

ANALYSING IDEAL SUCCESSION MODEL AND SUCCESSOR PREPARATION OF A FAMILY ENTERPRISE PT.GARIS MATAHARI

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ABSTRACT

Family business is one of many factors that influence the world business wheel. Even in South East Asia, 60% of Public Listed Company (PLC) are Family Enterprises. That statement based on the quantity and contributions of family business in the world that holds huge contribution in the Gross Domestic Products(GDP). With the GDP that equal to Turkey and Netherland, and the growth rate that about 5.8% up to 6.4%in Indonesia(PWC,2014). That shows the power of family enterprises in Indonesia, so that family enterprises continuity becomes the main issue right now. So in order to grow family enterprises in Indonesia, this research aim to find an ideal succession model for a 25 year old family enterprise, a limited company, “PT. Garis Matahari, Architect, Engineers, and Consultants”. In result, PT. Garis Matahari can use the model in order to do the preparation of a successor and the most suitable succession process.

Keywords: Family Business, Family Enterprise, Succession Model, Garis Matahari

INTRODUCTION

Nowadays, succession is one of the most difficult problems in an growing enterprises, it seems so simple but also the toughest. It determines how the company will survives in the future.

Most of companies in Indonesia are Family enterprises and most of them influenced a lot in Indonesian business wheel. That makes the sustainability of family businesses are very important issues in Indonesian business world. And one of the main issues of the family business are succession.

There are issues that has written a myth that first generation built, second generation spent, and third shut it down. And all that are the impact of wrong

successions. PT. Garis Matahari as one of family business in Indonesia is now concern about the business successions and there are many problem sorroundings, like successor preparation and the business regeneration itself. This research objectives are find ways for PT. Garis Matahari so i can pass the succession stages well.

PT. Garis Matahari, Architect, Engineers, and Consultants, is a family based firm that roll a business of building development, starting from pra design, design drawing, consulting, even the project development too. There are not enough gain for the company growth for the past five years, as a concern for that matters, Ir. Sundoro as the Director of PT. Garis Matahari plans on doing more efforts at the real estate development besides the consulting business.

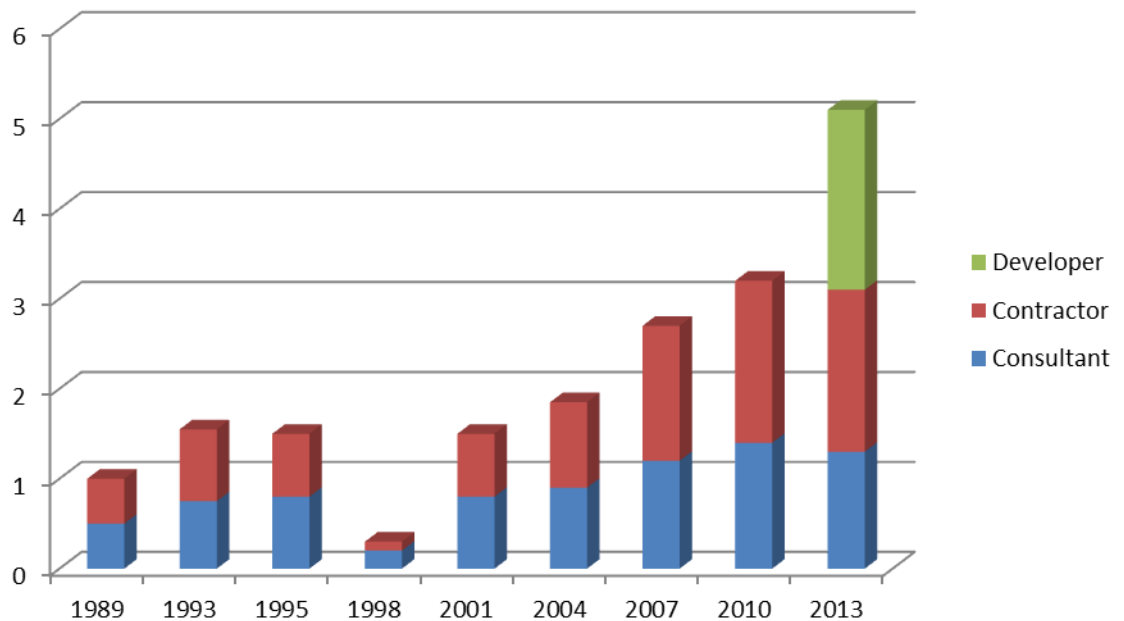


Figure 1. The Omzet Chart of PT. Garis Matahari 1989-2013.

From the chart above, we can see that the company grow significantly after it started the developer section. Thats why PT. Garis Matahari will do more workout for this section.

