

## **CHAPTER 3**

### **THE COMPANY PROFILE OF STAR MOTOR**

#### **3.1 STAR MOTOR PROFILE**

An automotive industry is a good business in Indonesia mainly because this country has a large number of populations demanding a vast number of mechanical transportation as its infrastructure. On the other hand, it also currently undergoes the progress of economic development. The high population rate has raised the demand of automobile and will directly affect its related services.

In 1986, the founder Rudi had established the first STAR MOTOR workshop in downtown area of South Jakarta. The car workshop location is strategic, near to the bypass and the traffic is always crowded. There are many office buildings, restaurants, and shopping centers nearby the workshop that made the shop more eyes catching and the business growth better.

With Rudi knowledge and experiences in automotive industry for more than ten years and supported by high quality of human resources, he was confidence that the company performance could be increased. Rudi had achieved to be the sole distributor agent for several tires and lubricant brands. He concerned his needs on a more update information, marketing, merchandising and inventory system. At that moment of time, STAR MOTOR has been launched as a workshop that focused on car services. Its shop also sells mechanical goods (especially car's spare part, accessories, etc).

STAR MOTOR employed 120 people. It was comprised of a director, 37 employees in maintenance, 38 employees in body repair, 11 staffs responsible for spare-part, 15 marketers, 16 front officers, and 3 finance staffs. There are 28 women working in the company.

They worked as administrative, front office, marketing and finance staffs. While the rest 92 employees are consisting of men that working as mechanics in body repair or spare-part division and some are marketing staffs.

In 1989, supported with high competency of technical skills especially in engine problem and reparation, the company has been successfully become the biggest authorized Daihatsu workshop in South Jakarta. The economic

development in this country has made people to have a different perspective and purpose to go to the workshop. Before, people come to the workshop only for routine repair and maintenance of engines. Nowadays, people do a lot variety of services and their intention is not to get only conformity, but luxury as well. Beauty is no longer belonging to the people itself but also to the car they have. That condition has triggered the company to make a business expansion within South Jakarta vicinity and to explore areas of car body painting and car body reparation. Within seven years, STAR MOTOR has opened another branch to fulfill the high demand on the market.

The company opened a Hyundai authorized workshop in the end of 1994 and four years later they cooperated with Bridgestone has opened a new shop that also has multifunction as authorized KIA Motor. During the time, the company and Bridgestone has built high trust and confidence to collaborate in many events in Jakarta. The STAR MOTOR company had five branches in all over South Jakarta. Being admitted as an authorized workshop or sole agent for some automobile brand merchandizes (tires, lubricants, etc) and also for trademark service reparations acknowledge STAR MOTOR's capability as having a good performance throughout the years. The readiness to supply special service tool (SST) from many distributor also support the company position to be more competent in achieving the ultimate vision for customer satisfaction.

The bad news has come in the end of 1998 when the owner Rudi passed away. Since that time, the company was continuously run by his brother in law, Simon. He knows a lot about automotive technical skill. But opposite from the prior leader that was very open minded in doing the business, Simon is a conservative person with narrow knowledge about business and human resource management. Under Simon, the company performance has no significant improvement, especially in term of financial condition.

In the real life, there are many outcomes that can be used to measure the company performance. Some examples of objective measures using financial evaluation are net profit, profit margin, sales increase, market share, and many more. In this research, the author is going to analyze the company revenue and earnings before tax during the last five years.

The data below shows STAR MOTOR revenue in 2008 is 16 billion Rupiah, or an 8% increased compare to 2004 revenue. The revenue in year 2004 was about 14.8 billion Rupiah. That fact shows the company has slow improvement revenue. Based on the discussion with marketing division, the company has some fund to make some advertising every year, but they do not set a clear target to be achieved.

The earning before tax in 2008 is about 2.75 billion Rupiah, a 6% increased compare to 2004, which was about 2.6 billion Rupiah. The increase in oil price during the year has increased much of cost expense, therefore, made the revenue improvement became insignificant. Apparently, the owner expectation to achieve earnings improvement becomes impossible.

