

CHAPTER 1

INTRODUCTION

1.1 Background

In this new era of globalization, companies are striving to provide the most effective yet efficient way to operate the business well. The phrase “effective and efficient” depends on many aspects regarding current condition of each company such as physical matters, values or cultures, funding, purpose, and more. However, the main things needed to construct a good company are likely about sufficient technology, good operational management, precise information management, accountable administration, capable human resource and some sub-majors following. Some big companies already have a sustainable and strong system to help them grow as projected, but still, some need improvements to go along with revolution industries 4.0.

Information Technology (IT) have been used commercially for over three decades now, in business administration and for providing information. The original intentions, the focus of attention in (what was originally called) data processing and the nature of the data processing effort itself have changed considerably over this period. The very expression describing the activity has changed from the original ‘data processing’, through ‘management information’ to the more appropriate ‘information processing’. A great deal of effort has gone into the development of computer-based information systems since computers were first put to work automating clerical functions in commercial organizations. In order to improve productivity and operational efficiency, companies begin formulating application strategies for the mobile commerce (Senn, 2000).

An organization may regard IT as a ‘necessary evil’, something that is needed in order to stay in business, while others may see it as a major source of strategic opportunity, seeking proactively to identify how IT-based information systems can help them gain a competitive advantage. Regardless of the stance taken, once an organization embarks on an investment of this kind there is little opportunity for turning back. As IT has become more powerful and relatively

cheaper, its use has spread throughout organizations at a rapid rate. Different levels in the management hierarchy are now using IT where once its sole domain was at the operational level. The aim now is not only to improve efficiency but also to improve business effectiveness and to manage organizations more strategically. As the managerial tasks become more complex, so the nature of the required information systems (IS) changes – from structured, routinized support to *ad hoc*, unstructured, complex enquiries at the highest levels of management. IT can record, synthesize, analyse and disseminate information quicker than at any other time in history. Data can be collected from different parts of the company and its external environment and brought together to provide relevant, timely, concise and precise information at all levels of the organization to help it become more efficient, effective and competitive.

In doing this research, PT. X as a national wholesale company is considered proper enough to be an example as it has been running from 1993, means it strives and adapts to any demands of revolutionizing era. It defined itself as a commercial retailer distribution center to develop entrepreneurs. As an old player with 22 branches widely distributed in some strategic points of Indonesia, PT. X has a sustainable system that supports each division where it should keep on maintaining along the times to be more effective. However, the system may provide weaknesses regarding some situational term.

Based on observation done towards PT. X, researcher found out a sensitive yet critical issue as future problem regarding main selling items in store. The most selling items are tobacco products specifically cigarette and use taking order system namely stand's sales order (SSO) that actually requires spacious area due to items storage and systematic computer hardware volume. The general buying processes are as follows:

1. Customers make a line and get to the available SSO station to make order.
2. SSO officer will ask for member card to provide identity of each SSO issued.
3. Customers start mentioning items needed.
4. SSO officer prepares the items.

5. SSO officer confirms the total amount and prices.
6. Customers confirm the order.
7. SSO issued.
8. Customers go to cashier and pay the bill
9. Customers go to picking point next by SSO station and hand over the paid bills.
10. SSO officer double check the items in cart and deliver to the customers.

