

THE APPLICATION OF MARKETING SYSTEM IN FAMILY BUSINESS CV. FMG

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ABSTRACT

Marketing activity is the spearhead for the company. That the marketing officers resign from the company often becomes a problem. They begin to influence old company clients to join and work together by offering the same services and goods. The more complicated, the former marketing still has a blood relationship with business owners. They are a family member (cousin) who used to become employee. This study aims to formulate a marketing system in a family business whose elements include the organizational structure of marketing, marketing SOP, marketing human resources. The elements in family business have the following categories such as owners, employees, the 3 Axes Model, and rules of entry and exit. This research is a qualitative research using triangulation method. Data were collected through semi structured interview method. There were 6 informants in this study: 2 informant marketing experts, 2 informant family business experts, 2 informant owners of family company. This study found many things that need to be improved in the marketing system in the family company FMG. The improvement in marketing includes offline and online in marketing system, marketing SOP (SOP sales script, SOP overcoming technical barriers, SOP of achievement and resources, SOP reward and punishment), marketing human resources (recruitment criteria, skill, negotiation, attitude, knowledge, cooperation with marketing freelancers, segregation of functions with other parts). Family elements need to be categorized such as family member, owner, employees, then the stage of The 3 Axes Model (controlling owner, sibling partnership, cousin consortium business cycle, working together). It is important to pay attention to the rules of entry and exit (including rules of entry and exit of the company, the right time for written agreements, and how to overcome the attitude of family members that are not appropriate to the prevailing procedures).

Keywords: Family Business, Marketing System, Marketing SOP, Cousin Consortium, Controlling Owner, Rules of Entry and Exit.

INTRODUCTION

IDC (International Data Corporation) reported in 2016 that the printing and printing industry worldwide continues to grow rapidly until 2017, reaching US \$ 9 billion. This figure has increased significantly compared to the year 2012 which is US \$ 5.3 billion. Currently, the industry has entered the 4.0 era. This is a time when technology and digitization are part of all human life activities. The Industrial Age 4.0 enables multiple manufacturers to connect

digitally, from 3D printing, robotics to a variety of new technologies that are digitally related. The era of digital all the time many give ease in printing and printing industry. IDC also revealed that the publishing, printing, packaging and advertising industries will continue to grow by 12% in 2017 compared to the previous year for the Asia Pacific region (CNN Indonesia, 22 April 2017).

Having opportunities for "Print" happens if any used objects cannot be reused. As a result, when the company's stock form is depleted, the company will re-order the products to meet the needs. Having opportunities from the "Digital Printing" is also almost the same as the printing business. For example, banners that have listed the date of the certain events cannot be reused because the information in those banners has been obsolete.

As a business established and controlled by the family, Fast Media Globalindo is engaged in indoor and outdoor printing and digital printing services. The company is influenced by family culture including its vision of mission. The company has recruited employees who have a kinship relationship:

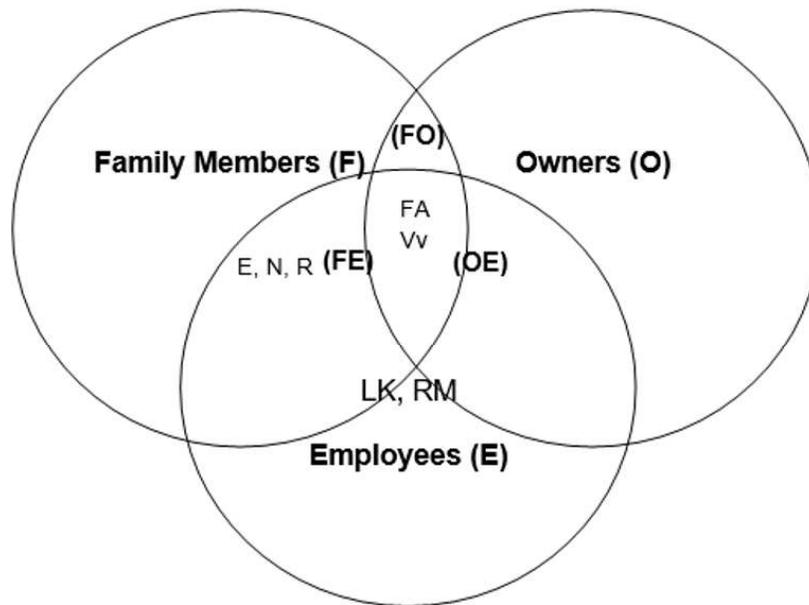


Figure 1. Grouping using Analysis of Davis's 3-Circles Model
(Sharma *et al.*, 2013:4)

The result of the analysis using Davis's 3-Circles Model explains the description of for employees who have and do not have family relationships.

Table 1. In-Company Family Relationships

| No | Name of Employees | Gender | Relation |
|----|-------------------|--------|---|
| 1. | FA | Man | Founder |
| 2. | Vv | Women | Founder |
| 3. | E | Man | Cousin FA from Mother (child of bude 'A') |
| 4. | N | Man | Cousin FA from father (son of aunt) |
| 5. | A | Man | Employee / Student intern |
| 6. | R | Man | Cousin FA from Mother (child of bude 'T') |
| 7. | LK | Women | Permanent employees who are not related to kinship |
| 8. | RM | Man | Employees (freelancers) who have no relative relationship |

Source: Company Data CV.FMG (2013-2017)

Managing a family business is not an easy thing. Running a leadership role to an existing subordinate of kinship relationships is a very complex challenge. There is often internal conflict within the family enterprise "This occurs when there are things that do not match the value of family culture in work. The solution to this problem is always not easy. The sensitivity in this family enterprise is high and results in conflicts among the employees.

Employee named 'N' is decided to resign at the end of June 2017 from CV. Fast Media Globalindo. He has his position as a marketing company and works to assist the FA. Quit 'N' from work because VV managers do efficiency and work effectiveness. The goal is to enforce company regulations to make the working atmosphere more orderly. Efficiency is carried out to exercise oversight of production activities (which are often inadequate). Mistakes in meeting customers' demands have impacts on the scouring of the company's capital. Effectiveness is carried out including monitoring of work-in-work and work-time hours as agreed at the joint meeting on Monday-Friday at 08.00-17.00 WIB, Saturday at 08.00-14.00 WIB, Sunday off. Monitoring is done because because a lot of employees who have a kinship relationship often come late beyond the tolerance limit, for example at 10:00 am or at 11:00 pm present new. This situation disrupts the effectiveness of working hours for other employees.

LITERATURE REVIEW

In general, the system is defined as a whole of a number of components (parts) are interconnected or related in achieving one or several purposes. Understanding if connected with management as a process or a series of activities known as components, functions or elements of management (planning, organizing, implementation, budgeting and supervision) to realize organizational activities in achieving goals or objectives (Nawawi, 2015: 174) .

According to Layton (2015) the marketing system has the main goal of producing and delivering various goods, services, experiences and ideas to customers. Furthermore, this action aims to improve the quality of life of the community and provide economic benefits for each participant of the system. Marketing systems are formed and grow (and often collapse) wherever human communities are formed and grow. They exist at every level of transactions between households such as market exchanges, inter-community trade relations, aggregate societies or regional trade relations. They form into groups of individual products or services, or aggregates that have common attributes. The sum of all transactions is done within a certain geographical location and over a specified period of time as well. Entities of a marketing system often become themselves. This entity facilitates the work system and acts according to complementary and sometimes even competitive roles that result in conflict.

Environmental changes with uncertainty force the company to continue thinking that companies can live stable and win the competition. Globalization has brought great influence to all

unlimited economic activities. This condition forces people to make massive changes in marketing. This is called the marketing revolution (Manap, 2016: 1).

