Retail Outlet, In Indonesia, via more than 50 branch offices, and distributed to more than 100 countries in the world. Olympic Group distributed more than 100 trucks daily to supply to all over Indonesia, and more than 100 containers 40' monthly for exports.

#### **3.2 Location**

The main factory and head quarter of Olympic furniture is located in Jl. Kaum Sari, Cibuluh, Kedung Halang Talang, Bogor, Jawa Barat, Indonesia. Telephone +62 251 663741-44. With 16 hectare of land and 10 ha occupied as working area, with back to nature scenery, conceive a company image not only care about the factory but also environment. Olympic Furniture have also one special factory for export in Kawasan Berikat, Kawasan Industri Sentul – Bogor.

### 3.3 Philosophy, Vision and Mission

#### 3.3.1 The Philosophy

“The best generation conducting for the best regeneration”

This philosophy has values as follow:

1.. The Best Generation;

Organization, Leadership, Yield of Business, Management, Infrastructure, Cooperation (OLYMPIC)

2. Conducting for

Flexible, Unilateral Benefit, Reasonable, National, Inspiration, Timing, Under Controlled, Realization, Effective & Efficient (FURNITURE)

3. The Best Generation;

Gentlemanly, Rational, Organizer, Universal Conduct, Proud ness (GROUP)

#### 3.3.2 The Vision

“To become a comprehensive and integrated world class furniture company”

#### 3.3.3 The Mission

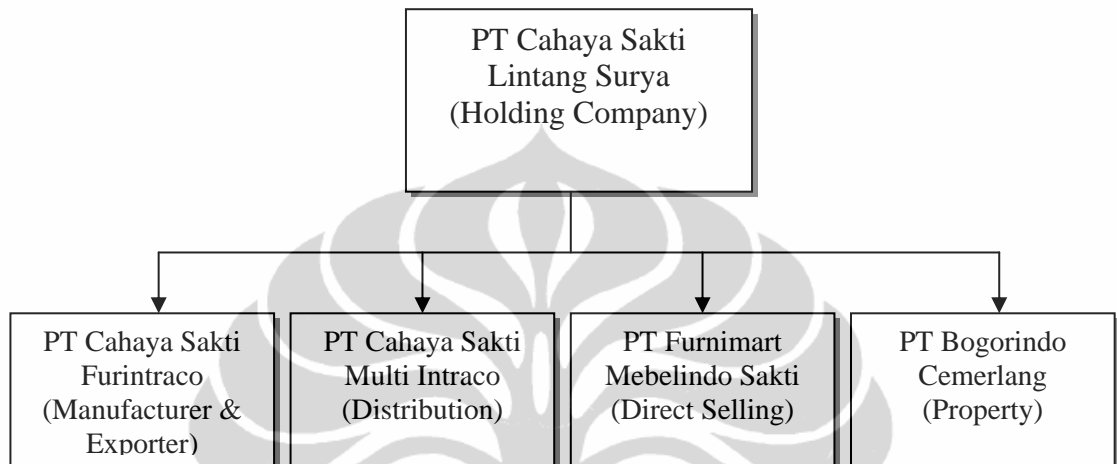
“To give excellent performance for share holders”

### 3.4 Organization Structure

Olympic Furniture Group is a Group consist of four companies; PT. Cahaya Sakti Furintraco (PT. CSF) as the Manufacturer and Exporter Company, PT. Cahaya Sakti Multi Intraco (PT. CASMI) as the local trading company which distributed Olympic products all over Indonesia, PT. Furnimart Mebelindo Sakti (PT. FMS) as direct selling company who's own the license of Furnimart and