Table 3.1 Company Revenue in the Last Five Years (in million Rupiah)

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Revenue	14,800	15,200	15,000	15,400	16,000
COGS	(9,000)	(9,200)	(9,100)	(9,300)	(9,550)
Gross Profit	5,800	6,000	5,900	6,100	6,450
Expense	(3,200)	(3,300)	(3,250)	(3,300)	(3,700)
EBT	2,600	2,700	2,650	2,800	2,750

Source: STAR MOTOR income statement

The owner has also concerned about the total decline of single customers. There were only 200 single customers in 2008, while five years ago the company served around 350 single customers. The decrease percentage by 57% was quite high, but so far the declining of single customer has been covered by increasing group of customer that join the contract service.

Based on the data in 2008, the numbers of companies that join the contract service right now are 45 companies. While in the previous year, it was only 35 companies or even only 10 customers in 2004. They group of customer was cooperate with certain insurance company that responsible for the payment to the company.

Table 3.2 STAR MOTOR Customers

	2004	2005	2006	2007	2008
Single customer	350	320	270	200	200
Companies-contract service	10	20	20	35	47

Source: STAR MOTOR (2008)

Based on the data above, we got the sense that the company did not focus on keeping the single customer anymore. It is more likely they want to invite large group of customer to join their contract service. Some marketing staffs in STAR MOTOR argued that they work with less direction from the leader and never get guidance to strengthen company's market. The director, Simon, does not care about number of customer and does not have willingness to maintain the loyal customers. He is only satisfied with the stable of revenue balance.

However, because of many reasons, such as the unavailability of goal setting, the less direction from the leader that create un-conducive situation; some managers feel unproductive. Finally, they decide to quit from the company.

STAR MOTOR has five branch managers and it has been changed three times in the last five years. One of the reasons is not because they don't reach the sales target, but because there was no target to be achieved. Some of managers feel there is no challenge in this work. They have no pride of what they make for the company because whatever they do the leader would not give any appreciation.

Simon's technical skill is good enough, but apparently that thing does not make any secure and stability on his surroundings. The data in table 3.3 shows a sample of one month employee's absent form and found that in normal condition the employees had up to three absent days per month. Moreover, Simon's direct subordinates, which are totally ten persons, including four managers division, five branch managers and one department head, had an absent in the average of nine to ten days per month.

Table 3.3 Employee Absent on September 2008

NO	NIP	Employee Position	AL	SL	P	A	General By State	Holiday By Company	WORKING DAYS
1	A101							6	24
2	A102							5	25
3	A103							6	24
4	A104							4	26
5	A105							6	24
6	A106							6	24
7	A107					1		6	23
8	A108					1		5	25
9	A109							6	24
10	A110					1		6	23
11	A111							6	24
12	A112	<i>Inventory Manager</i>			1	9		4	16
13	A113	<i>Marketing Manager</i>			3	8		4	15
14	A114	<i>HR Manager</i>				10		4	16
15	A115	<i>Finance Manager</i>				9		4	17
16	A116							5	25
17	A117	<i>Branch Manager</i>				10		4	16
18	A118			1				5	24
19	A119			1				4	25
20	A120	<i>Branch Manager</i>			1	9		4	16
21	A121							6	24
22	A122				3			3	24
23	A123				1			5	24
24	A124							5	25
25	A125				1			6	23
26	A126			1		1		4	24
27	A127							6	24
28	A128			3				2	25
29	A129			2				4	26
30	A130							5	25
31	A131				1			5	24
32	A132			2	1	3		1	24
33	A133				2	3		1	24
34	A134					3		3	24
35	A135					1		4	25
36	A136							6	24
37	A137							5	25
38	A138					1		4	25
39	A139				1			6	23
40	A140			1				5	24
41	A141							6	24
42	A142			2				5	23
43	A143							5	25
44	A144							5	25
45	A145	<i>Branch Manager</i>			1	9		5	15
46	A146			1		1		4	24
47	A147							6	24
48	A148	<i>Branch Manager</i>		1		10		4	15
49	A149			2				4	26

