

Analysis of Dumpling House Msmes From The Perspective of Mc Kinsey 7s

Eric Harianto^{1*}, dan Elizabeth Gina Mitayanny Salim²

^{1,2} Universitas Ciputra Surabaya, Indonesia *E-mail: eric.harianto@ciputra.ac.id

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ABSTRACT

Small and Medium-sized Enterprises (MSMEs) play a significant role in Indonesia's economy, absorbing up to 97% of the workforce. Particularly, the food and beverage sector within MSMEs has shown substantial growth, indicating high potential in the industry. However, intense competition poses challenges, necessitating a competitive edge for sustained growth. This paper examines the case of Dumpling House, an MSME in the frozen food sector, which initially experienced rapid expansion but faced challenges due to the evolving business landscape. Using the McKinsey 7s framework, the internal analysis reveals areas for improvement in strategy, structure, system, shared values, skills, style, and staff. While Dumpling House demonstrates strengths in certain areas, such as product quality and employee camaraderie, there are evident gaps in strategic planning, leadership, and system optimization. The study suggests enhancing management insights, conducting regular evaluations, strengthening leadership roles, and addressing identified issues comprehensively to facilitate Dumpling House's continued growth and success.

Acknowledgment

Kata Kunci: MSMEs, Frozen Food, McKinsey 7s

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INTRODUCTION

MSMEs are a sector that absorbs a significant amount of human resources in Indonesia, up to 97%. MSMEs are one of the important sectors in the Indonesian economy (Faqir, 2020). According to Trihendrawan, the food and beverage business sector of MSMEs was able to contribute the highest growth at 12.7% in 2018 (Trihendrawan, 2019). The continuously growing food and beverage industry in Indonesia indicates high opportunities in this business, but it is also accompanied by intense industry competition. Companies that cannot compete will face bankruptcy. Therefore, a competitive advantage is needed to compete and ensure the company's continuous growth. Every business requires a competitive advantage for its sustainability (Gomes, Jorge, Romao, & Mario, 2023). However, it is known that we are currently living in an era where changes occur rapidly. The development of this era is a business environment that affects the sustainability of a business, both internally and externally.



Table 1. Employment absorption in large and medium-scale food industry sectors

Number of Workers in the Food Sector Industry (person)							
Micro			Small			Medium-Large	
2020	2021	2022	2020	2021	2022	2020	2021
2.825	2.914	2.963	388.1	271.6	286.33	989.07	989.74

According to (Kurniawati & Novi Marlena, 2020), competitiveness analysis based on environmental conditions can be distinguished into 2 types, namely internal environmental conditions and external environmental conditions. External environmental conditions can be analyzed using PEST, which includes Political, Economic, Social, and Technological factors. These four aspects are used to analyze external environmental factors that can affect a company's sustainability. Meanwhile, for internal environmental conditions, analysis can be conducted using the Mc 7 Kinsey Framework, which includes Strategy, System, Structure, Style, Shared Value, Staff, and Skill. These seven aspects must operate continuously so that a company can function effectively and efficiently. In addition to determining the internal conditions of a company, the Mc 7 Kinsey framework can also be used to identify barriers within a company. The obstacles found within the company are expected to be addressed with solutions.

In today's urban environment, there is a demand for convenient food that still meets the nutritional needs of the community's health. The intense competition in the frozen food industry drives entrepreneurs to create added value in their businesses, such as focusing on health aspects (nutrition) in frozen foods. Dumpling House is an MSME operating in the frozen food sector with a healthy food concept. Frozen food is the process of preserving food products by converting almost all of the water content in the product into ice (Kusno, 2007). The frozen condition inhibits microbiological and enzymatic activities, thus extending the shelf life of the product. Frozen food products still have a limited shelf life. Frozen food is a type of food preserved by freezing techniques for several months at temperatures around -18 degrees Celsius or lower, making the food products last longer.

In 2019, Dumpling House was established in Semarang, and it grew rapidly until 2021, successfully opening branches in Jakarta and entering renowned supermarkets such as Ranch Market, Farmers Market, Grand Lucky Supermarket, Hokky Supermarket, and others. However, Dumpling House was unable to keep up with the rapid changes of the era, leading to a significant decline. Therefore, a comprehensive internal evaluation of Dumpling House is



needed to address the existing issues. The tool used to analyze the internal aspects of the company is the McKinsey 7s, where the alignment of the seven elements within the organization is a key success factor for a company.