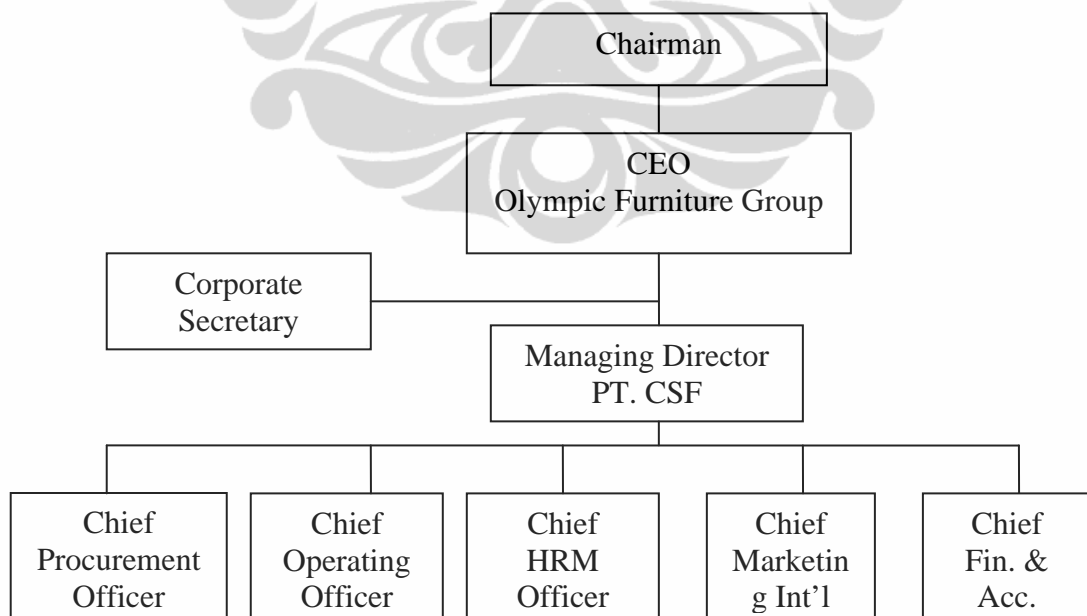
MER Furniture, and PT. Bogorindo Cememerlang (PT. BC) as Property company who had and manage 100 ha of Kawasan Industri Sentul – Bogor. Olympic Furniture Group is owned 100% by Mr. Au Bintoro as the Chairman.

Figure 3.1 - Organization Structure Olympic Group



Source: Company internal data, 2008

Figure 3.2 - Organization Structure PT. Cahaya Sakti Furintraco



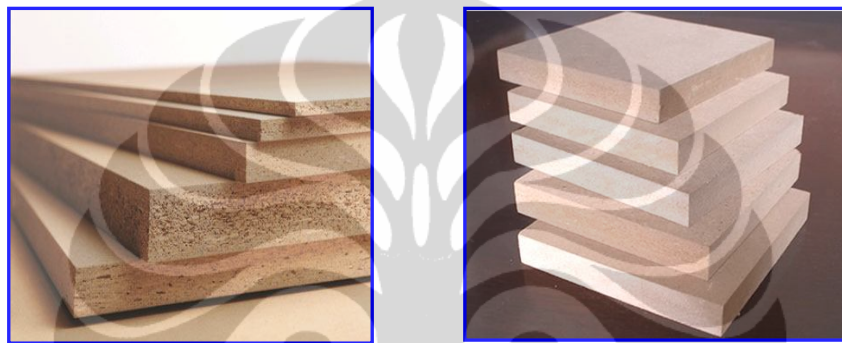
Source: Company internal data, 2008

### 3.5 The Products

#### 3.5.1 Materials

The main material for Olympic Furniture is Particle Board (PB) or Medium Density Fiber (MDF) as the main materials. Some of the products are made from solid wood, steel or plastic, but that's all from the business unit or other suppliers. To get clearer view of these materials, we can see in the picture below:

Figure 3.3 - Particle Board and Medium Density Fiber



Source: Company Internal Data, 2008

Table 3.1 – Material Source Origin (Direct Import)

	Local	Malaysia	China
Particle Board	48%	36%	26%
MDF	62%	38%	0%

Source: Company Internal Data, 2008

Local production capacity of particle board and medium density board often not enough to supply national demand for these materials. That's why import become normal way to get these material to guarantee the supply and stable price. China has cheap material price, but their quality of the medium density board is not good, so PT. CSF focus on import medium density board from Malaysia.

