



Improvements in Management Reporting by Utilizing the Laundry-Based Information Technology Systems and Financial Planning: Business Coaching in One of SMEs Located in DKI Jakarta

Faiz Amer Abdat¹(✉) and Sisdjiatmo K. Widhaningrat²

¹ Magister of Management, Faculty of Economic and Business, University of Indonesia, Jakarta, Indonesia

faizamerabdat@gmail.com

² Faculty of Economic and Business, University of Indonesia, Jakarta, Indonesia

Abstract. The goal of the study involves the Business Coaching method to improve the quality of the system, effectiveness, and efficiency of financial and operational records as well as the quality of financial strategy management. Business Coaching was conducted by using a descriptive qualitative approach. Data were collected through in-depth interviews and surveys with the owners, employees, and customers of the SMEs. The financial system and budgeting tools were created which allow the business to better calculate the financial plan as well as to line up the strategy of its short-term and long-term operational decision. The findings of this study revealed that financial information is required to better understand when calculating operating profits, cost control, and cash flow management. Good financial management and records can minimize losses, assist in formulating a good pricing strategy, encourage more measurable cost efficiency, and maintain long-term business continuity.

Keywords: Budgetary Control · Business Coaching · Financial Report · Financial Strategy · Management · Operational Strategy · Workforce

1 Introduction

One of the SMEs located in DKI Jakarta has the potential to become a considerable business and also became the object of this business coaching, engaged in the laundry and cleaning service industry. The company offers kilo and per unit washing services. The Company segmentation ranges from individuals to government, and private institutions. The results of these initial observations and analysis of intensive discussion with the business owners showed that some problems were found to influence business development. They included management reporting, financial management, low literacy on business ownership, and lack of understanding in determining operating standards, such as unit prices for each service and employee salary.

© The Author(s) 2024

R. Hurriyati et al. (Eds.): GCBME 2022, AEBMR 255, pp. 214–220, 2024.

https://doi.org/10.2991/978-94-6463-234-7_20

Bookkeeping or basic accounting information has an important role to play in achieving business success for SMEs. The accounting information expressed in financial statements could be a reliable basis for making economic decisions in managing SME businesses [1].

The financial statement should be used hand-in-hand with good financial management. Poor fund management, including no budget for preparation and control, often leads to poor financial results and company failure [2]. Financial agencies regard budgets and fiscal controls as core elements of their policy making. The journal budget assessment and budget control at the level of profit for small and medium enterprises compiled by Modupe [3], states that businesses continue to make mistakes and difficulties because they have poor financial preparation and control mechanisms they do not understand.

Therefore, with the aid of business coaching method, this study aims to improve the quality of the system, effectiveness, and efficiency of financial and operational records as well as the quality of financial strategy management through integrated financial planning management.

2 Method

This research is a qualitative case study. According to Creswell [4], qualitative research is a means for exploring and understanding the meaning individuals or groups ascribe to a social human problem. The business coaching process consists of several stages, starting from analyzing the business model canvas (BMC), PESTEL analysis, Porter's 5 Forces analysis, STP, Marketing Mix, and VRIO.

Business coaching flow chart SHOWN IN Fig. 1.

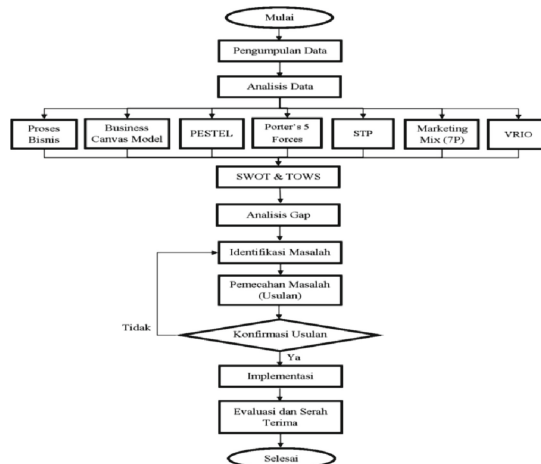


Fig. 1. Business Coaching Flow Chart

3 Result and Discussion

Based on the data collected that had been evaluated using BMC analysis, external analysis, and internal analysis, it can see on Table 1.

The gap between ideal conditions and actual conditions provide a better understanding of how the company's current position. Most problems are triggered by the lack of financial capacity to grow or expand even greater than the current size. The financial capability lies in how the company can manage the cash properly and how they formulate the actual financial achievement into a robust strategy for business expansion/growth.

