

THE ANALYSIS OF BUSINESS DEVELOPMENT STRATEGIES IN ESA FARMA PHARMACY

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ABSTRACT

Pharmacy is one business service products and services associated with customer satisfaction. Pharmacy Esa Farma is a business in the field of public health services. Esa Farma Pharmacy has undergone turnover from October 2015 to September 2016. Esa Farma needs to develop strategies to improve the business. This involves internal and external factors. This study aims to (1) identify and analyze internal and external factors of Esa Farma Pharmacy, and (2) formulate development strategies for Esa Farma Pharmacy and determine primary strategies that can be implemented. Identifying the strengths and weaknesses was to employ the Internal Factor Evaluation (IFE) matrix; meanwhile, the External Factor Evaluation (EFE) matrix was used to identify opportunities and threats. SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) was used to formulate alternative strategies. Quantitative Strategic Planning Matrix (QSPM) was used to develop primary strategies. Based on the calculation of IFE matrix and EFE matrix, total score of 2.53 and 2.91 were obtained. This showed the focus of strategy was to minimize internal problems in order to seize market opportunities. SWOT analysis was done to generate alternative formulation strategies, covering strength, weakness, opportunity and threat in SWOT Matrix. Having used QSPM get the order of choice (1) Optimizing technology utilization in ordering of drug, (2) Improving the Pharmacy of Esa Farma service, (3) Implement computerized system in the pharmacy management, (4) Developing and implementing Standard Operating Procedure (SOP) of employees, (5) Improving product promotion strategies, and (6) Improving the employee quality. The strategic priority with the highest TAS score of 6,502 was to implement a computerized system in pharmacy management.

Keywords: Pharmacy, Business Development, Strategies

INTRODUCTION

Health is a vital human need that controls people's activity and performance. To solve health problems, people do certain actions. This phenomenon is related to their habit in consuming medicine. They do this in order to anticipate and treat health problems. Medication is a component of health services.

In general, pharmacies have some functions to offer health services and get profits. Healthy lifestyle and social health insurance schemes through Social Security Supervisory Agency (BPJS) have made pharmacy business increase. BPJS encouraged the use and sale for generics.

According to data from the Ministry of Health in 2015 there were 25,339 pharmacies in Indonesia (Kemenkes, 2016).

Pharmacy Esa Farma is one of the health services business established on December 6, 1994. It is located at Jalan Raya Sukomanunggal Jaya no. 22 Surabaya. Esa Farma Pharmacy Branch is Esa Farma Pharmacy II at HR Muhammad No. 86 K. That the location is strategic and close to several hospitals makes Esa Farma Pharmacy good for business markets.

The growing of pharmacy business in Surabaya has influenced the performance of Esa Farma. Some periods have decreased turnover from October 2015 to September 2016. This was due to internal and external factors.

Strategic management is required to support the performance of pharmacies in the face of competition. The increasing number of pharmacies has made intense competition among pharmacies, and this has created difficulties in achieving sales and profits. Through strategic analysis of the external environment known as threats and opportunities, the analysis of internal environment is conducted. It is to determine the strengths and weaknesses of Esa Farma pharmacy. Business prospects cannot be separated from the identification of existing environmental factors. This encourages the authors to identify and analyze internal and external factors of Esa Farma Pharmacy, as well as to formulate and prioritize the development strategy of Esa Farma Pharmacy.

LITERATURE RIVIEW

Business Strategy Analysis of PT Soho Regular Pharmaceutical Industry by Algustie, *et al.*, (2012) concluded that there was a change in competitive conditions that made companies modify their marketing strategies. The EFE matrix and the IFE matrix were 3.02 and 2.78 respectively. The results of the alternative strategy formulation through SWOT matrix and strategy selection using QSPM matrix showed "Increasing product variant with new product development or cooperation with other company" became the most attractive strategy with score 6,183.

Strategic Management

Strategic management is defined as the art and science of implementing, and evaluating decisions that enable the organization to achieve its objectives. The strategic management objective is to create new opportunities for the future as well for the long-term planning (David, 2010).