### 3.5.2 Laminating Foil

PT. CSF use laminating foil to cover its products surface rather than using spray finishing. The objective is to decrease the cost but kept its product's beauty. These material are all coming from China by direct import. To get clearer view of this laminating foil, we can see in the picture below:

Figure 3.4 – Laminating Foil



Foil's colors

Foil's original shape

Source: Company Internal Data, 2008

### 3.5.3 Product Range

Olympic produce complete sets of furniture product range, these below are the range and the sample of PT. CSF products as follows:

1. Bed room set

Furniture item of this set are such as wardrobe, dresser, night stands, and beds. Below picture is one sample of the bedroom set.

Figure 3.5 – Bedroom Set, Everest Series



Source: Company Internal Data, 2008

## 2. Living set

Furniture item of this set are such as TV rack, wall unit, wall display, book shelves,

Figure 3.6 – Living Room Set, Bidadari Series



Source: Company Internal Data, 2008

### 3. Kitchen set

Furniture items of this set are such as one door kitchen cabinet, two and three doors kitchen cabinet, upper and below kitchen cabinet.

Figure 3.7 – Kitchen Set, 54 Series



Source: Company Internal Data, 2008

### 4. Children set

Furniture items of this set are almost the same with bedroom sets, but different in size and design, and usually have additional study desk.

Figure 3.8 – Children Set, NAD Series



Source: Company Internal Data, 2008

## 5. Office set

Furniture items in this set are such as office desk, office cabinet and office book shelve.

Figure 3.9 – Office Set, Silver Series



Source: Company Internal Data, 2008

### 3.5.4 Brands

From 1983 to 2000, Olympic Furniture achieved good growth and leading the knockdown furniture market in Indonesia with OLYMPIC brand. To expand the market share, in 2001 Olympic Furniture launched SOLID brand for lower market segment and different distribution system. This strategy seems to success since the sales for SOLID brand give additional 40% sales for Olympic furniture in local market. But for Export, SOLID brand only contribute less than 2% of total volume while OLYMPIC brand still contribute more than 98%.

#### 1. Albatros

This brand is for higher class market segment, distributed exclusively to one or two outlet every area.

#### 2. Olympic

This is the oldest brand of the company. This is for middle class market segment which distributed to more than 3000 furniture outlets via more than 50 branches all over Indonesia.



### 3. Solid

This is the brand for lower market segment which distributed to hundreds big private distributors all over Indonesia.

### 4. Princess

This brand's target market and distribution system is the same as solid but using different distributors.

### 5. Jaliteng

This brand is targeted lower class market segment with same distribution system with Olympic brand

### 6. Inovatif

This brand is targeted for lower class market segment and distributed via agents all over Indonesia

### 7. Global

This brand is targeted to lower class market segment and distributed via Modern Retail Outlets.

## 3.6 Awards and Certificate

Marketing awards and certificate often use by a company to show its success or achievement, some times its work to get a loyal customer or to get new buyer who concern about the quality of the product, the process or brand image. Olympic is market leader in particle board knockdown furniture in Indonesia but still believe that good company have to get some awards and certificate to evaluate their performance continuously. These are some of awards and certificate dedicated to Olympic furniture:

- a. Indonesia Customer Satisfaction Award (2002/2003/2004/2005/2006/2007/2008)
- b. International Award For The Best Trade Name (2004),

- c. Super Brand (2006/2007),
- d. Indonesia Good Design Award(2006),
- e. Solo Best Brand Index (2006/2007/2008),
- f. Marketing Award (2006/2008),
- g. Indonesia Golden Brand (2006),
- h. The 7 Indonesia's Most Admired Companies (2007),
- i. Top Brand (2003-2008),
- j. ISO 9001 – 2000 (2005-2008),
- k. ISO 14001
- l. Primaniyarta Award (2006/2007),
- m. E-Company Award (2007),
- n. Museum Rekor Indonesia (MURI) for 12 achievement in 2004 – 2007