In its simplest form, family business refers to a business owned and/or managed by a family (Casrud, 1994; Chua *et al.*, 1999; in Pounder, 2015). Family business is a business management activity that involves at least two generations of families within the company. Family members in the family company hold a vital role, so that their existence can influence the policies made by top management. Family values in family firms are so dominant that they can be embedded into employees who have no kinship relationship. The role of family business owners and business managers should be seen as separate and different even though it is just as important as family business success.

RESEARCH METHODS

This type of research uses a qualitative research approach and aims to explore and understand the meaning of individual behavior. According Sugiyono (2015: 254), qualitative methods are used to understand the condition of objects studied in depth and difficult to quantitatively measure. This study is based on their views/subjects being studied. The results of this study aims to determine the work system that is needed in the family business CV. FMG.

This research was conducted at CV. Fast Media Globalindo, located at Jalan Darmokali number 144A Surabaya. Running time from July to December 2017.

The research sample informants were chosen by purposive sampling. According Sugiyono (2015: 76) purposive sampling is a technique of sampling data sources with certain considerations. For example, the person is considered most know about what we expect. They can act as rulers and allow researchers to explore the object / social situation under study.

Criteria for Selection of Informants:

- A. Owner Family Business: Running a business family of approximately 8 years old, having an employee with a family relationship of more than 5 years in the company.
- B. Expert in Marketing: Practitioners in sales and marketing, Trainers in sales and marketing.
- C. Expert in Family Business: Family Business Consultant, Have experience and understanding in family business.

Data collection of data source in this research is primary data source. Primary sources are data sources that directly provide data to data collectors (Sugiyono, 2015: 256). The data of this research are qualitative data meaningful. Qualitatively meaningful is the data behind the apparent facts. Researchers should be able to give meaning or give interpretation of the facts obtained in the field (Sugiyono, 2015: 8).

To obtain accurate and relevant data, researchers used participatory observation techniques, semi-structured interviews, and recording. In this observation, researchers are involved with the daily activities of the person being observed as a source of research data. Data collection was done by conducting question and answer verbally and directly with key informant. Interviews are designed semi-structured to make the interview impression not rigid. According Sugiyono (2015: 267), the interview technique aims to find the problem more openly where the informant asked to express opinions, and ideas. During the interview, the researchers listened carefully and recorded information from the informants.

The focus in this study is to look at the strengths and weaknesses of Human Resources (HR) in handling marketing. This research will use intrinsic case study methodology. Intrinsic case study was chosen because the researchers conducted this study in the corporate environment. This study has internal validity. Research is stated to have internal validity if the results reflect the function of the program or research approach (Sugiyono, 2015: 210). The reliability of this

study has external reliability. According Sugiyono (2015: 211), if others repeat the research in the same way, then the results will be the same.

Examination of the validity of data in this study is by using Triangulation and Member Check techniques: researchers perform data collection at the same time test the credibility of data by checking using various techniques of data collection and various data sources. In this study, researchers used technique triangulation and source triangulation. Member check is a technique of checking data that comes from the data provider.

The analysis model of this study is as follows:

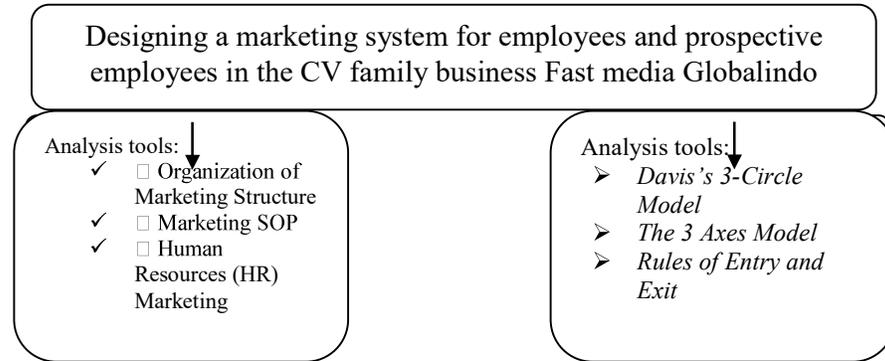


Figure 2. Analysis Model

Tabel 2. Research Informant Profile

| Nam e | Occupation | Informant Status |
|---------------------|--|----------------------------|
| Catur Mulyono | Total Image | Director |
| Yuyun Ayna | SWA Logistik | Director |
| Fuad Zakiy | Authorized Master Trainer of Tung Desem Waringin | Marketing Consultant |
| Herman Josep S | Director & Sales Trainer of PRO-M | Marketing Consultant |
| Himawan Wijanarko | Jakarta Consulting Group | Family Business Consultant |
| Damelina B. Tambuna | Chair Master of Entrepreneurship Management, Universitas Ciputra | Family Business Consultant |

Source: Primary Data (2017)

RESULTS AND DISCUSSION

I. Marketing System

a. Organizational Structure of Marketing

In the design of the marketing system required several stages. One of the things in marketing is the existence of a special marketing organization structure. The structure of this marketing organization has not been absolutely essential. The most important thing is related to who runs it. In this case, there is a similar statement from the interviewee whose talent is important. If the marketing organization structure is lean, decision-making is quick. The organizational structure of this marketing should also be evaluated six months for adjustment. When the owners are

involved, they have multiple roles as the owner and marketer.

b. Marketing SOP

When conducting marketing activities, guidance regulating what to do needs to be prepared. The result of interview with interviewee is that there should be written proof in marketing SOP, not just verbal data only. SOP must include Sales Script (Sales Script phone and sales script meet with client). The marketing should call and meet with the number of clients. Every day, the marketing division makes reporting on a visit to the client. For checking, the company can make use of numbers of action cards to follow up. Every one week there is an evaluation meeting. The meeting aims to analyze internal and external constraints and seek technical means to address them. The implementation of follow-up can be done according to the time available. After that, it is to do the evaluation of SOP: how to follow up the client has been obtained in the last month. In terms of resources there are several resources available to run the target.

c. Human Resources (HR) Marketing

• Recruitment Criteria:

Required that fit the business to business (B2B) business model: HR can create its own Milestone (short, medium term, long term). Experience over 2 years and have previous achievements. Have own connection, intuition in marketing and sales, age 29 years old, Honest, trustworthy, care with customer, At the time of recruitment process, this candidate is given cases. This way enables the company know how to deal with and solve problems.

• Cooperation with freelance marketing

For business owners, working with freelance marketing can be an option. Based on interviews with interviewee, it is necessary to cooperate with marketing freelancer. In this way, companies do not have to pay them otherwise just provide incentives and bonuses only when the closing occurs.

• Segregation of marketing functions with other parts

Based on interview interviews, they said it was important to share the marketing division with the finance department. This is done to avoid the price game. Billing does not matter because the payment standard will be valid if transferred to the company account. Besides marketing is also suggested disaggregated with the production section in this case if the context of advertising or printing service company, then an example if a marketing gets an acrylic order for a poster branding of a bank, it turns out he has the ability to form Acrylic as taught by the previous owner, that he knows the basic price of Acrylic material before it is formed according to the client's wishes. Then this will be very dangerous. He has production skills and knows the base price; on other occasions he will find his own Acrylic suppliers and clients can be offered a cheaper price than the company has to offer. If so then the hand over client is most likely to occur.

