

# CHAPTER I INTRODUCTION

## I.1 Introduction

In general, the organizational structure in each company has a sales & marketing department that has the responsibility to sell products and services to consumers for the purpose of the company to enlarge profit is achieved. Therefore, this position is the most crucial in a company. As Philip Kotler, S.C. Johnson & Son is quoted by (Patterson, 2007: 271) that marketing has the primary responsibility for achieving profitable revenue growth and marketing people do this by seeking, maintaining, and growing profitable customer value. Thus, some firms in evaluating the function of marketing performance to meet the expectations of the company always associate it with a large number of products sold. Though these parameters are not the only indicator to measure the success of marketing performance (Situmorang, 2017).

Unfortunately, the evaluation of marketing performance by focusing on the indicator of 'sales' only, is still applied by Telkom area of South -West Sulawesi (Witel Sulsebar). Wherein organigram, Witel Sulsebar is a regional office of PT Telkom Indonesia which is covered by Telkom Regional (divre) VII Eastern Indonesia (KTI), part of Sulawesi. Witel Sulsebar has a function as a distributor of information technology services and communications services for 19 districts located in parts of South Sulawesi and the entire area of West Sulawesi. The design of the organizational structure applied to Witel SulSelBar uses a combination basis as follows.

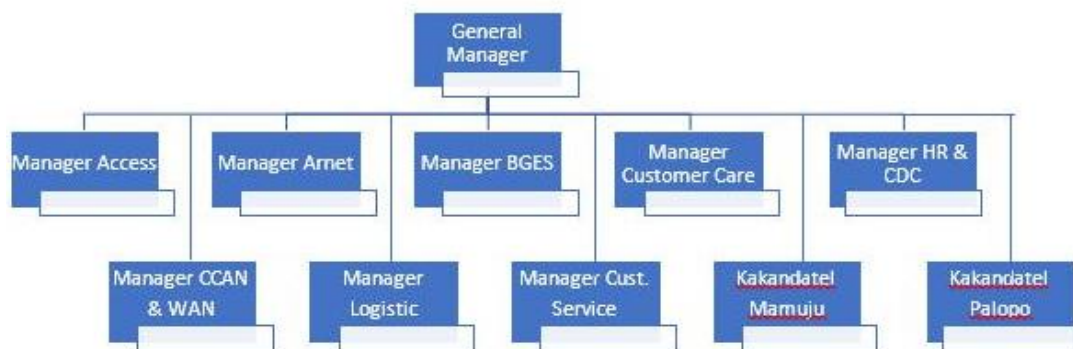


Figure I.1-1 Organizational Structure of Witel SulSelBar

From the combination organizational structure above, it can be seen that there are 10 units of work in Witel Sulselbar which certainly has its own activities and focus of work, including performance measurement in each unit. Wherein, the marketing function at Witel Sulselbar takes place on Business Government Enterprise Services (BGES) unit. That is a unit that focuses on high-end market sales, involving distribution and marketing selling.

As I've mentioned earlier, BGES unit measures their sales performance and marketing distribution by using only one main indicator that is, concerned on the revenue that can be achieved in a time-sensitive per each sales segment. This single created indicator may be influenced by the limited understanding of the company in how to evaluates their marketing performance. One reason is that marketing cannot be measured in many companies, as many marketers still lack the understanding to show and increase their contribution to the company's performance (Gama, 2017: 477). The single indicator result is based on the amount of revenue target versus real revenue which is obtained by BGES unit, as shown in the graph of total target revenue vs. real-time revenue until October 2017 as follows.