Now that the owner and the the Director, Ir Sundoro, is no longer at his young age. He wanted to start the regeneration process that will grow this company way bigger. He has chosen his three sons to start to learn about the company. All of them prepared with archtecture based studies, just like him, but now, those three successor are gaining more experiences in business world.

The succession stages are not as easy as it seems. Its way too complicated if we do the wrong models for a wrong company conditions. So in order to avoid those succession failure, writer held this research, starting from getting closer to the company, analyzing the data that have been collected, compared to another

research and other company that have success in succession stages. In that case, it is possible to find the best succession model that is suitable for this company.

Problem Statement

How to prepare a successor that ready for leading the company to improve the company performance?

LITERATURE REVIEW

As the problems are about the subject in succession, this research will use the Family in Family Business tools that can determine one by one subject of the family business.

Family in Family Business

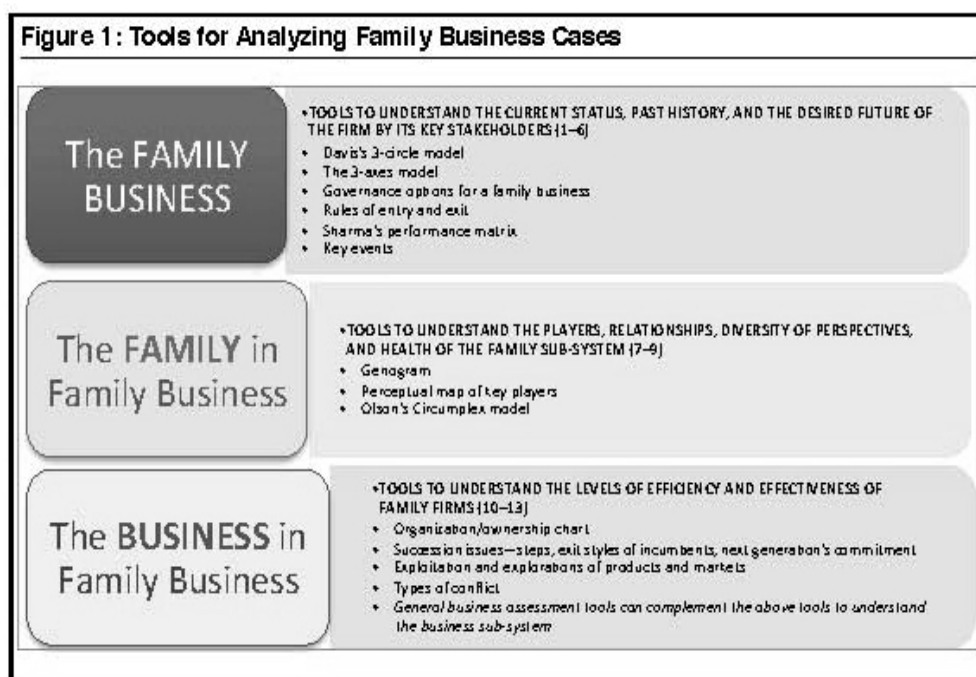


Figure 2. The Family Business Cases Research Tools.

There are three tools that will be used in this research;

Genograms

Family genograms are visual explanation of the real conditions of a family, siblings, blood relatives, also indicates how close the relationships of a family. In the picture below, we can see an example of a family genogram.

