

MANAGING GROWTH OF CLINIC LIVIA: A SKIN-CARE CLINIC BUSINESS

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Abstract--In Indonesia, demand for skin-care clinic has rose substantially along with the climb of their economic condition and citizen welfare. This happens because economic growth has major effect in increasing numbers of middle-class citizen who plays an important role as the main target of skin-care clinic business. Middle class citizen in Indonesia has grown from just 37.7% of population to 56.5% in 2010. Clinic Livia, a skin-care clinic located in Jakarta has enjoyed substantial growth within the past 5 years. Their sales has reached 2,000 patients per month and with around 100 employees on their rank shows that this business has developed significantly since first established in 1996. However other than benefits, growth can also cause problems that company should anticipate and address properly. Unfortunately, Clinic Livia still have difficulty in managing problems that was caused by their growth. To

address this situation, thorough analysis is necessary to find the root-cause and subsequently build the solution. The analysis process found that main problem of Clinic Livia was identified as lack of good strategic planning. Other than that, Clinic Livia also doesn't currently have marketing division who upposed to be responsible in predicting and preparing for growth. For that purpose this paper suggests a strategic plan for Clinic Livia as a strategic foundation and proposal to create a dedicated marketing division.

Keywords: marketing, skin-care clinic, small-to-medium enterprise

I. INTRODUCTION

Skin-care clinic is a service company that provides means for treating, maintaining and medicating individual's skin. This type of clinic delivers their service with the help of expert, such as dermatologist or beautician and sometimes also with the use of specialized medicine or specialized tools. Clinic Livia is a skin-care clinic that established in 1996 by doctors from various background and specialization. Originally, their founders intended to create a clinic that provides health-care services from several different disciplines in one location (e.g. a general clinic) rather than focusing on skin-care clinic. Some of the first provided services are dermatology, dentistry, internal medicine and general medicine, each reflecting every founder specialty. Growth is arguably one of the most important goals for a company. Every profit-oriented company aim is to achieve sustainable growth. It is, after all the mark of a successful venture. However, growth also possesses a challenge that companies need to be very wary of; one of the most obvious one is the under capacity problem. Under capacity is a serious problem that

could make company loses its momentum during growth or even worse, loses their regular customers. In term of growth, Clinic Livia has enjoyed slow but solid growth since first established 15 years ago. The chart below shows Clinic Livia revenue in the past 5 years.

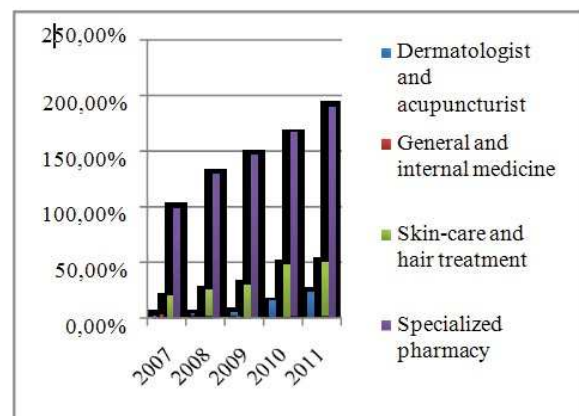


Figure 1. Clinic Livia Revenue Growth (2007-2011)

According to the chart, Clinic Livia average revenue has been almost doubled since 5 years ago. Every business unit with the exception of general and internal medicine has contributed significantly to the growth.

Unfortunately, despite the good news, there is also a developing problem that has been reported by the staffs for quite some time. The staffs informed that numbers of rejected customers and customers whom return home untreated have been steadily increase in size and the queue situation is also become worse. This matter has gone without proper and thorough handling since first reported two years ago. The main problem that has been identified is Clinic Livia incapability to handle growth. Seeing the potential that Clinic Livia has, there is an urgency to construct a solid plan to recover from the situation while fully exploit the opportunity.

II. BUSINESS ISSUE EXPLORATION

This section will explore business issues that surround Clinic Livia. The objective is to analyze the issues in- depth and identify its root-cause. The root-cause will be a crucial block in building solution and implementation plan for Clinic Livia.