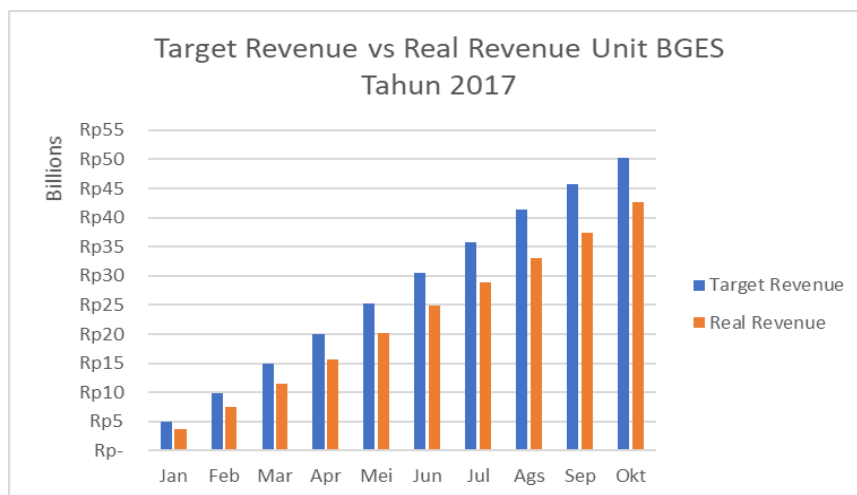


Figure I.1-2 Target vs Real Revenue BGES unit until Oktober 2017

From the graph above, it can be seen that the BGES unit cannot reach the expected revenue target. Seen from the real revenue figures trying to balance the target revenue target each month. However, if observed closely, the performance increase in August to October can reach 3 - 5%, while in January to July only play around in the number of 1 - 2%.

And with the value of these achievements, causing the position of Witel Sulsebar when compared to Witel se-KTI is ranked fifth after Witel Palu. So whether it can be said that the performance of the BGES unit is optimal yet? who knows. Therefore, the more detailed analysis is needed to measure the performance of sales and marketing performance on BGES units. Moreover, the figures shown in the graph above are the accumulative results of the three sales segments in the BGES unit ie, business segment, government segment, and enterprise segment.

The business segment / Business Service Division (DBS), a priority segment which focused on serving customer and/or community businesses in small-medium enterprises (SME) segments, with revenue generated from revenue targets delivered up to October 2017 is in the following graph.

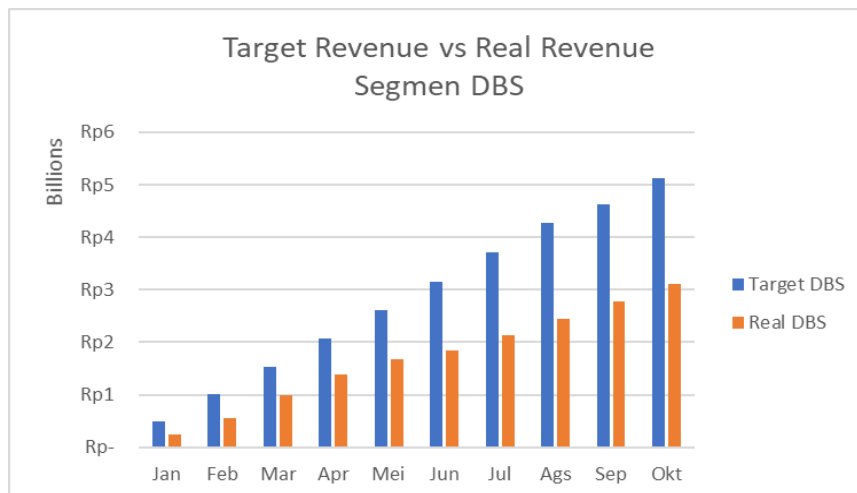


Figure I.1-3 Target Revenue vs Real Revenue of DBS

From the graph I-2 above, it can be seen that DBS sales segment is able to meet the highest revenue target at 67% that is in April, while the lowest is at 48%, ie in January. With an average achieved revenue target of 59% per month. In addition, DBS sales can deliver the best performance up to 20% from February to March, then shrink to -9% in May to June. Therefore, it is necessary to conduct a more detailed and in-depth analysis and perception of why the performance of DBS sector is able to give the best result by giving 20% improvement and under what circumstance is this segment only able to contribute less than 9% of performance.

Whether due to customer demographic factors, capabilities and capabilities of DBS sales or influenced by other factors.

Meanwhile, for the government segment/division of government service (DGS), its a segment that focused on serving government agencies, whose using APBN funds in their operations, with revenue generated from revenue targets given up to October 2017 is on the following graph.