Strategic Planning

A strategic planning is a strategic management component to clarify goals and objectives and allocate resources (Steiss in Glueck, *et al.*, 1998). The purpose of strategic planning is to establish and perfect the business and products so as to meet the target of market growth profit. The main purpose of strategic planning for the company is to know the internal and external conditions of the company

Internal-External Matrix (I-E)

Analyzing internal factors is to use IFE analysis (Internal Factor Evaluation) as an analytical tool of strategy formulation in identifying and evaluating internal environmental factors as well as measuring strengths and weaknesses. In analyzing external factors using EFE (External Factor Evaluation) analysis, it is to formulate strategies used and evaluate external environmental factors and measure the extent of opportunities and threats faced by the company. The IE (Internal-External) matrix is done by the mapping IFE and EFE matrix scores and analyzing the company's conditions in the SWOT (Strengths, Weaknesses, Opportunities, Threats) diagrams consisting of several quadrants (David, 2010).

SWOT analysis

According Rangkuti (2013), SWOT analysis can be used to identify various factors in formulating corporate strategy. This analysis is based on logic that maximizes the strengths and opportunities; nevertheless, it can simultaneously minimize weaknesses and threats. The strategic decision-making process is related to the development of mission, goals, strategies, and company policies.

Quantitative Analysis Strategy Planning Matrix (QSPM)

According to David (2010), QSPM (Quantitative Strategy Planning Matrix) is a recommended analytical tool to evaluate strategy choices based on key identified internal and external factors. The purpose of QSPM is to establish the relative attractiveness of various strategies. QSPM allows strategists to evaluate alternative strategies objectively based on previously identified internal and external factors (Fretes, *et al.*, 2013).

RESEARCH METHODS

Research Approach

The research method was descriptive and analytical. Descriptive method was intended to create a systematic and accurate description of the facts and the relationship between the phenomena studied. The analytical method was to achieve the interpretation (Nazir, 2005). The research was conducted at Esa Farma Pharmacy, Jalan Sukomanunggal Jaya No. 22, Surabaya from September 2016 to January 2017.

Sampling Method

The sampling technique was to employ purposive sampling. It was based on certain considerations or expert respondents in the field (Sugiyono, 2014). The samples of this study were not determined by the numbers. By contrast, the respondents selected were the expert respondents. The internal party respondents included Esa Farma's Pharmacy owner Mr. Ranu and Mrs. Rahayuningtias as financial officers, employees covering purchasing and warehouse staff, reseptir staff, sales staff, cashier staff, and financial staff. The external correspondent included Esa Farma pharmacists and consumers.

Method of collecting data

The data collection methods were to use observation, interviews, and document study. Data types were both qualitative and quantitative data. Data sources were primary and secondary data. The primary data were obtained through direct observation and interviews with several employees of Esa Farma Pharmacy. The secondary data used were in the form of reports or documents from Pharmacy Esa Farma

Research Instruments

The instrument or data collection tool was a tool used to collect data in a study. Research instruments were all tools used to acquire, manage, and interpret information from respondents (Sugiyono, 2014). Research instrument at Esa Farma Pharmacy included interview. This was done by asking questions on questionnaire.

Data analysis

Data analysis was done by designing alternative business development strategies on Esa Farma Pharmacy with strategic management approach. Data analysis consisted of the analysis of Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrix, Internal-External Matrix (IE) analysis, SWOT matrix analysis, and final stage using QSPM.

The environment analysis was done by giving the weight and rates to the internal and external factors. The total of IFE and EFE matrix scores were used to determine the firm's position and applicable strategies (Kinnear, et al., 2000).

The SWOT matrix was organized structured based on the strength, weakness, and opportunity and threat factors. The SWOT matrix was done by formulating alternative strategies that would promote the development of companies (Rangkuti, 2006). QSPM's interest scores were used to get alternative strategies.