RESEARCH METHODOLOGY

This research adopts a qualitative descriptive method. Qualitative research is often used to thoroughly examine and analyze a phenomenon in detail. This study is conducted on the UMKM Dumpling House located on Kedungmundu Street, Semarang. The consideration for this location is that to obtain accurate data, research from the company's headquarters, where operational activities occur, is required.

The data sources for this research are obtained both through primary and secondary means. Primary data is acquired directly by the researcher through interviews and field observations. Meanwhile, secondary data is obtained indirectly by the researcher through existing company documents. Data collection will be carried out through interviews, observations, and documentation, which will then be analyzed qualitatively descriptively.

RESULT AND DISCUSSION

Company Profile



Figure 1. Logo of Dumpling House

Source: Dumpling House

Dumpling House is an SME in the frozen food sector based in Semarang and Jakarta. Dumpling House prioritizes public health by only selling flagship products of the highest quality. The products sold by Dumpling House are free from artificial colouring, preservatives, and food thickeners. Dumpling House itself originates from English, meaning "house of dumplings," where initially production was done at home and only one type of product was sold,



namely chicken dumplings.

Headquarters : Jl. Kedungmundu, Semarang

Branch: Jl. Daan Mogot, Jakarta Branch: Jl. Kota Wisata, Cibubur

Products: Chicken dumplings, chicken mushroom shrimp dumplings, fish meatballs, fish meatballs stuffed with chicken, shrimp-stuffed tofu.



Figure 2. Dumpling House's Products

Source: Dumpling House

Currently, Dumpling House sells its products through Tokopedia and offline markets such as Farmers Market, Ranch Market, Grand Lucky, Hokky Supermarket, Bonnet Supermarket, Top Buah, Duta Buah, Loka Mart, RnB, Tintin Rayner, Istana Buah, Nandisari, Takashimura, and Gelael Supermarket.

History

During the COVID-19 pandemic in 2019 that hit Indonesia, it created a good opportunity in the frozen food sector, which led to the creation of Dumpling House. With a concept of healthy ready-to-eat food, Dumpling House has continued to grow until now. Initially, Dumpling House only had one location in Semarang, but as the business expanded, Dumpling House was able to expand its reach to Cibubur and Jakarta.

In 2020, Dumpling House obtained BPOM certification and engaged in numerous endorsements with well-known Indonesian influencers such as eatandtreats, honeykwk, Wulan Guritno, VJ Daniel, and others. This had a positive impact on the company, leading to increased

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sales and enhanced brand awareness among the public. Dumpling House vision is to become a top-quality frozen food company that is favored by the public. They have mission such as providing ready-to-eat, healthy, and nutritious processed food to benefit the entire Indonesian community.

Corporate Values

Dumpling House has several values abbreviated as 4K, which are:

1. Human Resource Equality (*Kesetaraan SDM*)

Dumpling House strives to empower employees with disabilities by providing equal treatment and facilities for all employees.

2. Speed (Kecepatan)

Dumpling House is committed to diligently and accurately implementing the company's agreed and established SOPs.

3. Commitment (*Kotmitmen*)

Dumpling House is committed to maintaining quality to produce products that are healthy and safe for the community from toddlers to the elderly.

4. Trust (*Kepercayaan*)

We hold the trust of our customers, so we will continue to produce the best products for the community by maintaining the existing quality.

Company Structure

Small and Medium Enterprises (SMEs) organizational structure is tailored to the characteristics and needs of the SME itself. SMEs typically tend to have few employees and limited capital, hence the organizational structure in SMEs tends to be simpler. However, even so, SMEs are expected to maximize operational efficiency and effectiveness. Dumpling House has a simple company structure as described below.



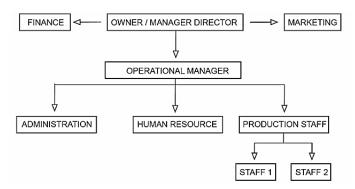


Figure 3. Organization structure of dumpling house

Source: Dumpling House

1. Owner/Managing Director

Acts as coordinator, makes decisions, leads the company, sets regulations, plans for company development, serves as company representative, plans for resource allocation.

2. Marketing

Develops marketing strategies, analyze industry trends, plans for consumer expansion, strengthens the company's brand image.

3. Finance

Manages company cash flow, organizes financial reports, conducts financial transactions.

4. Operations Manager

Controls all divisions including administration, human resources, and production to ensure optimal performance, handles purchasing orders.

5. Administration

Manages all existing data, oversees stock reports, provides updated reports.