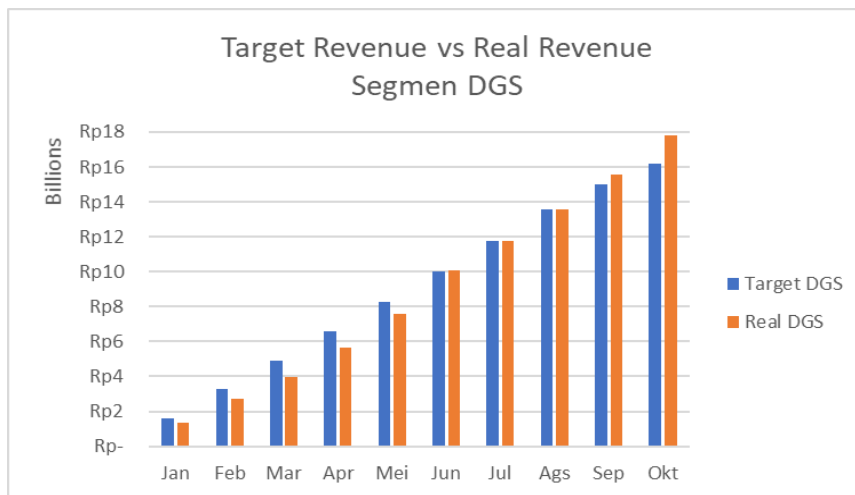


Figure I.1-4 Target Revenue vs Real Revenue of DGS

From the I-3 graph above, it can be seen that the DGS sales segment is able to meet the highest revenue target of 110% that is in October, while the lowest is at 81%, ie in March. With the average achieved revenue target of 94% per month. In addition, DGS sales can deliver the best performance up to 9% in May to June, then can shrink to -2% from February to March. So it is necessary to analyze, find out more detail and depth why DES sector is able to give the best result and its performance gap between each month is not so significant, shows by maximum performance up to 9% and minimum as far as 2%. Is it because there are customer demographic factors, capabilities and capabilities of DGS sales or influenced by other factors.

And for Enterprise Service Division (DES) segment is a segment which has priority to serving the corporate customer and/or high-class customer, with revenue generated from revenue targets provided until October 2017 is on the following graph.

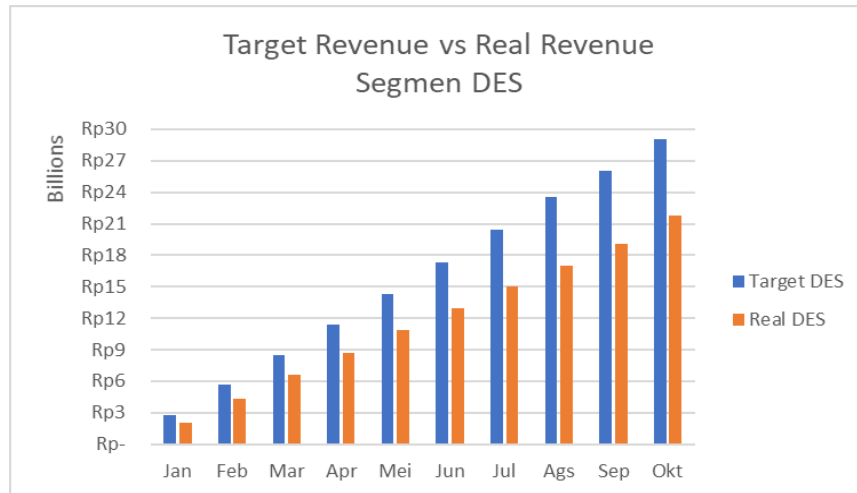


Figure I.1-5 Target Revenue vs Real Revenue of DES

From graph I-4 above, it can be seen that DES as sales segment is able to meet the highest revenue target of 78% that is in March, while the lowest is at the rate of 72%, ie in January & August. With the average achieved revenue target of 75% per month. In addition, DES sales also gave the best performance by up to 6% increase in January to February, they could shrink to -2% in May to June. Therefore, it needs to do depth analyzed and measure more detail why the DES sector is able to show the best result in work, proved by a stable performance at number seventy percent. Is it because there are customer demographic factors, capabilities and capabilities of DES sales or are influenced by other factors.

Thus, it can be said that the inter-segment marketing performance in BGES units is not balanced, which is marked by uneven marketing performance in each segment, either between the business segment and government segment, business segment with enterprise segment, and segment of government with enterprise segment. Since then, it requires a sharper analysis in assessing the performance of marketing on BGES units. Which, the measuring instruments used are able to measure the performance of sales and marketing distribution both qualitatively and quantitatively, or financially and non financially. The goal is that all aspects of the marketing process, such as functionality of sales and distribution can be monitored,

whether it is fulfilled and in accordance with the mission and strategy that has been planned to be implemented or not.

