



SUMMARY

JHON LAMHOT FERNANDO NAPITUPULU. Development Strategy of Multifinance Company in Heavy Equipment and Machinery (Case Study: PT. Verena Multifinance Tbk. Direktorat SIJITU). Supervised by HENY KUSWANTI DARYANTO and IMAM TEGUH SAPTONO.

Multifinance industry is an alternative non-bank financing that continues to increase its existence so that it could be easily accessed for multiple financing activities such as consumer finance, leasing, factoring, and credit card. Multifinance industry had a significant increase in 2010 until 2012. The financing growth prior to 2010 ranged around 4-5%, but since 2010 there has been a spike of the value of financing up until 30.7% in 2010 and 31.6% in 2011. The skyrocketed growth of multifinance assets was driven by a good macroeconomics condition and a high consumer purchasing power. Leasing has increased significantly since 2011 with an average annual growth of more than 30%. The increasing growth of leasing was supported by the increase of growth of the heavy equipment industry in Indonesia. Heavy equipment sales growth increased significantly in 2010 with a total value of sales of 11.781 units from the previous of 6.644 units. The sales continuously increased until it reached the highest point of 17.360 units in 2012.

The growth of multifinance industry had begun to slowdown since 2012. The value of multifinance industry growth in 2014 was only 5%. The drop of financing values in every financing product caused the slowdown of multifinance industry. The significant decrease occurred in lease financing (SGU). SGU's assets dropped around 5,46% in 2014. The decrease of SGU was determined by some other factors such as economics slowdown and government policy—which caused the weak sales and financing of heavy equipment. Since 2012, the decrease sales of heavy equipment started occurring with the amount of sales of 8.783 units in 2014, decrease of 50% compared to sales in 2011.

PT. Verena Multifinance Tbk. is a company that has core business in financing by having Automotive Financing and Heavy Equipment & Machinery Financing (SIJITU). Direktorat of SIJITU is relatively new - established in 2011 and only focuses on the heavy equipment and machinery financing. The condition of the current industry slowdown influences significantly on the performance conditions of SIJITU. The growth of SIJITU decreased in 2014 where the value of accounts receivable declined by 2.89%. It was due to the decreasing value of the financing and the increasing value of non-performing financing (NPF). The value of financing in 2014 only reached Rp 436.9 billion, which is down 39.8% from 2013. NPF also increased significantly in 2014 to 4.54% compared to 2013 which amounted to 1.97%.

The current conditions become barriers for companies to achieve the vision of becoming the top 10 finance companies in Indonesia in 2016. The aims of this study are to identify how related management run the Company's strategic planning, to analyze external-internal strategic factors the Company facing, and to

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formulate a strategy that should be conducted by the Company to expand its business in the future.

The analysis of external strategic factors, which play role in performance improvement and development of SIJITU are (1) policy of UU Minerba No. 9/2012, (2) global economic slow down which reduce demand for mining commodities and led to a decline in commodity prices, (3) Policy POJK No. 29 related to the diversification of the industry's financing object, (4) POJK related to premi/fee which reduce multi-finance companies' profit, (5) High exchange rate of US Dollars made a decrease in sales of heavy equipment, (6) BI rate fluctuations, (7) Competition with Bank and Leasing Coy, and (8) the increased industrial trends affecting the increasing demand for industrial machines. The analysis of internal strategic factors that play role in performance improvement and development of SIJITU Direktoraton are (1) Approval process is less flexible and tend to be long, (2) Variant object the financing of heavy equipment, machinery, and forklifts, (3) Obligation of cooperation agreements with vendors (PKS), (4) Branding as PANIN Group, (5) Competence of employees in the business process, (6) decreased financial performance (Sales and NPF), (7) The interest rate is still uncompetitive, (8) Financing still in Rupiah.

The SPACE matrix shows that VMF position is in Quadrant IV is defensive strategy, which has 4 alternatives strategy. This position indicating the performance conditions SIJITU decreased and industrial growth tends to decline. Defensive quadrant in Matriks SPACE provides four options strategies: (1) retrenchment strategy, Retrenchment occurs when an organization regroups through cost and asset reduction to reverse declining sales and profits. Sometimes called a turnaround or reorganizational strategy, retrenchment is designed to fortify an organization's basic distinctive competence, (2) Divestiture strategy which mean selling a Direktoraton or part of an organization. Divestiture often is used to raise capital for further strategic acquisitions or investments. Divestiture can be part of an overall retrenchment strategy to rid an organization of businesses that are unprofitable, that require too much capital, or that do not fit well with the firm's other activities, (3) Liquidation strategy which mean selling all of a company's assets, in parts, for their tangible worth is called liquidation. Liquidation is a recognition of defeat and consequently can be an emotionally difficult strategy. However, it may be better to cease operating than to continue losing large sums of money.in the form of overall sales of tangible assets of the company, and (4) Concentric Diversification strategy, mean a strategy that results in new products or services, but related / linked to the existing. Based on the results of Quantitative Strategic Planning Matrix (QSPM) showed that the chosen strategy is concentric diversification with the value 6.2396. This strategy is chosen to improve the performance of the SIJITU in Verena which is getting worse throughout 2014. The Company has a goal to continue to expand and grow profitably. This company is still optimistically trying to increase sales in 2015 and improve the percentage of non performing financing.

Keywords: Heavy equipment, leasing, multifinance industry, non-performing financing, SPACE matrix

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