6. Human Resources

Determines criteria for suitable employees for each department, assesses competencies in each employee and encourages them to develop their potential, conducts interviews and employee recruitment, ensures employees perform their job desk optimally.

7. Production Staff

Performs production according to established company SOPs optimally, from processing raw materials, printing products, cooking products, and packaging products. From upstream to downstream until the product is ready for sale.



This streamlined structure allows for efficient communication and decision making within the organization, which is essential for the smooth operations of a small to medium sized enterprise like dumpling house.

Previous Research

Previous research represents an attempt by researchers to find comparisons and subsequently discover new inspiration for further research. Previous research is also expected to help position the research and demonstrate its originality. The previous research was limited by several constraints, including the fact that the objects studied were all related to food, the types and methods of research used were qualitative and descriptive, and the similarity in the themes addressed, namely the McKinsey 7s framework.

The related study is the Implementation of the McKinsey 7s Framework at PT. Nestle Indonesia conducted by Ryan Rusyda, Sadino, and Rini Fitri in 2013. Then there's a study conducted by Tantri Yanuar Rahmat Syah titled "Human Resources Implementation Using the McKinsey 7s Method for Business Startup: Duck Nugget Frozen Food," published by Kemala Publisher in 2019.

Besides that, there is also a study conducted by Himawan Cahyo Eddy titled "Implementasi Strategi berdasarkan model 7s McKinsey (Studi Pada Perusahaan Jasa Boga CV Century Utama Lestari Jakarta)" in 2018. From these three previous studies, it can be concluded that the implementation of the McKinsey 7s in one object may differ from another. Below are the explanations of the points within each factor of the McKinsey 7s in each research object.

1. Strategy

- a. PT. Nestle Indonesia
 - Decentralized management control system.
 - Delegating decision-making authority to each business unit.
 - Business unit strategies focus on building excellence in each business area.
 - Corporate strategy used to determine various businesses to be pursued, including managing the overall business portfolio.
 - Monolithic, dualithic, and multilithic brand strategies.
- b. Duck Nugget Frozen Food
 - Market development and product development.
- c. CV. Century Utama Lestari Jakarta



One central kitchen in each province.

2. Structure

- a. PT. Nestle Indonesia
 - Functional organizational structure.
 - Divisions include Finance, Human Resources, Engineering, Quality Assurance, Application Group, Resource Planning Unit, Production, IP-OD, Safety Health and Environment.
 - Many divisions with clear authorities and responsibilities.
- b. Duck Nugget Frozen Food
 - Functional organizational structure.
 - Comprising Commissioners, Managing Directors, Operational Directors,
 Marketing Directors, Human Resources Directors, and Finance.
- c. CV. Century Utama Lestari Jakarta
 - Functional organizational structure.

3. System

- a. PT. Nestle Indonesia
 - Nestle's quality management system ensures food safety in accordance with quality standards.
 - Adopting sustainable environmental farming practices to guarantee the quality of raw materials used.
 - Protecting and improving the quality of life for farmers as suppliers of raw materials.
- b. Duck Nugget Frozen Food
 - Standard Operating Procedures (SOP) that regulate the operational activities of the company, starting from standards in customer service, product quality, contract agreements, fund allocation preparation, financial reports, stock management, employee recruitment, performance evaluation, and other related matters.
- c. CV. Century Utama Lestari Jakarta
- Standards have not been established for all parts of the company.

4. Shared Values

- a. PT. Nestle Indonesia
- Creating Shared Value by generating benefits for society.
- Utilizing domestic raw materials to support the agriculture sector.



- Supporting environmental preservation.
 - b. Duck Nugget Frozen Food
 - The spirit to strive for excellence in building the company.
 - Innovation to create new things for customer satisfaction.
 - Quality in maintaining product quality.
 - Honesty to build good relationships within the company.
 - Customer satisfaction is the most important aspect for the company.
 - c. CV. Century Utama Lestari Jakarta
 - Honesty, beneficial, caring, excellent service, and quality.

5. Skill

- a. PT. Nestle Indonesia
 - Conducting extensive research and training to develop the potential within each employee.
- b. Duck Nugget Frozen Food
 - Integrated, reliable, loyal, and passionate about advancing the company.
- c. CV. Century Utama Lestari Jakarta
 - Guaranteed quality, competitive pricing, and good relationships with supplier.

6. Staff

- a. PT. Nestle Indonesia
 - Nestle Intranet Kit Assistant (NIKITA) is an information technology system utilized as a guideline for coordination.
 - Email is used as a fundamental communication tool between divisions.
 - Internet and email are basic necessities for communication to function.
- b. Duck Nugget Frozen Food
 - Production, maintenance, marketing, human resources, finance.
- c. CV. Century Utama Lestari Jakarta
 - Limited professional workforce.