NO	NIP	Employee Position	AL	SL	P	A	General By State	Holiday By Company	WORKING DAYS
50	A150							5	25
51	A151				1			5	24
52	A152			2	1	3		1	24
53	A153				2	3		1	24
54	A154					3		3	24
55	A155					1		4	25
56	A156							6	24
57	A157							5	25
58	A158					1		4	25
59	A159				1			4	25
60	A160			1				5	25
61	A161							6	24
62	A162			3				2	25
63	A163			2				4	26
64	A164							5	25
65	A165				1			5	24
66	A166			2		3		1	24
67	A167				2	3		1	24
68	A168					3		3	24
69	A169					1		4	25
70	A170			1				4	25
71	A171							6	24
72	A172			3				2	25
73	A173			2				4	26
74	A174							5	25
75	A175				1			5	24
76	A176			2		3		1	24
77	A177				2	3		1	24
78	A178					3		3	24
79	A179					1		4	25
80	A180							6	24
81	A181							5	25
82	A182							6	24
83	A183							6	24
84	A184							5	25
85	A185			2				4	26
86	A186							5	25
87	A187				1			5	24
88	A188			2		3		1	24
89	A189				2	3		1	24
90	A190					3		3	24
91	A191					1		4	25
92	A192			1				5	24
93	A193							6	24
94	A194			3				2	25
95	A195			2				3	25
96	A196							5	25
97	A197				1			5	24
98	A198			2		3		1	24
99	A199				2	3		1	24
100	A200					3		3	24

NO	NIP	Employee Position	AL	SL	P	A	General By State	Holiday By Company	WORKING DAYS
101	A201					1		4	25
102	A202							6	24
103	A203							5	25
104	A204							6	24
105	A205							5	25
106	A206							6	24
107	A207							6	24
108	A208							5	25
109	A209	<i>Branch Manager</i>				9		4	17
110	A210	<i>Admin Department Head</i>				8		4	18
111	A211				1			5	24
112	A212			1	1	3		1	24
113	A213				1	3		1	25
114	A214					3		3	24
115	A215					1		4	25
116	A216			1				4	25
117	A217							6	24
118	A218			3				2	25
119	A219			2				4	26
120	A220			1				4	25