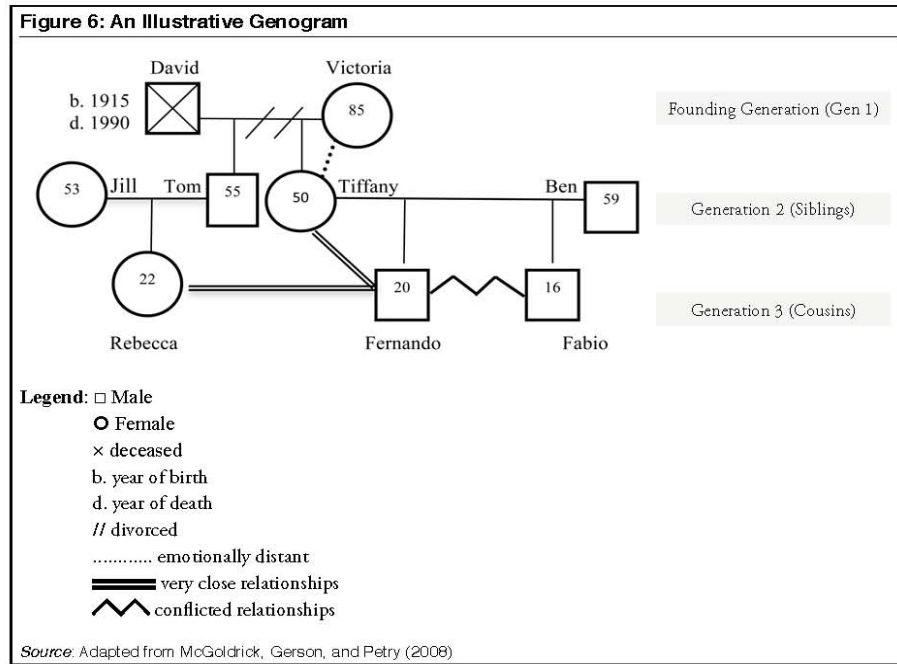


Figure 3. Example of Family Genogram.

Perceptual Maps

The Family Business life-cycle are related to involvement of perceptions that had by the family member even not a family member. In that terms, making a perception map will be better if we know strengths and weaknesses of each family players. With this maps we can even know how the leadership guidelines works.

Table 4: Perceptual Map of Key Stakeholders

	#1	#2	#3	#4
#1	Self perception of #1	#1's perceptions of #2 • Strengths • Weaknesses • Best fit role	#1's perceptions of #3 • Strengths • Weaknesses • Best fit role	#1's perceptions of #4 • Strengths • Weaknesses • Best fit role
#2	#2's perceptions of #1 • Strengths • Weaknesses • Best fit role	Self perception of #2	#2's perceptions of #3 • Strengths • Weaknesses • Best fit role	#2's perceptions of #4 • Strengths • Weaknesses • Best fit role
#3	#3's perceptions of #1 • Strengths • Weaknesses • Best fit role	#3's perceptions of #2 • Strengths • Weaknesses • Best fit role	Self perception of #3	#3's perceptions of #4 • Strengths • Weaknesses • Best fit role
#4	#4's perceptions of #1 • Strengths • Weaknesses • Best fit role	#4's perceptions of #2 • Strengths • Weaknesses • Best fit role	#4's perceptions of #3 • Strengths • Weaknesses • Best fit role	Self perception of #4
	Consensus points wrt #1 • Strengths • Weaknesses • Best fit role	Consensus points wrt #2 • Strengths • Weaknesses • Best fit role	Consensus points wrt #3 • Strengths • Weaknesses • Best fit role	Consensus points wrt #4 • Strengths • Weaknesses • Best fit role
	Low consensus points wrt #1 • Strengths • Weaknesses • Best fit role	Low consensus points wrt #2 • Strengths • Weaknesses • Best fit role	Low consensus points wrt #3 • Strengths • Weaknesses • Best fit role	Low consensus points wrt #4 • Strengths • Weaknesses • Best fit role

Figure 4. Perceptual Mapping.

Olson’s, Circumplex models

At the beginning, Olson’s circumplex models are used to examine marital systems. But after the discovery of its use in understanding a family potential in handling a huge make over. While over fifty terms describe a family’s behavior, this model focuses on two primary factors: cohesion and adaptability.

Cohesion, also referred to as togetherness and closeness, is described as “the emotional

bonding that family members have toward one another” (Olson and Gorrall 2003, 516). Families operate on one of four levels of cohesion:

- Disengaged family—extreme separateness
- Separated
- Connected
- Enmeshed family—extreme togetherness

Adaptability or flexibility is the amount of change in leadership and roles in a family system. Families operate on one of four levels of adaptability:

- Rigid families—extreme stability with authoritarian leadership
- Structured
- Flexible
- Chaotic families—lack of leadership, dramatic role changes, erratic discipline,
too much change

		COHESION Emotional bonding between family members			
		DISENGAGED "I" focused highly independent	SEPARATED "I-we" focused; Some dependence and loyalty	CONNECTED "I-we" focused; Moderate-low dependence; Highly loyal	ENMESHED "WE" focused; Very highly dependent and loyal
FLEXIBILITY Extent of change in leadership/roles	CHAOTIC Frequent/extreme changes in roles; Lack of leadership	Chaotically Disengaged	Chaotically Separated	Chaotically Connected	Chaotically Enmeshed
	FLEXIBLE Role-sharing changes when necessary; Shared leadership	Flexibly Disengaged	Flexibly Separated	Flexibly Connected	Flexibly Enmeshed
	STRUCTURED Stable roles; Change when demanded; Some shared leadership	Structurally Disengaged	Structurally Separated	Structurally Connected	Structurally Enmeshed
	RIGID Too little change in roles; Authoritarian leadership	Rigidly Disengaged	Rigidly Separated	Rigidly Connected	Rigidly Enmeshed
<i>Source: Adapted from Olson (2000, 148)</i>					

Figure 5. Olson’s Circumplex Model.