7. Style

- a. PT. Nestle Indonesia
 - Actions speak louder than words.
 - Talk less do more.
- b. Duck Nugget Frozen Food
 - Democratic leadership.



- c. CV. Century Utama Lestari Jakarta
 - Management is not yet fully centralized, and coordination within the company is still lacking.

Analysis of Dumpling House based on the McKinsey 7s model

1. Strategy

Successful strategy implementation is the key to business success. Every company has its own unique strategy, and the same applies to Dumpling House. These strategies aim to lead the company towards goals aligned with its vision and mission, which fundamentally involve increasing profits by selling high-quality and healthy products. However, challenges arise because good quality often comes with a higher price tag, while the company's objective is to increase profits. Therefore, Dumpling House implements marketing strategies and cost reduction strategies.

The Cost Reduction strategy aims to effectively and efficiently manage expenses. By reducing costs, the company's profits can increase. After analysis, the highest expenditure is found in Human Resources (HR) and Logistics. To reduce operational costs in HR, a target-chasing system is implemented. This system ensures that wage costs are proportional to the number of products produced. As for logistics expenses, they are addressed by shipping from multiple branches, namely Semarang and Jakarta. Consequently, orders from offline markets will be fulfilled from the nearest city branch.

The marketing strategy is implemented to boost sales by collaborating and endorsing influencers in Indonesia. This is aimed at enhancing Dumpling House's brand image among the public. The increase in brand image is expected to drive up sales, thereby increasing profits based on the quantity of sales.

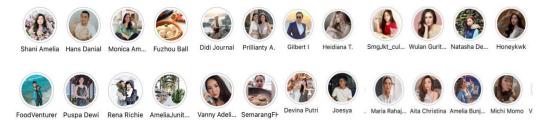


Figure 4. The collaboration conducted by Dumpling House

Source: Dumpling House



The data collected from several sources indicates that the implementation of the cost reduction strategy was only carried out in 2024, while there are still many other strategies that can be implemented in Dumpling House so that the company can advance and grow.

2. Structure

Dumpling House still employs a traditional SME structure, which is appropriate for its small-scale operations. Using a functional organizational structure, Dumpling House groups its tasks and activities based on business functions consisting of marketing, production, administration, finance, and personnel. Marketing and finance are managed by the company owner, while operational managers oversee production, administration, and personnel. Assignments are directly delegated from the owner to the operational manager and then cascaded down to other employees.

In its implication, the functional structure implemented by Dumpling House can operate effectively, allowing employees to perform their job tasks with responsibility. However, there is a threat within the company, as there is a risk of a "one-man show" scenario, where all employees are directed and fully accountable to the head manager, and the head manager is fully accountable to the owner. This is what causes employees to stagnate and hinder their development, as they are only faced with two choices: comply or leave the company. They become molded and work like robots without any intrinsic motivation.

3. System

Initially, Dumpling House implemented a monthly salary system, but it was deemed ineffective as the operational costs for human resources did not match the quantity of products produced. Therefore, in 2024, Dumpling House implemented a wage system based on the quantity of production output. Consequently, employees' earnings can vary each month, depending on the amount of products they can produce. In practice, this has had a positive impact on the company, as it helps reduce operational costs, and employees are more motivated, resulting in improved performance.

All processes in Dumpling House adhere to existing Standard Operating Procedures (SOPs). During the production process, there is some food waste that can still be processed for consumption. Employees are allowed to take this food waste home to be processed into meals for their own consumption. In terms of distribution, the distribution system is divided into three parts: supplier to Dumpling House, which is sent directly from the supplier to the production

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facility; Dumpling House to the customer, which is delivered using frozen food logistics provided by Paxel to ensure product quality; and Dumpling House to the market, which is dispatched from the nearest Dumpling House branch using travel and courier services, ensuring delivery within less than 24 hours.

The communication system in place is not optimal, as all communication is mediated by the head manager. Additionally, the internal systems within Dumpling House are not running optimally due to the lack of performance evaluation for employees within the company.