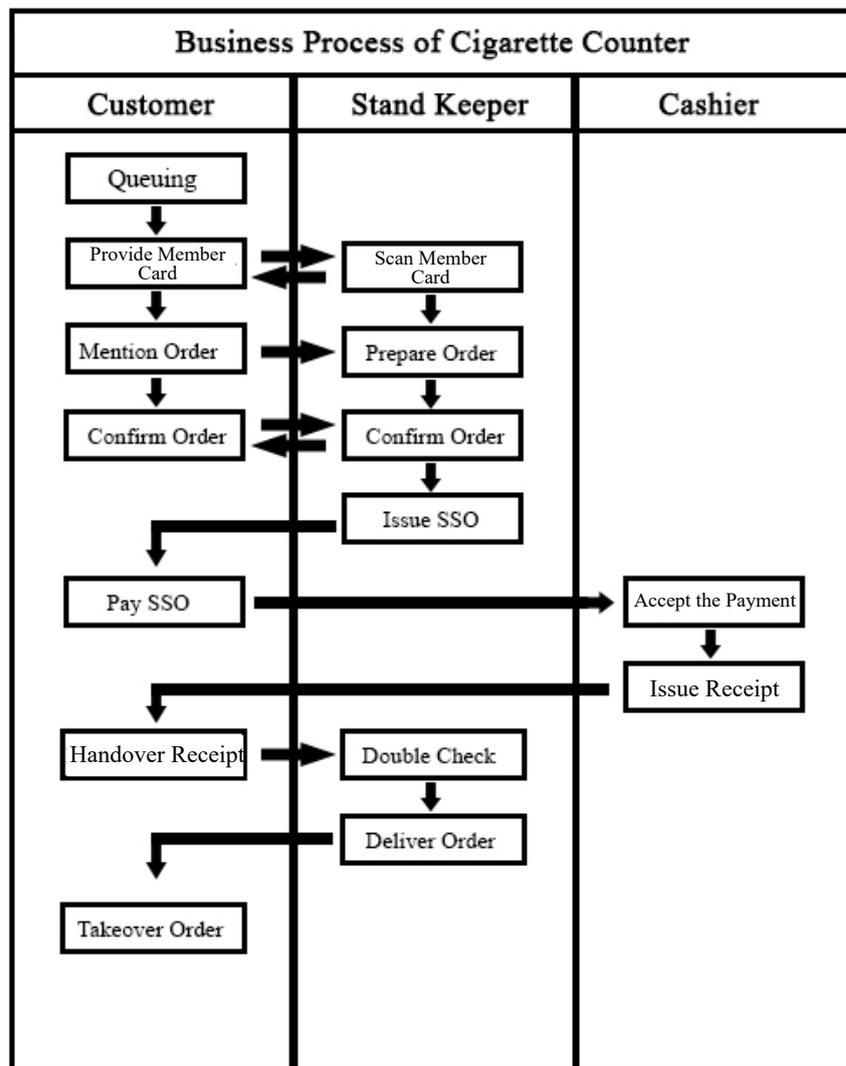


Figure 1.1
Business Process of Cigarette Counter Flowchart
 Source: Internal Database, processed (2019)

Problem occurs when an unconditional leap of customers flow starts to make crowd and longer the waiting time in issuing SSO. Some factors affect the problem such as an untidy standard operational procedure (SOP) and job descriptions that blurred the information and data collection analysis to make a strategic decision regarding the situation. Less transparency and interactive act such as data opacity provides uncertain orders causing a long negotiation between customers and SSO officer. Another thing is a traditional customer behavior that ignore the important of buying list resulting a step by step order which prolong each SSO issuing time. Thus, PT. X need a strong SOP, structured job descriptions, and a modernized ordering system that involved direct interaction towards customers to increase transparency.

Second problems, the fact that only 2 SSO stations available with only 10 percent of total store area are allocated while it supports more than 40% of daily average store sales. An unworthy ratio given but it's still running anyway. The manager said that scheme of store is determined by the major head office in Jakarta with planogram system which can't be easily modified by each branch. Besides, this Surabaya store was one of the oldest with limited space, so the current design considered as the effective one to maximize each product display.

Third, limitation by one of company value which is economical innovation prevent an additional space expansion and human resource if compared to the increase of profits that system can't forecast. It drives researcher more to ensure the use of self-service ordering system regarding the three problems as more interactive service, limited space, and limited human resource.

Regarding those problems mentioned, researcher will break down any potential gap to maintain. More recently, new technology offers even more opportunities to improve service process and thus customer service in various industries. For instance, the practice of "e-ticketing" in the airline business has definitely made a huge impact on ticket purchasing as well as airport check-in processes. Other examples include electronic check-in and check-out systems in the hotel industry, automatic toll booths in transportation, collating copy machines,

electronic funds transfer in financial services, wireless order from waiters to the kitchen in restaurants, optical checkout scanners and self-service checkout in supermarkets and telephone switching systems in communication, etc. (Haksever, C., Render, B., Russell, R.S. and Murdick, R.G., 2000). Thus, researcher try to design an integrated self-ordering system to accelerate a leaping customers flow with requirements stated before.

1.2 Problem Statements

According to the background, the problem found is crowded line caused by a long standing in issuing stand sales order. Thus, some statements are formulated as follow:

1. How is effectiveness and efficiency of the current selling system that support cigarettes area of PT. X?
2. What caused a long standing in issuing SSO at cigarette counter of PT. X?
3. How to accelerate the customer flow in cigarette counter without adding more space and human resource?

1.3 Research Objectives

According to the presented problem statements above, therefore the objectives of this research is meant to find out:

1. Analyze current selling system that supports cigarettes counter of PT. X
2. Identify problem regarding current taking order system of PT. X
3. Provide options and design a more effective yet efficient system as a back-up plan during situational condition.

1.4 Advantages of The Study

The Advantages of this research are both Academic and practical, described as follow:

1. Academic Advantage

This research provides information for the readers and references for the future researcher, to support the knowledge especially in strategic management regarding management information system towards retail industry.

2. Practical Advantage

This research is expected to contribute to the development of Integrated Management Information System usage that could be applied in conventional retail industry, specifically PT. X and to provide an option among some current back-up plans while facing uncontrollable customers flow.

1.5 Systematic of Writing

In order to ease the understanding the concept, therefore the systematic of writing are written as follow:

CHAPTER 1. BACKGROUND

This chapter explains the background of this study, problem statements, research objectives, advantages of the study, and systematic of writing.

CHAPTER 2. LITERATURE REVIEW

This chapter explains previous study, theoretical aspects to support this project, concepts about information management system to support store operational, as well as the research model and hypothesis.

CHAPTER 3. RESEARCH METHODOLOGY

This chapter explains the design of the research, type of data and sources, tools and methods of data collection, procedure and technique of data analysis.

CHAPTER 4. ANALYSIS AND DISCUSSION

This chapter explains the general view of PT. X along with business process, object characteristic, data description, data analysis, and discussion. In this chapter, there will be a flowchart, data flow diagram, and interface design of proposed system.

CHAPTER 5. CONCLUSIOIN, LIMITATION, AND SUGGESTION

This chapter contains the conclusion of the research, limits, and suggestion that can support company in executing such kind of problems.