Pareto analysis is carried out to understand the priority and level of urgency for the arising problems. The results of the Pareto analysis are then followed up with problem-solving based on the order of priority and level of urgency.

Pareto Analysis shown in Table 2.

Based prioritization of problems above, the author may take the highest two problem in this business coaching, financial management and technology.

Based on the analysis of problem identification and discussion with business owners, there are four proposed target areas for improvement and solving the problem that is currently being faced by the company, namely (i) improvements to the financial and operational recording system, (ii) the use of media or applications which relevance to the business processes, (iii) the use of technology as an effort to digitize transaction records and, (iv) use of the budget system.

The first three-stage of improvement targets are categorized as efforts to improve financial management and reporting, which include the use of specific accounts (rather than the owner's bank account) for all buying/selling transactions or income and expenses without mixing with personal accounts in managing transaction, standardization of the recording of financial and operating transactions, the use of a recording system for each transaction of income and expenditure.

The fourth improvement target is the refinement of a series of integrated financial management processes that can fully provide useful information for business owners in analyzing business growth.

Before the business coaching is taken place, daily transactions were recorded by two different people. This often results in non-standardized records so that the information summarized in several reports does not match one another. The need for a standard or classification of types of transactions which then the author and the business owner together determine the Chart of Accounts (CoA) which aims to facilitate the classification of financial transactions. Chart of account shown in Fig. 2 as follow:

In an attempt to ensure the realization of the profit meets the target, it is necessary to use a budget application. The only way for business owners to know the realization of their business profits is to record all transactions that occur in all operational activities. By recording financial transactions, SMEs can find out their performance and financial position through the profit/loss report and balance sheet for each period.

Profit & loss and balance sheet shown in Fig. 3 as follow:

The use of digital recording applications/systems is currently crucial for the business, considering the transaction volume of the SMEs is increasing daily, while it is found that the ability and number of workers are insufficient. Human error during the process is imminent. The discrepancy that the author found proves that this is part of the crucial issue

Table 1. Analysis Summery

Tools	Actual Condition	Ideal Condition	Gap	Codification
Business Model Canvas	There is no cost realization report	To know the cost realization as compared to profits in a certain period.	The need for awareness of the importance of having a good record-keeping process	Business recording process improvement;
	Business operation is finance by both personal and company's account	Company's account only	The need for optimum financial planning	Implementation of the budget system and use of special accounts
SWOT	Marketing activity is not optimum	Marketing activity is suggested to be in online and offline channel	The need for additional human resources for marketing activity	Strengthen marketing skills
Porter's Five Forces	Lack of innovative in a way to accelerate business growth	Able to utilize information technology and other sales channels to acquire new customers	The use of relevant information technology to improve business process	Utilizing information technology such as enterprise resource planning.
STP	Slow growth in expanding or escalating numbers of store	To have a constant growth in terms of number of stores.	Attractive profit sharing and business opportunity to offer	Establish a strong package for franchise offering

(continued)

Table 1. (continued)

Tools	Actual Condition	Ideal Condition	Gap	Codification
Product Marketing Mix	Promotional activity is carried out by rely on Word-of-Mouth	Able to maximize the feature of possible promotion channel that is relevant to marketing strategy	Utilizing other promotion channel for expanding the business scale	Emphasizing on the use of digital platform (social media, company's website)
VRIO	Current reputation (existing customer) is yet to be maximize	Continue to ensure quality and consistently provide innovation through excellent service to the customer	The need of improvement in after-service or customer service scope of work	Establish effective communication and provide media for customer for sharing or giving comments.

Table 2. Pareto Analysis.

No	Indicator	Value	Weight	Contributeion	Distributionon	Cumulativeve
1	Financial Management	10	10	100	32%	32%
2	Technology	9	10	90	29%	61%
3	Human resource & operating model	6	8	48	15%	77%
4	Marketing	6	7	42	14%	90%
5	Ownership structure	5	6	30	10%	100%
Total				310	100%	

that must be addressed. The application will be installed on a tablet/smartphone. The feature of this application starts from recording the initial number/weight of clothes or goods provided by the customer, making digital notes that are sent automatically through the message application, customer data archives along with service usage history, and grace periods for completion of services that are still in progress.