From this research tools, writer will transform those tools into some interview questions that can be the source of data that will be collected through some samples that fulfilled the writers standards.

RESEARCH METHODS

Type and Research Methodology

According to Juster, Charles (2012), there are This research is a description study case. According to Basuki (2010:110), description research is a research which tries to describe accurately of all activity, object, and human. Case study, according to Sutedi (2009:61) is included in analyze descriptive research, which focusing on a special case to observe and analyze carefully. As a study case, data collected derived from many sources and the results of this research is only valid for this case only and cannot be generalization.

FINDINGS

External Analysis

From the results that got from intreviews, most informants state that relation between the current leader and the successor whether real-life relationship or similarity in vision and mission in order to run a company is way so important. There no way a company would runs well in the hand of successor if the successor doesn’t have the same vision as the current leader. There might be changes but in a form of improvisation, not a brand new. If there would be a major changes more time will be charged in order to adapt from the current version of leader’s vision.

Internal Analysis

Main issue that occurs right now inside PT. Garis Matahari is that there are some problems between the current leader and the successor. The delay of involving the successor into the business slows down the learning process of the successor him/herself. Even with a good relation with the successor, the learning process is a real big deal. From the context right now, PT Garis Matahari is on its way to regeneration from first generation to the second generation.

Giving a brief information about the company's vision is not as easy as it thought. And it occurs on many other company that are related to this research.

CONCLUSION

Suitable Succession Models

From the data collected from the interview and internal-external analysis of PT. Garis Matahari, the writer found some conditions that leads into one suitable succession models that can be used for PT. Garis Matahari's succession, the "Gradual Progressive Leadership Transition"

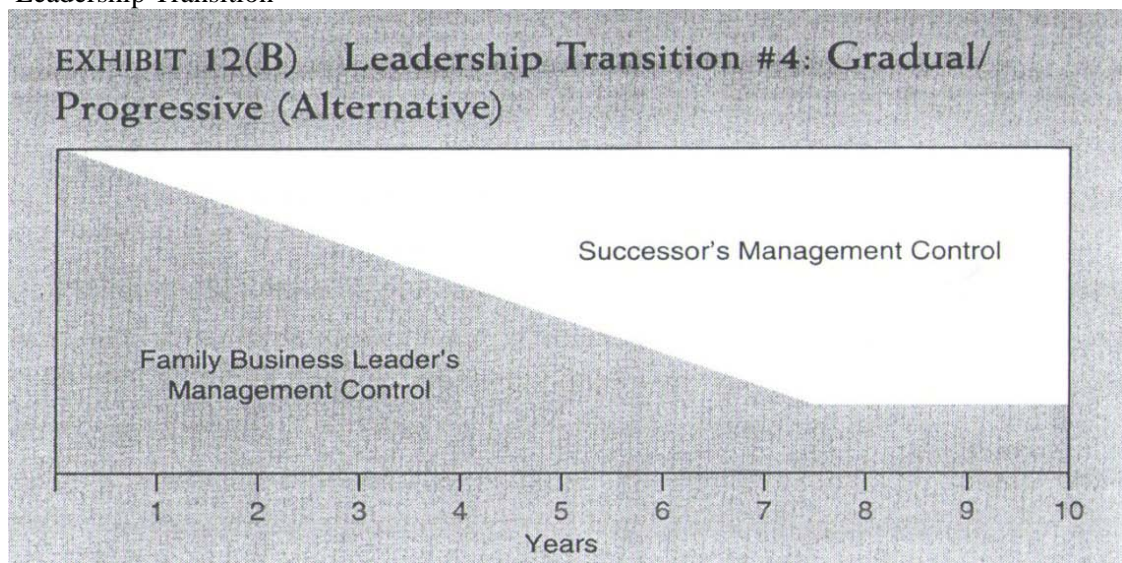


Figure 6. Gradual Progressive Leadership Transition

This model gives the successor leadership decision one by one, then if it comes the time the current Leader will stand as the CEO and the successor will act the Director role. This model is suitable for companies which the current leader won't let go the leadership yet.

Things That Can be Prepared Before the Succession starts

1. Improve the communication between current leader and the succession with more communication, more problems can be solved, so there will be more experience to understand.

2. Place the successor at the lowest position in the company, with that condition, successor will be a better fighter and will understand each section of the company as well.
3. Be a professional at the office, there will be no more son and dad but a director with it's employee, then at home there will be a daddy and son's chat to solve the problems at the office.
4. Slowly let the successor takes its own decision starting from the small matters to greater matters.

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