

Business Development Strategy to Develop and Sustain Small Family Business (Case Study: Huanghun Bird's Nest)

Eunike Setiawan¹, Wawan Dhewanto²

Institut Teknologi Bandung^{1,2}

Bandung, Indonesia

Correspondence Email: eunike_setiawan@sbm-itb.ac.id

ORCID ID: <https://orcid.org/0000-0003-2956-2739>

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ABSTRACT

Huanghun Bird's Nest is a family business that sells small-scale raw bird's nests (S.M.E.), which has been operating for 20 years in Banyuwangi. The development and growth of the Huanghun Bird's Nest are considered very slow, so the second generation started to develop the Huanghun Bird's Nest by producing finished swallow's nest products that can be directly consumed. This requires a special strategy that is suitable for a family business so that this business can successfully develop and survive. In Indonesia alone, 99% of family businesses are still classified as S.M.E.s. Hence the main objective of this study is to identify strategies to develop a small family business and make it sustainable. The mixed-method was chosen for this study to carry out an interpretive analysis of the subject. The collected data is used to explore internal and external environment analysis. The formulation stage uses internal and external analysis, which then forms a S.W.O.T. and then uses a T.O.W.S. analysis matrix to produce a suitable business strategy. In addition, the Ansoff Matrix was also carried out to find out what strategies will be used to develop this business. The goal of this research is to implement business development strategy to make Huanghun Bird's Nest developed and sustainable using market development strategy.

Keywords: Ansoff Matrix, Bird's Nest, Business Development, Family Business, TOWS Matrix

JEL Classification: D00, M10, M30

INTRODUCTION

MSMEs are the most important economic pillars in Indonesia. According to data from the Ministry of Cooperatives and Small and Medium Enterprises, there are presently 64.2 million M.S.M.E.s in Indonesia, with a contribution to G.D.P. of 61.07 percent and a value of 8,573.89 trillion rupiahs. M.S.M.E.s make a significant contribution to the Indonesian economy by being able to absorb 97 percent of the total labor and collect up to 60.4 percent of total investment. (kemenkeu.go.id, 2020).

Small and medium firms play a critical role in the economic well-being of emerging countries, according to study undertaken by Agyapong (2010). S.M.Es, he discovered, play an important function in society, contributing to innovation and creativity as well as human resource development. The short- and long-term impacts have an impact on income levels and help to alleviate poverty. (Kawulur et al., 2021)

Along with the development of M.S.M.E.s in Indonesia, according to Claudia Lauw (www.Jakartapost.com, 2019), more than 95 percent of all businesses in Indonesia can be classified as family businesses, from small to medium enterprises [S.M.E.s].

As a result, family companies have become a major source of employment for job seekers. Family businesses have a much lower survival rate than non-family enterprises, despite the fact that they are as crucial as the driving force behind economic progress. (Bozer et al., 2017). Approximately 70% of family-owned businesses fail or are sold before the second generation has the opportunity to take over. For the third generation to lead, just 10% of privately held enterprises remain operating. (Stalk, 2012). Approximately 70% of family-owned businesses fail or are sold before the second generation has the opportunity to take over. For the third generation to lead, just 10% of privately held enterprises remain operating. (www.Jakartapost.com, 2019).