Quantitative Strategic Planning Matrix (QSPM) was a technique to set the priority of alternative strategies. Quantitative Strategic Planning Matrix (QSPM) was a tool to evaluate strategies to optimize the results (David, 2010)

RESULTS AND DISCUSSION

IFE Matrix Analysis

After obtaining the internal factors, respondents such as the Esa Farma owner, financial staff and pharmacist assistants, were encouraged to fill in the questionnaires. The questionnaires were filled by respondents to give weights and ratings. Here were the results of IFE matrix analysis on Esa Farma Pharmacy:

Table 1. IFE Matrix Analysis

Factors of Internal Strategies	Weight	Rating	Score (weight x rating)
Strenght:			
Strategic company location	0.19	1.50	0.28
The establishment of the business has a license	0.16	1.83	0.29
Good relationship exists between the pharmacy and consumers	0.17	3.00	0.52
Communication between owners and employees is well established	0.13	1.17	0.16
Total			1.24
Weakness:			
Manual financial bookkeeping system	0.16	3.50	0.57
Lack of skills in the management of enterprise management	0.12	3.83	0.46
Coordination of task distribution is less effective	0.06	4.00	0.25
Total			1.29
Total IFAS			2.53

Table 1 shows the pharmacy had good relationships with consumers as indicated by the score of 0.52. Esa Farma pharmacy always tried to build consumers' loyalty by giving good services. The main drawback was due to poor coordination of job distribution as shown by the score of 0.25. Such a job distribution was less specific: employees performed tasks that did not become their main jobs.. The total value of the IFE (Internal Factor Evaluation) matrix was 2.53. The weakness value was higher than that of the strength, and this implied that Esa Farma pharmacy needed to minimize and anticipate weaknesses.

EFE Matrix Analysis

Following the external strategy factor covering opportunities and threats, the respondents were encouraged to fill in the questionnaires about the internal environment. The questionnaires involved external parties outside the pharmacy Esa Farma to maintain the objectivity of the study. The questionnaires were filled by each respondent to rate and give weight. Here is the result of EFE (External Factor Evaluation) matrix analysis on Esa Farma Pharmacy

Table 2 Matrix EFE Analysis

Factors of External Strategies	Weight	Rating	Score (weight x rating)
Opportunities:			
The high demand for medicinal needs in the community	0.31	3.17	0.98
Increased education level and public knowledge about the importance of drugs	0.26	2.33	0.61
Utilization of technology in increasing product sales	0.20	3.33	0.67
Total			2.27
Threat:			
The number of similar pharmacies and generic near the location of Esa Farma Pharmacy	0.13	2.83	0.38
Consumer behavior in choosing a pharmacy	0.09	2.83	0.26
Total			0.64
Total EFAS			2.91

Table 2 Matrix EFE Matrix Analysis Esa Farma pharmacy shows the external strategy factors that become opportunities and threats. The main opportunity for pharmacy Esa Farma is high demand for drug requirement as indicated by the biggest value that of 0.98. Meanwhile, the smallest score of 0.26 is consumer behavior in choosing pharmacy. The total value of the EFE matrix is 2.91, indicating that Esa Farma is trying to make use of opportunities and avoid threats.

SWOT analysis

After obtaining the total value of the IFE 2.53 matrix and EFE 2.91 matrix, the next step was to compile the SWOT analysis diagram. It was intended to find the position of Esa Farma Pharmacy quadrant.

1. To obtain a position at Y, the weighted and rating results on the opportunity were reduced by the weighted and rating product on the threat:

$$\text{Opportunities} = 2.27$$

$$\text{Threat} = 0.64$$

$$\begin{aligned} \text{Point Y} &= \text{Opportunities} - \text{Threats} \\ &= 2.27 - 0.64 \\ &= 1.63 \end{aligned}$$

2. To obtain a position at X, the weighting and rating results on the power were reduced by the weighted product and the rating on the weakness:

$$\text{Strength} = 1.24$$

$$\begin{aligned} \text{Weakness} &= 1.29 \\ \text{Point X} &= \text{Strength} - \text{Weakness} \\ &= 1.24 - 1.29 \\ &= -0.05 \end{aligned}$$

