



## Company Profile

SME Name : CV Valasindo Sentra Usaha

Location : Karanganyar, Central Java

Year Established: 1997

Products : Furniture

Target Market : Export



Arief Wijaya, Chief Director of Valasindo Sentra Usaha

## Local Furniture Company Launches a Successful International Venture

CV Valasindo Sentra Usaha factory, which is surrounded by black fences, is located in Selokaton village, Gondangreja, Central Java. This morning, the place was under the shade, sheltered from the glaring sun by tall teak trees. Approaching the office front yard, there was the sound of woodcutting machines breaking the morning silence.

Occupying more than 13.065 m2 area, CV Valasindo is a family business that was founded in 1971. It started the operation by offering woodcutting service; before becoming a wooden furniture supplier not only for the country, but also for global market.

Arief Wijaya, Chief Director of this company, said "In 2002 – 2003, Indonesia's wooden products were prohibited from entering the European and American markets due to illegal logging issues. Then, a few years later, there was an emerging discussion on global warming that caught the world's attention – there were many protests in Europe and the US against the use of timber-based products. Therefore, we decided to change our product to follow the global trend by combining wood with non-wood materials," said Arief.

Arief stated that the company had to adapt to respond to global market demand for better business prospect.

Through the process, the company finally managed to get the European and American markets back.

Unfortunately, in 2008 – 2009, economic crisis hit Europe and the US. In 2010, one by one, the suppliers in both markets gradually went bankrupt. Arief had to re-think and change his strategy to survive in the industry. He switched his focus to different markets, exploring new regions such as Australia and Asia, including Taiwan, Japan and Singapore. Once again, his company managed to forge successful business partnerships. These partnerships began in 2010 and have remained active until now.

"Due to the various challenges that we had faced, including the soaring cost of raw materials, we decided to develop a new product to save the use of wood through wood engineering. The company use leftover wood blocks to be transformed into new products and sell them at competitive price," said Arief.

"The courage to face the challenges and make changes is one of the key principles that help the company to survive in national and global business competitions. We are still here today is because we do not give up easily and always have the drive to move forward," Arief asserted.



## STRONG FAMILY BOND

"Strong family bond is one of the uniqueness of the working atmosphere here,"

HRD Manajer CV Valasindo.

### THEY SAY

*"I think the SCORE program is excellent for the company amid the management's efforts to change the company's work ethics,"*

Mujahidin  
HRD Manager  
CV Valasindo



Improvements on the dining table, as well as the whole rest area



Clean and tidy packaging area

### THEY SAY

*"I am impressed to see everything is in order at the production areas, which allows better work flow. This milestone is achieved with the participation of the employees in identifying relevant issues to improve work performance,"*

Arief  
Chief Director  
CV Valasindo

## FAMILY BOND VS WORK EFFECTIVENESS

CV Valasindo currently employs 150 workers, only four of whom are women. Most of them come from the neighboring villages.

"One of the characteristics of the company's work culture is strong family bond," said Mujahidin, the Human Resources Development Manager.

On the upside, he said, it has created a sense of loyalty to the company. "Employee turnover in this company is very low," said Mujahidin, who has worked at CV Valasindo for 16 years.

On the downsides, Mujahidin saw the need for a better system to improve the productivity of the workers and to overcome the issues related to hygiene and workplace tidiness.

"Without a competent system in place, it would not be easy to raise awareness and change the behavior of the workers that have worked here for years," he said.

Albertus Yusanto from Quality Control & Planning division said the casual behavior was not the workers' fault as they had been used to leisurely work rhythm. "There was no clear regulation that requires

them to work on time. They arrive here at 7 in the morning but will only start working 30 minutes later, before having another 30-minute coffee break at 9."

Sabarto Rahmad, the leader of the company's labor union, also said there was a culture of strong family bond and a lifestyle that is far away from individualistic and materialistic, making the workers unwilling to compete with each other.

Arief pointed that compared to other emerging economies like Vietnam and Cambodia, the productivity of the company's employees was very low. "In other country, a company with 100 employees can make 10 containers of products, while here in Solo, with the same number of employees, we can only make 5 containers of products," said Arief.

Arief and Albertus admitted the need to change the work ethics in the company.

"It takes consistent and targeted communication systems to increase transparency between the management and the workers, and to improve the working system in the company. So far, we've tried several communication approaches but they never lasted long," Arief asserted.

The problem, according to Mujahidin, was the lack of commitment and consistency from the workers. "The change will occur only if the vision and mission of the company can be translated and realized by the management and workers by uniting and working together to drive sustainable change," he said.



## INPUT FROM WORKERS

Management also seeks input and advice from the trade union meeting

## GRADUAL CHANGE AFTER SCORE

CV Valasindo showed an interest in joining SCORE Indonesia program after their participation in the training facilitated by the Provincial Productivity Training Center (BP2TK). "BP2TK gave excellent recommendations about SCORE program," said Mujahidin.

CV Valasindo took part in the program in July 2014. After completing the training and receiving guidance from various trainers from Provincial Productivity Training Center, the company witnessed gradual changes around the office and enjoyed the benefits.

"I think the SCORE program is excellent for the company amid the management's efforts to change the company's work ethics," said Mujahidin.

Following the training, CV Valasindo immediately made a mapping on their internal issues and developed a set of strategic changes. They formed Enterprise Improvement Team (EIT) of seven people with the responsibilities to ensure the improvement in every line of production. EIT also gathered

all people-in-charge and assistant supervisors to disseminate information, educate people, and create dialogues with all employees and ask them to participate in the discussions about the conditions of their workplace. At this point, EIT had managed to organize 13 meetings within July 2014 – January 2015.