### **3.6 Export Activities**

#### **3.6.1 Marketing Activities**

1. Exhibition, both local and international
  - a. Trend Indonesia 2007, Malaysia, November 10 - 13 , 2007
  - b. Feria International Du Meble, Spain, September 24 – 29, 2007
  - c. Salon Du Meule De Paris, France, January 14 – 18, 2007

2. Web site

Beside using its own web site; [www.olympicfurniture.co.id](http://www.olympicfurniture.co.id) , Olympic also active in [www.alibaba.com](http://www.alibaba.com)

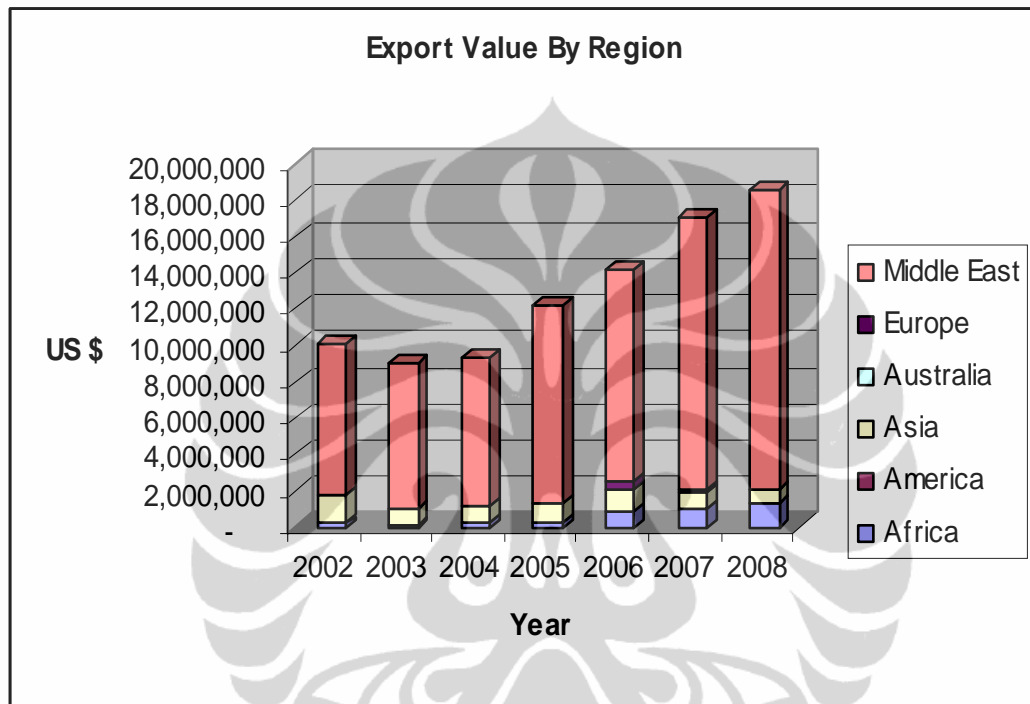
3. ASMINDO

Actively involved with Indonesian Furniture Export Associations and shared some knowledge on furniture industries.

### 3.6.2 Sales Activity

Olympic has significant growth on export fro, year 2002 to 2008 as we can see in graphic below:

Figure 3.10 - Export Value By Region



Source: Company Internal Data, 2008

As we can see on the figure above, most of Olympic Furniture export goes to Middle East and only some to Asia and Africa. The main reason why Olympic cannot enter the Europe and American Furniture market is the different specification and regulation for furniture products. One of significant differences is involving Eco labeling issues. The Material used in Local is E-2 grade while for American and Europe have to be E-1 grade, which more friendly to nature with less danger chemical and without formalin.

From year 2006, we can see that export sales in Asia market continue to decreasing, but increase for Middle East market and Africa market. This will further discussed in chapter 4 and 5.