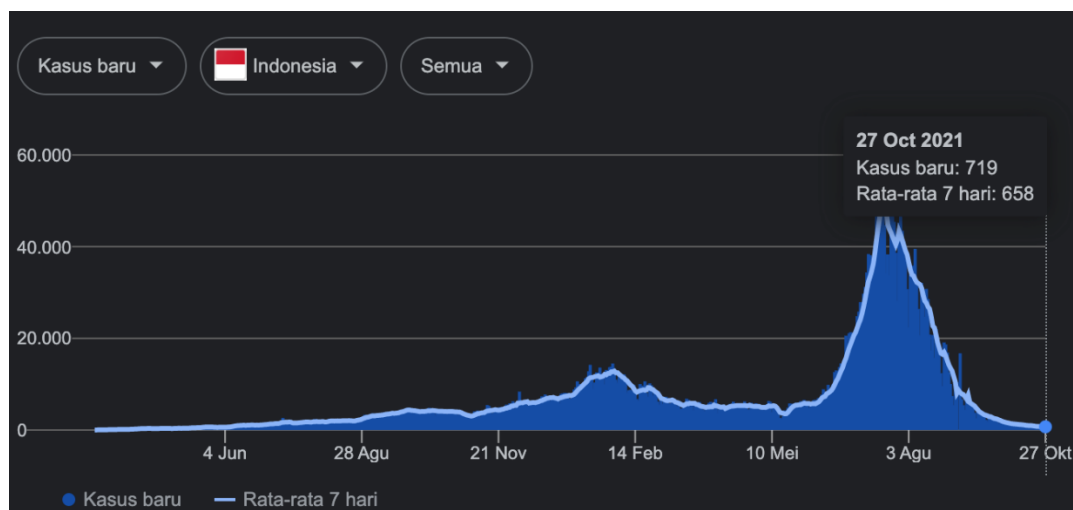
Family businesses worldwide are facing the problem of succession, inclusive in Indonesia. They cannot avoid the issue of succession which generates a succession planning in family business needs (Tirdasari & Dhewanto , 2012). One of the family businesses located in Banyuwangi is now undergoing a transition process between first-generation and second-generation, namely Huanghun Bird's Nest. Huanghun Bird's Nest is a small family business that is engaged in agriculture and has been actively producing swallow nests for 20 years since 2000. The Minister of Trade, Muhammad Lutfi (kompas.com, 2021), assessed that bird's nests as a commodity could become a milestone for Indonesia's economy in the future with fantastic value. So, it can be said that the bird's nest business can actually grow and develop along with the increasing numbers of commodities. So, seeing the phenomenon of the family business that is so vulnerable to regeneration and change as well as the growth opportunities of the swallow's nest itself, a special strategy is needed so that Huanghun Bird's Nest can develop and survive as a small family business.

Previously, the raw materials from Huanghun Bird's nest (not processed at all) were sold directly to swallow nest collectors in Banyuwangi. Everything is done conventionally and relies on word of mouth alone. Thus, the swallow business is only able to grow as wide as the Banyuwangi area and can be said to have reached the point of "stuck" because it does not experience any development beyond the number of bird's nests which only experience growth which is actually "uncertain." The raw bird's nests are only sold to 2-3 people who each harvest at an uncertain price with a range of Rp. 9,000,000,- to Rp. 10,000,000,- /kilogram.

In April 2021, the second generation of Huanghun Bird's Nest tried to sell the products from the swallow's nest in ready-to-consume form and started a food and beverage business (I.G.: @huanghunbirdnest). Marketing through Instagram social media is expected to support and achieve the desired target (Arianti & Siregar, 2021). Huanghun Bird's nest is packed in concentrate form, and it is ripe, so customers can consume it immediately. This bird's nest concentrate can be mixed with honey or other ingredients or mixed with soup or any cuisine.

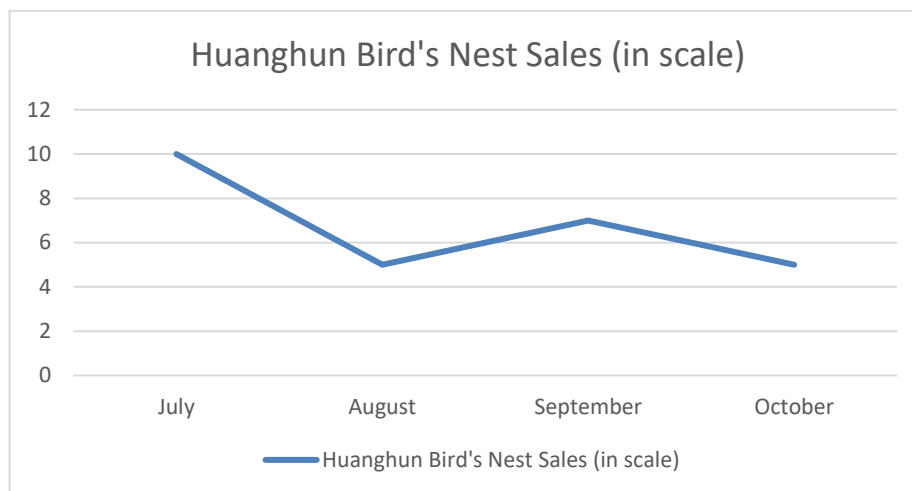
After the second generation tried to develop this business in July 2021, it turned out that Huanghun Bird's Nest got several loyal customers, so that it got good feedback from the community. This fact is a unique phenomenon because it is based on Arif & Syahputri (2021) opinion, the impact of COVID-19 on businesses is a drop in purchasing power or consumer buying interest in a product, resulting in a decrease in earnings and, in some cases, losses; nonetheless, sales climbed significantly at the time since the number of patients with COVID-19 continued to rise. There was an emergency P.P.K.M. so that the demand for bird's nest products which were believed to be good for healing COVID-19 sufferers, also increased. However, along with the declining graph of new COVID-19 cases in Indonesia, the demand for bird nests has also decreased drastically from July 2021 to October 2021.