Before the implementation of business coaching, SME owners did not make detailed income and expenditure budgets. Business owners also do not know in detail the estimated profit of the project and how the financial projections are from month to month.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
1	Ny. Oeoi																																		
2	Chart of Account																																		
3	Class	Code	Account Name																																
4	Horta																																		
5	Kat																																		
6		110-05	Kas Kecil																																
7		130-10	Kas Kantor Pusat																																
8		111-01	Kas Cabang 1																																
9		111-02	Kas Cabang 2																																
10		111-03	Kas Cabang 3																																
11	Bank																																		
12		112-05	Kas (USD)																																
13		120-10	Bank																																
14		125-05	Bank (USD)																																
15	Pinutang Dasar																																		
16		130-05	Pinutang Giro																																
17		136-10	Pinutang Usaha																																
18		135-10	Pinutang Usaha (USD)																																
19		138-10	Cadangan Kerugian Pinutang																																
20		139-05	Pinutang Non Usaha																																
21	Persediaan																																		
22		140-01	Poliet Ny. Oeoi brand dan SDP																																
23		143-02	Prasat Ny. Oeoi Full Operate																																
24		143-03	Paket Ny. Oeoi Outsource Store																																
25		142-09	Poliet Ny. Oeoi Custom Waralaba																																
26		145-01	Cart + Sainika Per Kilo																																
27		145-02	Cart Saja Per Kilo																																
28		142-09	Sainika Saja Per Kilo																																
29		145-04	Ny. Oeoi Ekspres 12 Jam Per Kilo																																
30		145-05	Ny. Oeoi Ekspres 4 Jam Per Kilo																																
31		142-09	Bedcover / Selimut Kecil																																
32		145-07	Bedcover / Selimut Soding																																
33		145-08	Bedcover / Selimut Besar																																
34		142-09	Boneka / Bantal Kecil																																
35		145-10	Boneka / Bantal Soding																																
36		145-11	Boneka / Bantal Besar																																

Fig. 2. Chart of Account.

LAPORAN PERUBAHAN EKUITAS		LAPORAN LABA RUGI	
PT Ny Oeoi Indonesia		PT Ny Oeoi Indonesia	
Untuk periode yang berakhir: 30-Jan-2022		Untuk periode yang berakhir: 30-Jan-2022	
1		1	
2		2	
3		3	
4		4	
5		5	
6		6	
7		7	
8		8	
9		9	
10		10	
11		11	
12		12	
13		13	
14		14	
15		15	
16		16	
17		17	
18		18	
19		19	
20		20	
21		21	
22		22	
23		23	
24		24	

Fig. 3. Profit & Loss and Balance Sheet.

The use of a budget system is very important for cost control, cash flow management, and ensuring the realization of profits. The profit targets and expenditure estimates contained in this budget application will be a guide for business owners to control the company’s financial performance. After the budget is implemented, business owners are expected to implement initiatives to improve financial management and further operations as needed.

4 Conclusion

Based on the analysis of the SMEs' existing condition and problem identification, as well as the application of proposed solutions that it is necessary to classify the transactions which are translated into a series of account classes. It also becomes a standard or uniformity in recording transactions, making it easier for report users to classify existing transactions. In addition, support in the form of training to employees and business owners in using applications for recording financial reports on daily transaction data that occur to become financial reports according to applicable standards.

The manual recording process and traditional schemes carried out by most SMEs are one of the causes of errors in recording and data collection is not properly conducted. The use of digital recording applications/systems that are implemented can make it easier for employees to record transactions efficiently and minimize the risk of errors.

Furthermore, the preparation of the budgeting system becomes a guideline for SMEs both in managing cash and controlling costs. The use of a budget system must be followed by a better transaction recording system.

References

1. Hapsari, D. P., Andari, A. & Hasanah, A. N. Model Pembukuan Sederhana Bagi Usaha Mikro di Kecamatan Kramatwatu Kabupaten Serang. *JAK (Jurnal Akuntansi) Kaji. Ilm. Akunt.* **4**, (2017).
2. Foster, T. A. Budget planning, budget control, business age, and financial performance in small businesses. *Walden Diss. Dr. Stud. Collect.* 123 (2017).
3. Modupe, O. R. The Assessment of Budget and Budgetary Control on the Profitability of SMEs. (2017).
4. Creswell, J. W. *Qualitative inquiry & research design: Choosing among five approaches.* (SAGE, 2012).

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