Based on the results of identifying the appropriate measuring tools for measuring the performance of marketing and meeting the concept of measurement in financially and non-financially, We found the balanced scorecard for marketing method. That is a method developed by Antonio Pimenta da Gama in International Journal of Business Performance Management Vol. 18 which presents an integrated model for evaluating marketing performance through the BSC concept, adapting the BSC for marketing, with marketing strategy as the main element, while the four original perspectives of BSC are shifted to four marketing perspectives. That is the resources and marketing capabilities of the learning and growth perspective versions, market orientations from the perspective of internal business processes, customer value versions of the customer perspective, financial performance versions of financial perspective (Gama 2017: 479).

Therefore, based on the background described above, BGES Witel SulSelBar unit needs to design performance evaluation indicators of marketing other than revenue figures only, in order to be financially and non-financially measurable in accordance with the implemented marketing strategy. The proposed indicators will be based on resources and marketing capabilities, market orientation, customer value, and financial performance. So in this final year project, the authors propose the title of research "**Design and Marketing Performance Analysis on Business Government and Enterprise Service Unit at Telkom SulSelBar Area by Using Balanced Scorecard for Marketing**".

## **I.2 Problem Formulation**

From the background descriptions, then the formulation of the problem to be discussed in this study is a performance of BGES unit at Telkom Area SulSelBar measured by Balanced Scorecard method for marketing seen from:

1. How is the performance of BGES unit regarding marketing resources and capabilities?

2. How is the performance of BGES unit regarding market orientation?
3. How is the performance of BGES unit regarding customer value?
4. How is the performance of BGES unit regarding financial marketing performance?

### **I.3 Objectives**

From the description of problem formulation, the purpose of this study is to determine the performance of BGES unit at Telkom Area SulSelBar measured by the method of the balanced scorecard for marketing seen from its four perspective and its application in terms of:

1. To analyze the performance of BGES unit related to marketing capabilities and resources;
2. To analyze the performance of BGES unit related to marketing orientation;
3. To analyze the performance of BGES unit related to customer value; and
4. To analyze the performance of BGES unit related to financial marketing performances.

### **I.4 Research Benefit**

The benefit of this research as follows:

#### **1. Practical Benefit**

This research can be an input for Witel SulSelBar, especially BGES unit of enterprise business division in knowing current marketing performance based on balanced scorecard for marketing measurement as input to improve strategy and improve their next performance.

#### **2. Academic Benefit**

This research is expected to add the theoretical knowledge to analyze marketing performance problem with Balanced Scorecard for marketing approach for BGES unit at Telkom Area SulSelBar. In addition, also to provide alternative solutions in solving similar problems for further research.

## **I.5 Research Limitation**

Avoiding too much discussion but not worth to the research topic, the researcher limits this research to several things, among are::

1. The research object is focused on the business enterprise unit division of BGES (Business Government Enterprise Services) of Telkom Sulselbar region, located at Jalan Bau Massepe, Pare-Pare, Sul-Sel.
2. The framework used in this study is based on Marketing Scorecard criteria that focuses on the perspective of marketing resources and capabilities, marketing orientation, customer value, and financial performance.
3. This research is only up to the planning stage, not to the stage of implementation of the design.

## **I.6 Writing System**

This final project consists of six chapters, with systematics of writing as follows:

### **Chapter I Introduction**

In this chapter contains a description of the background research, problem formulation, research objectives, research benefits, research limits, , and writing system.

### **Chapter II Literature Review**

In this chapter contains literature relevant to the problems studied and also discussed the results of previous research. The second section discusses the relationships between concepts that are the study of study and the contribution of the research.

### **Chapter III Research Methodology**

This chapter describes detailed research steps including: the stage of formulating research problems, developing research models, identifying research variables, preparing research questionnaires, designing data collection and processing, and designing technical stages in analyzing data processing.



**Chapter IV Collecting and Processing Data**

In this chapter contains data that supporting data research based on the problem formulation and the description of the data processing in detail and systematic.

**Chapter V Analysis**

In this chapter contains a description of the implications of data processing and analysis of the data processing results are arranged systematically in accordance with the formulation of the problem.

**Chapter VI Conclusion and Suggestion**

In this chapter summarizes the results from the description of the data that has been processed and analyzed clearly during the research and suggestions that contain the implications of conclusions and alternative problem solving from the results of research.