Figure 1. Covid-19 trend in Indonesia



This certainly had a significant impact on Huanghun Bird's Nest. The number of sales from July continued to decline until the end of October. The following is a graph of the number of sales from Huanghun Bird's Nest from July to October 2021.

Figure 2. Huanghun Bird's Nest sales



Although the second generation has started to develop this business, a particular strategy is needed so that this business can develop and be sustainable in this era of modernization and this pandemic period. This situation is unavoidable because we live in the digital age, it needs new, inventive techniques to gain access to new target market opportunities, such as the function of online platforms in supporting quick customer base expansion, which is projected to increase corporate performance. Understanding the shift in consumer behavior necessitates the provision of alternative media as a customer channel that makes it easier for customers to access the value provided by M.S.M.E.s. (Sitorus & Fontana, 2021) Huanghun Bird's nest is also relatively new, so it doesn't have a strategy. Thus, this research was conducted to formulate and implement a special strategy using the TOWS Matrix and Ansoff Matrix for the survival and development of a small family business: Huanghun Bird's Nest.

LITERATURE REVIEW

5 Core Family Business Ownership

Ownership of any asset confers the power to fundamentally shape it. The ownership style of a family business can impact a company's long-term success (Baron & Lachenauer, 2021). According to (Baron & Lachenauer, 2021), there are five important elements that are the core of ownership of a family business. The five cores of family business owners include the following:

Design: What type of ownership do you want?

Decide: How will you structure governance?

Value: How will you define success?

Inform: What will—and won't—you communicate?

Transfer: How will you handle the transition to the next generation?

SWOT Analysis

SWOT analysis is used to consolidate the results from the external and internal business environment analysis (Caddle. et al., 2014). External opportunities (O) and threats (T) are in the firm's general environment and can be captured by P.E.S.T.E.L. and Porter's five forces analyses (discussed in the previous chapter). An attractive industry is determined by Porter's five forces (Rothaermel, 2018)

TOWS Matrix

The TOWS (Threats, opportunities, weaknesses, and strengths) matrix is a useful tool that enables managers to not only match the external threats and opportunities with the

weaknesses and the strengths internal to the company but also aids in developing four major types of strategies, namely W.T. Strategies, W.O. Strategies, S.T. Strategies, and SO Strategies, and tactics necessary for strategic planning (Hiriyappa, 2013; Koontz & Weihrich, 2010).

Ansoff Matrix

Ansoff's matrix provides a set of strategic alternatives that may be considered by organizations when defining their business strategy (Cadle et al., 2015). The Ansoff Matrix is a tool that can help executives and marketers of a company figure out how to grow and strategize how to do so. This matrix includes market penetration, market expansion, product development, and diversification, which are all growth options that a company can employ to efficiently expand its reach into new markets or expand its product offering. Each of these strategies comes with a certain level of risk in its implementation, which can be assessed by organizational leaders before moving forward in using the strategy. Here's a brief explanation according to Cadle et al. (2015):

- The ability to penetrate the market. Existing markets are sought for greater penetration by existing items in this situation.
- Market expansion. In this situation, the company pursues a strategy of expanding its product lines into new markets.
- Product creation. This approach entails the creation of new products or services as well as the targeting of existing markets.
- Diversification. Developing new products or services and targeting new markets is the most extreme strategic option.

RESEARCH METHOD

This study employs both qualitative and quantitative or mixed-method research techniques. Mixed methods research entails collecting both quantitative and qualitative data, merging the two forms of data, and utilizing various designs that may contain philosophical assumptions and theoretical frameworks. This technique's core idea is that integrating qualitative and quantitative methodologies offers a more comprehensive grasp of a research subject than either strategy alone. (Creswell, 2014).