I. Family Business

a. Family member, Owner, Employees

The main function of categorization is to regulate the rights and obligations of each. If acting as the owner alone is not entitled to a salary but from the stock or dividend that's all. In addition, so there is a limit between business owners and business managers. As for the shares of ownership, although the form of a legal entity CV still requires the distribution of shares, depending on the regulations in the company. However, the division of shares in advance can minimize the possibility of conflict when the business is getting bigger.

b. Ownership, Business, Family

The controlling tasks can involve more than one person. People have their own specialization. However, there should also be a special written rule about this company: how much the owners are able to control. That way can be done by looking at the scale of the company. For example the company is shared by two contributing brothers. Culturally it is usually the most dominant of the oldest sibling but still for decision making. There is a process of negotiation. Because 2 brothers have their own specialization, there must be good decisions to make regarding the market. The mechanism must also be set concerning whether employees simply report one or to two owners. Sometimes giving also reports to two people can be less efficient. However, if that is the nature of the company, that strategy does not make any matters.

c. Rules of Entry and Exit

• Family involvement in the marketing team

Engaging family members in the marketing team does not matter as long as he or she has competence or marketing skills, but the disadvantage is that if he already has extensive connections he will open a business in the same field. Another shortcoming is the company will lose talent. And there is a sense of hard feeling in a kinship relationship.

• The rules of joining and leaving the company

In every business, there are rules of the game. They become urgent because they concern the rights and obligations between employees and business owners. Company regulations for family members who want to join the company must be made in accordance with the needs of the company because family business is non-customize. The following are the criteria worth considering:

1. Opening the opportunity may be filled by the family
2. No bound contract with others. There must be one month prior permission to the previous company. When people decide to resign, there must be permission that should be made at least 2 months earlier. They should be willing to have responsibilities to provide training to new people who replace his position.
3. Compliance between job descriptions required by the company with the competence, the more appropriate the better.
4. In addition, the commitment of family members is also important in order not to go around doing the job (orderly) and keep the feelings so as not to hurt each other.
5. Having interest in the field of advertising services business. People who are interested will be more productive and do more effective jobs.
6. Ability and experience, competence accordingly, eg occupy the position of marketing then must master the source screen and have the ability to negotiate.
7. Company regulations related to family culture, which will be set in SOP.

• How to deal with 'discomfort' to reprimand family members

1. If anyone made a mistake then there should be procedures regulating how to remind them by looking at the context (not in the time of the incident) or associated with the same situation.
2. Not being absentee, absentee dispensation takes place in less than 1 year working period. It is only allowed one day in 2 months, more than 1 day, there is a consequence of 2x daily salary cut. If the working period of more than 1 year then the absent allowed a maximum of one day in a month, more than that then there is a consequence cut salary 2x daily salary.
3. Creating 2 figures in the company:
 - Family figures (good guide)
 - The company management figure (bad guide)

It is the management of the company that concerns how to handle the mistakes. It is a suggestion and input from the owner.

CONCLUSION

In the Marketing System there are components (Marketing Organization Structure, Marketing SOP, and Marketing HR). Meanwhile, for business family this study uses tools (Davis's 3-Circles Model, The 3 Axes Model, Rules of Entry and Exit). The purpose of this study is to investigate if family member joining family company know what to do and what limitations they have. Family companies can be sustain and well developed, if the people who fill in it are right, and compact in all situations. Conflicts that occur should be resolved in a peaceful way. If not, a business can lead to family break up.

Regulations are made to protect interested parties from each other, concerning the rights and obligations in order not to harm each other. If there is a blood relationship, the potential for complex conflicts tend to be more difficult to resolve. Compared with the misuse of others, the company firmly takes criminal and civil action. But if there is a blood relationship then there is the principle of humanity is not hearty, uncomfortable, and other feelings as a material consideration. Therefore, in this study formulated Rules of entry and exit, which is a non-customize concept in the family business which is usually considered taboo in set on the type of company classified as "Small and medium-sized companies", because the brother who joined the company does not need to signed a written agreement. If there is a conflict, company can be resolv by way of kinship. In reality, in a business, the existence of black and white is very important to stand on the strength of the law. All things related to money is a matter of vulnerability to conflict regardless of relationship.

The Marketing System and the Rules of entry and exit for family members who want to join are dynamic. It is periodically necessary to make adjustments, along with the growth of the company and the development of the next generation of companies. The marketing system and rules to join for this family member is run effectively and beneficial for the company. To do so, it is necessary to improve the system in other parts according to the needs of the company.

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