4. Shared Values

Dumpling House has four core values in the company, namely Equality of Human Resources, Speed, Commitment, and Trust. These four core values are interconnected with each other. In line with the company's vision and mission of creating high-quality and healthy products, Dumpling House is committed to maintaining product quality so that the products produced are nutritious for health. With consistency in the values held, it is hoped that consumers can trust Dumpling House. In addition to maintaining product quality, SOPs must be strictly adhered to. The company's SOPs have also met the requirements of the BPOM, so it is required to maintain cleanliness, orderliness, product quality, and others. Dumpling House also empowers human resources with disabilities, while still providing equal and fair treatment to all employees. It is hoped that with this, all members of society can have equal opportunities.

5. Skill

One important aspect in a company is skill, where the abilities of each human resource determine the strength of a business. Dumpling House does not have specific education requirements; the most important thing is that employees are accustomed to cooking or working in the kitchen. Basically, if employees are used to cooking, they will have a sensitivity to assess the quality of ingredients used, speed in cutting vegetables, and manual skills in cooking, such as shaping dumplings, and so on.

In addition to cooking skills, Dumpling House also values the character of its employees, where they must have a high desire to learn, be diligent, and disciplined. Discipline is essential for adhering strictly to company SOPs and maintaining cleanliness, while diligence and meticulousness are required to produce products well and maintain quality. Therefore, the head manager also provides training to employees and continues to supervise them.



Employees are expected to have high integrity so that they can work optimally and maintain the trust given by the management. From observations and interviews, it can be seen that the human resources at Dumpling House consist of employees with educational backgrounds ranging from elementary to vocational school, but they already have cooking skills, mostly housewives. There are also employees with mild disabilities in this company, where their shortcomings are not used as an excuse to not strive for improvement.



Figure 5. The process of making chicken dumplings

Source: Dumpling House

6. Style

The owner stated that in a good organization, only one leadership style cannot be applied. The leadership styles applied at Dumpling House include several, namely liberal, autocratic, and multicultural. The liberal leadership style is applied to the managers and employees, where they engage in discussions, show empathy, and provide suggestions to each other, aiming to achieve the company's goals optimally. The managers openly welcome suggestions from all employees and process them to be presented to the management.

The autocratic leadership style is characterized by a centralized approach where the leader makes unilateral decisions and provides clear directions to the members. The leader controls every aspect of the work from planning to execution, and employees simply follow orders from their superiors. This is implemented after the leader makes a decision based on carefully considered suggestions. Once the leader makes a decision, employees can only follow and execute the decision. In specific situations where quick decision-making is needed, this leadership style can be effective. This leadership style also demands that the leader has critical thinking skills and the ability to make the right decisions to advance the company.



From the perspective of employing individuals without distinguishing their backgrounds, shortcomings, and race, Dumpling House also implements a multicultural leadership style. Dumpling House values solidarity, where employees are expected to have harmonious relationships with each other. Well-established relationships within a company are believed to create a conducive work environment, leading to optimal output.

7. Staff

Skilled and competent human resources are valuable assets for a company, so it's necessary to recruit employees who can meet the company's criteria. From the conducted interviews, the owner stated that no specific education is required for staff recruitment because Dumpling House provides training. This job training is conducted at the beginning when the employee joins, during which the employee will be observed for three to seven days and evaluated by the head manager. If the employee is deemed capable of working well, they will be hired, but if not, regrettably, they cannot be accepted. The employee recruitment system is carried out through job advertisements as well as through acquaintances/family members of existing employees in the company. This recruitment process is open to the public.

CONCLUSION

Dumpling House is an SME operating in the frozen food industry, specializing in easily prepared frozen meals. This addresses the needs of today's urbanized society. Additionally, Dumpling House offers added value through high-quality, nutritious products that are free from harmful additives such as preservatives and artificial colouring. Their products cater to all age groups, from toddlers to the elderly. In reality, Dumpling House's goals have not been fully realized due to suboptimal implementation of the 7s framework.

Some of the factors contributing to this include strategy, the cost reduction strategy is still suboptimal due to the limited number of branches, and the diminishing impact of endorsements over time. Structure, the significant role of the company owner covers almost all divisions, leading to suboptimal performance. System, a well-functioning system is crucial for the company's advancement. However, the system in Dumpling House is not optimal due to the lack of evaluation for employees, systems, and other aspects, resulting in a lack of input on how the company can continue to grow.



Shared Values, the company values in Dumpling House are fairly good, as all four values have been agreed upon and implemented together. Skills, dumpling house employees have the necessary skills for their respective roles. However, there is a lack of management skills in the company owner, who plays a crucial role in managing all employees. Style, the leadership style applied is considered quite good, as multiple leadership styles are needed for a company to develop according to its needs and the conditions it faces. Staff, the high sense of camaraderie and teamwork in Dumpling House creates a conducive working environment.

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