The qualitative data is collected by interviewing the owner of Huanghun Bird's Nest, as the first generation, and the second-generation owner of Huanghun Bird's Nest. Meanwhile, quantitative data is collected by distributing a special survey to Huanghun Bird's Nest Customers or those who have made a purchase at least once, considering that Huanghun Bird's Nest has just developed its new product and requires marketing segmentation data and customer satisfaction.

The larger the sample from the existing population, according to Cohen et al. (2007, p. 101), the better, but there is a minimum number that researchers must take, which is 30 samples, according to Baley in Mahmud (2011, p. 159) who states that the minimum sample size for research using statistical data analysis is 30. As previously explained, the respondents of this questionnaire are people who have made a purchase at least once at Huanghun Bird's Nest. Then, the questions that asked to the respondents are the questions derived from the variable for market segmentation.

RESULTS

SWOT Analysis

According to the collected primary and secondary data, the Strength and Weaknesses are generated using the internal analysis results. At the same time, Opportunities and Threats are developed using the results of external analysis.

Table 1. SWOT Analysis of Huanghun Bird' Nest

STRENGTH	WEAKNESSES
<ul style="list-style-type: none"> • Best Quality of bird's nest • The bird's nest used is a bird's nest belonging to its own farm and original from Banyuwangi • Trusted, has been operating since 2000 • Has two swiftlet nest farms that have production that continues to increase yearly • Has loyal customers 	<ul style="list-style-type: none"> • Lack of digital marketing knowledge • It is still very new as ready to consume bird's nest products brand in the market, so the level of brand awareness is still very low. • Has no solid management system as a family business • Lack of financial management
OPPORTUNITY	THREATS
<ul style="list-style-type: none"> • Bird's nest export rate that always increases every year • Increasing e-commerce users (one of the sales channels of Huanghun Bird's Nest) rapidly in Indonesia • Swallow's nest business can thrive during a pandemic • Increasing food delivery order activities during the pandemic 	<ul style="list-style-type: none"> • Rivalry with existing competitors that have already been established. • Government regulations that make it difficult for small-scale swallow nest farmers to be able to export

DISCUSSION

TOWS Matrix

The TOWS (Threats, opportunities, weaknesses, and strengths) matrix is a useful tool that enables managers to not only match the external threats and opportunities with the weaknesses and the strengths internal to the company but also aids in developing four major types of strategies namely W.T. Strategies, W.O. Strategies, S.T. Strategies, and SO Strategies, and tactics necessary for strategic planning (Hiriyappa, 2013; Koontz & Weihrich, 2010). Here's the analysis:

- a) Focus on the Strengths–Opportunities quadrant (top left) to derive "offensive" alternatives by using an internal strength to exploit an external opportunity.
 1. With the excellent quality of product and the increasing quantity of swallow's nest production every year, Huanghun Bird's Nest, as a small family business, can start studying and exporting swallow's nests (S1, O1).

2. Conduct promotional activities in e-commerce by emphasizing the value of good quality Huanghun Bird's nest, trusted seller, and natural raw materials because they are taken from their farms (S2, S3, S4, O2).
- b) Focus on the Weaknesses–Threats quadrant (bottom right) to derive “defensive” alternatives by eliminating or minimizing an internal weakness to mitigate an external threat.
 1. Creating an organizational structure and clear job description division between members of the family and making Huanghun Bird's Nest a solid company (W3, T2)
 2. Holding cooperation in the form of collaboration with established brands in order to raise brand awareness (W1, W2, T1)
 3. Adding sales channels/places such as selling through online food delivery services to compete with established companies or companies that have been established first and develop e-commerce sales channels to make it more leverage (W1, W2, T1).
- c) Focus on the Strengths–Threats quadrant (top right) to use an internal strength to minimize the effect of an external threat.
 1. Increase advertisements and promotions on various platforms so that they can compete with established companies or companies that have been established first (S2, S4, T2)
 2. Cooperating with swallow nest farmers in other areas in order to meet the minimum export quantity (S2, T2)
- d) Focus on the Weaknesses–Opportunities quadrant (bottom left) to shore up an internal weakness to improve its ability to take advantage of an external opportunity.
 1. Increase advertising and promotions to increase brand awareness (W2, O2)
 2. Hire an e-commerce specialist to maximize the e-commerce channel (W2, O2).
 3. Hire admin to manage cash flow from Huanghun Bird's nest to maximize growth and survive during the pandemic. (W4, O3)
 4. Actively follow events in e-commerce to raise brand awareness, such as 11.11 or 12.12. (W2, O2)