Source: STAR MOTOR Monthly Report

Note: AL = Annual Leave, SL = Sick Leave, P = Permit, A = Absent

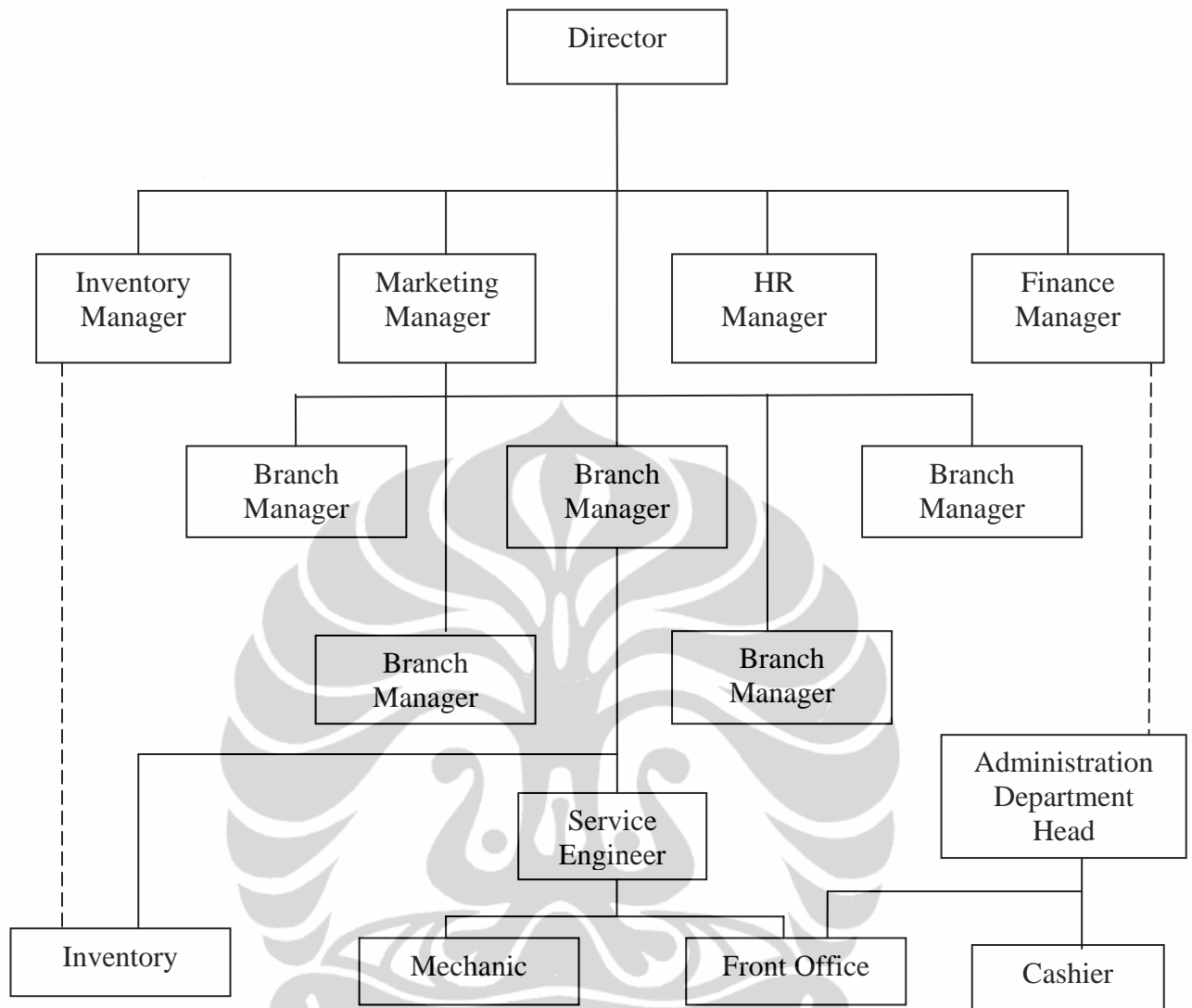


Figure 3.1 Organizational Chart of STAR MOTOR company

Source: STAR MOTOR (2008)

### 3.2 STAR MOTOR FACILITIES

In order to give the best of customer service, the company has the supports for :

- Large area for productivity with capacity for more than 100 unit of car per day
- Expertise mechanics, certified professionalism
- Complete and update tooling
- Complete spare parts
- Availability of tire (Bridgestone, Michelin, Gajah Tunggal, BF Goodrich) from many size with update facility and tools



- Varieties of accessories and car supplies
- Computerized administration system and internet connection within branch
- Comfortable waiting room

In term of machinery and tools, STAR MOTOR has always updated and followed the modern technology, such as:

- Wheel alignment with eight sensors made in Germany to measure chassis of car in order to maintain tire service and stability of suspension and also the body tracker to repair the chassis and car's body
- High scene car electronic system detection
- Carbon clean to reduce carbon from oil and diesel
- Balancing Sis cam SBM V700 and V 600 SL for setting up the balance of tire rotation
- Spray booth made in France for the body painting
- Multi spot lass, CO lass and argon lass to repair the car's body and many more

### **3.3 STAR MOTOR SERVICES**

STAR MOTOR offered four kind of work scope to the customer. The work scope consists of:

- Routine services
- Repair, recondition and modification
- Body repair
- Car's spare parts and accessories

STAR MOTOR realized the importance of company development to fulfill customer satisfaction. In order to be more competitive and beneficial for customer, the company proposed a joint indenture service program. This is such an agreement between company and customer, in which the company will be a seller of service and spare parts, in a term and condition applied by both side. Indenture service is an effective solution regarding the risk and car owned investment,

especially in Jakarta area where the people have high mobility and unpredictable infrastructure condition.