Nevertheless, it cannot be denied that the strong family bond causes some employees to feel more comfortable in using direct communication flow or face-to-face with the management when they want to express their concerns and opinions, than through box of comments.

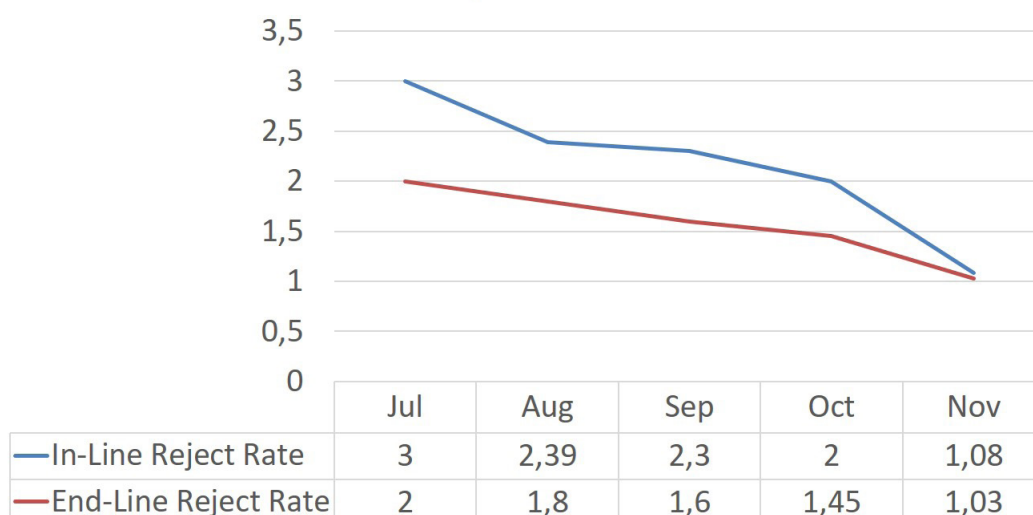
According to Albertus, since the SCORE program, at least the communication flow in the company has improved significantly. "When facilitating discussions on work conditions and workplace, the management also seek inputs and advice from the trade union , SP. Kahutindo, at the company," he said.

Sabarto also said the company had followed up a number of feedbacks and advice from the employees, such as sanitation repair, dining table change and dining room renovation. These efforts proved the company's commitments to listen and establish two-way communication in a transparent manner. In return, he said, it allows the company to have more supports from their employees regarding the improvement in their workplace.

The current record shows there were 10 suggestions and 14 comments received by CV Valasindo management within July – December 2014. There were no comments received in January – February 2015. Mujahidin admitted that the company accommodated most of the feedbacks but not all. However, all employees reserve the right to receive the responses to their inputs regardless they would be followed up or not.

To ensure the implementation of 5S at the company level, CV Valasindo formed a 5S team from selected people-in-charge and assistant supervisors. One of the inputs from the team is to connect the mixed

Reject Rate







## INFORMATION BOARD

The information board is now placed in open area as to make it easier for workers to keep up to date of what's happening within Valasindo

production room and the packaging room to shorten the journey of the employees working in the production line. According to Mujahidin, the company used to provide transportation to carry materials from the mixed production room to the packaging room and vice versa. "It was proven to be ineffective," he said.

The current system for materials has been improved. It still appears inconsistent, but at least, the company has shown its commitment to gradually improve their production material system in every line of production. The packaging area, for example, which used to be very dirty and without proper layout or material arrangement,

is now far cleaner, tidier and has proper product identification so that it is easier to find them.

Due to the recent enhancement in the workflow and material identification system, CV Valasindo has now improved the punctuality of their delivery time. In early July 2014, the punctuality reached 90 percent and it rose to 100 percent within November 2014 to January 2015.

The change brought by SCORE program has made a great impact on the teamwork and organizational skills in the company's workspace. "I am impressed to see everything is in order at the production areas, which

allows better work flow. This milestone is achieved with the participation of the employees in identifying relevant issues to improve work performance," said Arief. Mujahidin added that cases of accident at the workplace can be minimized and the company has achieved zero accident at the workplace from July 2014 – January 2015.

Dwi Ari, a trainer from Provincial Productivity Training Center emphasized that the board of management had to be consistent in changing the company's work ethic. "I am confident that through SCORE program and intensive guidance, CV Valasindo can make the change," he said.

Logs for Materials were not being placed carefully. Not only it might damage the material, but also it might endanger the workers moving them. After the implementation of SCORE program, the logs are being placed in a proper manner, reducing the risk of damaged materials, as well as worker endangerment.



BEFORE



AFTER

The assembling area looked dirty and unorganized before the implementation of SCORE program. Now the woods are stacked properly and the room is clean



BEFORE



AFTER



Menara Thamrin Level 22 ILO, Jakarta, Indonesia

Phone: + 62 21 3913112, Fax : + 62 21 3100766 + 62 21 39838959

E-mail: [scoreindonesia@gmail.com](mailto:scoreindonesia@gmail.com), Website: [scoreindonesia.net](http://scoreindonesia.net), Facebook: [SCORE.Indonesia](https://www.facebook.com/SCORE.Indonesia), Twitter: [@SCORE\\_Indonesia](https://twitter.com/SCORE_Indonesia)