The final stage of formulating the right strategy for Huanghun Bird's Nest using the TOWS matrix is to carefully evaluate the pros and cons of each strategic alternative to select one or more alternatives to implement. In addition, this explained carefully the decision rationale, including why the other strategic alternatives are rejected. The following analysis is explained through the table below:

Table 2. Pros and Cons from strategic alternatives

Strategy	Pros	Cons
Strength - opportunities	A strategy that is suitable for the long term	Not really impactful if conducted now
Weaknesses - Threat	Strategies that are suitable for both now and in the long term	It cost quite a bit
Strength – Threat	<ul style="list-style-type: none"> - The impact can be seen directly through advertising - Build a good relationship with other swallow's nest farmers 	<ul style="list-style-type: none"> - Increasing power of rivalry - Requires large capital
Weaknesses Opportunities	Strategies that can be done now and can	It cost quite a bit

	immediately see the results	
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Ansoff Matrix

Based on the internal and external environment of Huanghun Bird's Nest, it can be seen that Huanghun Bird's Nest is in quadrant 2. Previously, Huanghun Bird's Nest only sold raw bird nests that had not been processed. Then, the second generation tried to develop products by selling ready-to-consume products in the form of Huanghun Bird's Nest Concentrate and Huanghun Bird's nest drink. At this stage, as previously explained, turnover increased in the month of launching the new product. But decreased rapidly in the following month. The main risks faced by Huanghun Bird's Nest in carrying out its product development strategy are:

- Spend big on R&D
- Impact but only for a short period of time

On the other hand, based on the results of a survey to Huanghun Bird's Nest customers, the most sales of Huanghun Bird's Nest products were via personal chat on the Huanghun Bird's Nest WhatsApp Business, amounting to 78.1% of customers. Meanwhile, purchases through Shopee's e-commerce are only 18.8% and Tokopedia only 3.1%. So it can be said that the market in e-commerce has not been fully maximized.

Maximizing e-commerce as a sales platform is also in line with the SWOT analysis and TOWS strategy alternatives described above. To win the market competition with companies that have been established, Huanghun bird's nest needs to carry out strategies: Adding sales channels/places such as selling through online food delivery services or offline stores to be able to compete with established companies or companies that have been established first and develop e-sales channels - commerce to be maximized. Considering that after the "emergency P.P.K.M." period in Jakarta ended, sales were decreasing, it was necessary to implement a new strategy in order to increase the level of sales.

So based on all the considerations above, Huanghun Bird's Nest should replace a strategy that can have an effect in the long term and is suitable for small family businesses so that this family business can survive and thrive. Figure 3 shows that previously the strategy used was Product development, but in order to develop its business in the future, Huanghun Bird's Nest should change its strategy to market development.

Figure 3. Business Development Switching using Ansoff Matrix



Proposed new business development strategy

Based on SWOT analysis, strategy formulation using TOWS matrix, as well as analyzing the shortcomings of the strategies previously used by Huanghun Bird's Nest using Ansoff Matrix, the following is a proposed new business strategy that can be carried out by Huanghun Bird's Nest:

1. Creating an organizational structure and clear job description division between members of the family and making Huanghun Bird's Nest a solid company(W3, T2)
2. Holding cooperation in the form of collaboration with established brands/influencers in order to raise brand awareness (W1, W2, T1)
3. Adding sales channels/places such as selling through online food delivery services to be able to compete with established companies(W1, W2, T1).
4. Increase advertising and promotions to increase brand awareness (W2, O2)
5. Hire an e-commerce specialist to maximize your e-commerce channel (W2, O2).
6. Hire admin to manage cash flow from Huanghun Bird's nest to maximize growth dan survive during the pandemic.
7. Maximizing e-commerce marketing to raise brand awareness. (W2, O2)

CONCLUSION

The formulation of the proposed business development strategy is obtained from a SWOT analysis which is then reformulated using the TOWS Matrix to get strategic alternatives which are a combination of Weaknesses–Opportunities and Weaknesses–Threats. After that, using the Ansoff Matrix, the authors proposed a new business development strategy, namely marketing development, that focuses on the market in e-commerce.

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DECLARATION OF CONFLICTING INTERESTS

In preparing this article, the authors declare no conflicts of interest.

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