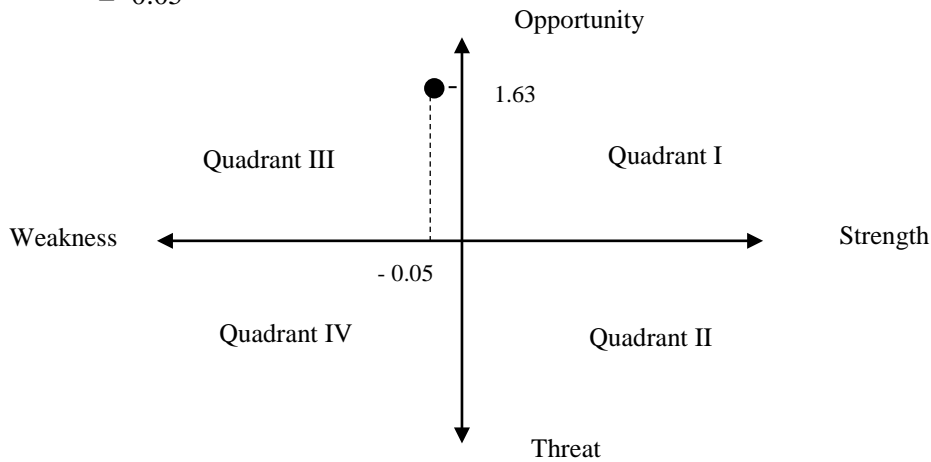


Figure1 SWOT Analysis Diagram

From Figure 1, the position of Esa Farma Pharmacy was -0.05; 1.63 or in quadrant 3. The business development of Esa Farma Pharmacy was the power to exploit opportunities. The appropriate strategy was self-improvement strategy. It focused on minimizing the internal problems of the company in order to increase market opportunities. Based on the results of the above analysis, SWOT matrix consisting of strength and opportunity (SO), weakness and opportunity (WO), strength and threat (ST) and weakness and threat (WT), in detail the strategy can be seen in Table 3:

Table 3 SWOT Matrix Mapping Results

	<p style="text-align: center;">STRENGTHS (S)</p> <ol style="list-style-type: none"> 1. Strategic company location 2. Business establishment has a license 3. Relationship well established between the pharmacy Esa Farma with consumers 4. Communication between owners and employees is well established 	<p style="text-align: center;">WEAKNESS (W)</p> <ol style="list-style-type: none"> 1. Manual financial bookkeeping system 2. Lack of skills in managing corporate management 3. Coordination in the division of tasks is less effective
<p style="text-align: center;">OPPORTUNITIES (O)</p> <ol style="list-style-type: none"> 1. High demand for medicinal needs in the community 2. Increased education level and public knowledge about the importance of drugs 3. Utilization of technology in increasing product sales 	<p style="text-align: center;">STRATEGY S-O</p> <ol style="list-style-type: none"> 1. Optimizing the use of technology in ordering drugs 2. Improve the service of pharmacy Esa Farma 	<p style="text-align: center;">STRATEGY W-O</p> <ol style="list-style-type: none"> 3. Applying computerized system in pharmacy management 4. Develop and implement the implementation of Standard Operating Procedure (SOP) employees

THREATS (T)	STRATEGY S-T	STRATEGY W-T
1. The number of similar pharmacies and generic near the location of Esa Farma Pharmacy 2. Consumer behavior in choosing a pharmacy	3. Improving product promotion strategy	3. Improve employee quality

Based on the SWOT matrix analysis, the alternative business development strategy of Esa Farma Pharmacy is as follows:

1. S-O Strategy

Esa Farma Pharmacy's strength strategy is to take advantage of opportunities. Here are alternative strategies for the development of pharmacy Esa Farma:

- a. Optimizing Technology Utilization in Drug Reserves
- b. Improving Esa Farma Pharmacy Services

2. W-O Strategy

Weakness in Esa Farma Pharmacy can be anticipated by taking advantage of opportunities. Here are alternative strategies for the development of pharmacy Esa Farma:

- a. Implementing Computerized System in Pharmacy Management
- b. Preparing and implementing the Implementation of Standard Operating Procedure (SOP) Employees

3. S-T Strategy

Esa Farma's pharmacy strength strategy is to anticipate threats. Here are alternative strategies for the development of pharmacy Esa Farma:

- a. Improving Product Promotion Strategy

4. W-T Strategy

Strategies to minimize weaknesses are deal with threats. Here are alternative Strategies for the development of pharmacy Esa Farma:

- a. Improving Employee Quality

Quantitative Analysis Strategy Planning Matrix (QSPM)

The final stage of strategy formulation analysis is the selection of strategic priorities. The analysis used is Quantitative Strategic Planning Matrix (QSPM). QSPM. It is used to determine the relative attractiveness of various strategies. The US value (Attractiveness Score) shows the attractiveness of each strategy against the internal and external key factors of the firm. US values were obtained through the questionnaires. The Total Attractiveness Scores of each respondent were obtained by multiplying the weighted average scores and the US value of each key strategic factor. The calculation of the value of STAS (Sum Total Attractiveness Scores) from each respondent was done by summing all the TAS values of each internal and external factors.

Table 4 The Primary Alternative Strategies

	Respondent 1	Respondent 2	Respondent 3	Respondent 4	Respondent 5	Respondent 6	STAS Rata-Rata	Primary Strategy
STAS 1	5.736	5.924	6.253	6.180	6.273	6.139	6.084	2
STAS 2	6.064	6.399	6.227	5.891	5.665	6.043	6.048	3
STAS 3	5.909	6.507	7.055	6.720	6.442	6.378	6.502	1
STAS 4	5.030	5.151	5.151	5.528	5.151	4.987	5.166	5
STAS 5	5.750	5.457	4.963	4.868	4.774	5.178	5.165	6
STAS 6	5.573	5.891	5.320	5.359	5.492	5.719	5.559	4

Based on the calculation of STAS (Sum Total Attractiveness Scores) in Table 4, the priority strategy is "Applying computerized system in pharmacy management" as indicated by its highest average STAS 6.502. The priority strategy for the development of pharmaceutical business at Esa Farma Pharmacy, are as follows:

1. Optimizing technology utilization in drug ordering (STAS = 6,084)
2. Improving services at Esa Farma Pharmacy (STAS = 6,048)
3. Applying computerized system in pharmacy management (STAS = 6.502)
4. Prepare and implement the implementation of Standard Operating Procedure (SOP) employees (STAS = 5.166)
5. Improving promotion strategy (STAS = 5.165)
6. Improve employee quality (STAS = 5,559)

The results of the questionnaire show alternative strategies that most respondents prefer. The alternative strategy with the highest STAS value is a strategy that needs to be implemented first. The results of the questionnaire indicate several alternative strategies. The highest priority strategy is to apply computerized system in pharmacy management

CONCLUSION

1. The analysis of internal and external environment of Esa Farma Pharmacy, consisting of:
 - A. the internal strategy factor - strength, ie strategic company location, business establishment permits, good relationships between Esa Farma pharmacy and consumers, good communication between owner and employee. While internal strategy factors - weaknesses, namely manual financial bookkeeping system, lack of skills in the management of corporate management, coordination of the division of tasks less effective.
 - B. the external factors - opportunities such as high demands for medicines in the community, the increased level of education and public knowledge about the importance of drugs, the use of technology and increase product sales. Meanwhile, the external strategy factor - the threat such as numbers of similar pharmacies and generic near the pharmacy Esa Farma location, and consumer behavior in choosing a pharmacy.
2. The alternative and strategic priorities can be applied in Esa Farma are as follows:
 - A. The total IFE matrix is 2.53 and the EFE matrix is 2.91. The position of Esa Farma Pharmacy was at coordinates -0.05; 1.63 or in quadrant 3. It means that business development of Esa Farma Pharmacy can be used to exploit opportunities. Based on the SWOT matrix analysis, the alternative strategies of Esa Farma Pharmacy business development are: (1) to implement computerized system in pharmacy management, (2) to optimize technology utilization in ordering drugs, (3) to improve service at pharmacy Esa Farma, (4) to improve quality Employees, (5) to develop and implement the implementation of SOP employees, and (6) Improving promotion strategy.

B. Based on the QSPM matrix of the highest STAS value calculation, the priority of strategy that can be applied to Esa Farma Pharmacy in business development is to apply computerized system in pharmacy management with the highest average value of STAS which is 6,502.

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