The Indenture service is offered in two different types:

1. Body repair indenture service
2. Routine repair indenture service

### **3.3.1 Body Repair Indenture Service**

STAR MOTOR has started a specific division only for body repair in 1986. Based on experiences and knowledge, the company feels confidence to offer the indenture service. They build relation with both insurance and other corporate in order to reach business development and customer satisfaction. The company always keeps update in term of technology and they have been supported with high technology and modern tools.

### **3.3.2 Routine Repair Indenture Service**

STAR MOTOR has implemented “one stop auto care and service” concept for routine repair indenture service that could customized in line with the customer needs, such as bellow:

- Routine service for lubricant changed, car wash, tune up, balancing, and computerized system.
- General repair such as many kind of repair until machinery total overhaul
- Car air conditioning service including repair and new installation
- Car hi-fi and electronic accessories
- Muffler center
- Universal products such as safety bar and stabilizer
- Body repair and body paint
- Chassis and tire service, wheel rim and batteries
- Genuine spare parts and accessories replacement
- Carbon clean such as fuel and diesel and carbon emission test

### 3.4 STANDARD SERVICE PRICE

Basically the standard service price is depending on time period needed to repair the error parts. The standard time or known as standard flat rate was stated by the factory that produced the cars. The repair cost given to customer in STAR MOTOR, however, will be case per case basis and communicate with customer before the service start. Considering of more than 200 varieties of specific work are available, the company has stated the standard prices for basic services that are within the range of the market. Examples of standard services are:

- Lubricant machine changeable
- Car wash
- Tune up
- Overhaul
- Transmission overhaul
- Computer sporing
- Carbon clean
- Tire balancing
- Total engine overhaul
- Top engine overhaul
- Carburator overhaul
- Timing belt service

### 3.5 STAR MOTOR AND PARTNERS

#### 3.5.1 STAR MOTOR's Suppliers

Here is the list of suppliers that supports the company on service and product selling:

- PT Daihatsu Indonesia
- PT Astra Motor
- PT Hyundai Mobil Indonesia
- PT Kia Mobil Indonesia
- PT Bridgestone Tire Indonesia
- PT Pertamina Persero Indonesia

- PT Michelin Indonesia
- PT Gajah Tunggal Tbk

### 3.5.2 STAR MOTOR's Customers

Bellow is the list of customers that have been a partner through contract service:

- PT Abdidaya Maju Sehati
- PT Astra Indonesia
- PT Asahi Albertama
- PT Bumi Utama
- PT Bernardi Prima Jaya
- PT Branada Bima Husada
- PT BOC Gases Indonesia
- PT Cussons Indonesia
- PT DNP Indonesia
- PT Dynea Indria
- PT Daiwo Metal
- PT Drimpa Manuwarta
- PT Energi Mulia Persada
- PT Glaksindo Indonesia
- PT Frisian Mulia Jaya
- PT Federasi Founindo
- PT Gerasi Persada
- PT Internasional Bersama
- PT Hyundai
- PT Indocap Himas
- PT Indomobil Altin
- PT Indonesia Kasahi Mulia
- PT Kastor Roda
- PT Karya Kasih
- PT Jaya Abadi
- PT Mulia Makmur

- PT Prima Industri
- PT Kramat Sari
- PT Panamas
- PT Rexami Dwi Tunggal
- PT Sari Agrisada
- PT Sarana Buana
- PT Sariayu Indonesia
- PT Serasi Berseri
- PT Sumber Sari Raya
- PT Sharp Indonesia
- PT Supra Sumber Cipta
- PT Farmasi Kimia
- PT Berka Indonesia
- PT Lautan Berlian
- PT Panamas Indonesia
- PT Traktor Nusantara Prima
- PT Total Chemindo Loka
- PT Toppan Sampoerna Indonesia
- PT Torishima Guna Indonesia
- PT Yamaha Music Manufacturing
- PT Husada Parama Sakti

### **3.5.3 Insurance Company Alliance**

Here are the insurance companies that become the company partners for more than ten years:

- PT Allianz
- PT Sinar Mas
- PT Wahana Tata
- PT Asia
- PT Raksa Pratikara
- PT Abda

- PT Raya
- PT Purna Artha Nugraha
- PT Fadent Mahkota Sahid