A. Conceptual Framework

Conceptual framework diagram is a diagram that explains each and every step that will be taken during the analysis. It makes use of the business issues as primary input and utilizes various tools and frameworks to gain perspective and understanding.

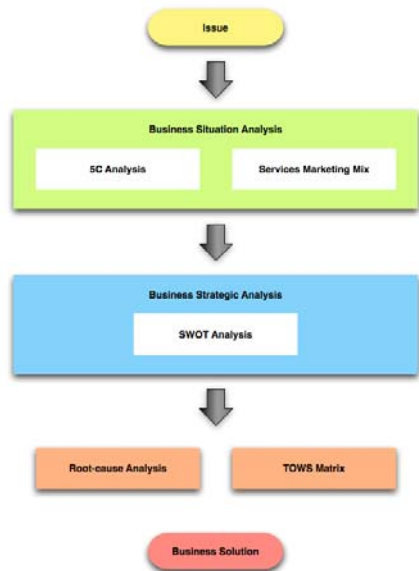


Figure 2. Conceptual Framework Diagram

According to diagram above, analysis process will be started by identification of issues that are currently affecting the company. Afterwards, the process will continue by examination of company macro and micro environmental situation using 5C analysis.

Complementing the 5C analysis, services marketing mix will be used to analyze company marketing activities. Later, their business strategy will be examined using SWOT analysis and result from the process will be used to identify true cause of the issue using root-cause analysis.

B. Method of Data Collection and Analysis

Methodology in doing the analysis uses qualitative and quantitative approach based on primary and secondary data. Primary data comes from questionnaire that is distributed to Clinic Livia customers and other skin-care customers in Jakarta while secondary data comes from every data that is provided by the company and have relevance with study being conducted.

C. Analysis of Business Situation

Based on the result of business situation analysis, including the 5C and services marketing mix analysis, SWOT is created. These are the following strengths, weaknesses, opportunities and threats of Clinic Livia.

Strengths

1. Utilize only specialist doctors for its specialist services.
2. Skilled operational staff that was trained exclusively by the doctors.
3. Offering only high quality medicines and treatments that were tailored exclusively to each patient by the doctors.
4. Prioritizing personal touch rather than automated equipment when treating the patients.

Weaknesses

1. With the current policy of acquiring doctors, it is very hard for the company to increase the numbers of doctor when the need arise.
2. Physical capacity is already reaching its limit.
3. Inexperienced management team with no formal education or experience in business and management.
4. Lack of marketing division to handle marketing related activities.
5. Lack of comfort in the facility that was complained by the customers.

Opportunities

1. Increasing awareness of skin-care importance.
2. Increasing numbers of middle-class family in Indonesia with higher discretionary spending.
3. Company growth from the past five years shows that the growth trend may still continue.
4. Advancement in skin-care medication & equipment that company can have access to due to their good standing with the suppliers.

Threats

1. Many competitors are emerging rapidly in the past five years, including those who open their premises in close proximity.
2. Skepticism of the society due to urban myth and increasing case of malpractice or inappropriate uses of dangerous medicine ingredients in Indonesia.
3. New regulation from the government that may allow foreign doctors to open their practice easily in Indonesia.

After SWOT, analysis using fishbone diagram as a breadth-first approach will reveals possible causes of the problems from each aspect of the company. Combination of fishbone diagram and cause relationship diagram then reveals the root cause of the problem.

Table 1. Identified cause of the problem

Product	Inefficient production
Price	No pricing strategy
Place	Overcrowded & no alternative for customers (no branch)
Promotion	No customer retention strategy
	No strategy for customer distribution
Place	Lack of proper supervising
	Lacking staff quantity
Physical Evidence	Inconsistent branding and physical evidence
Process	Process not standarized

Using identified cause from fishbone diagram as input to cause relationship diagram, root cause of the problem was identified as lack of strategic planning especially their marketing positioning & planning. If another why is further asked to this cause then it will also be revealed that it was due to Clinic Livia lack of marketing function within their management rank. This lack of marketing function makes the company loses their ability to prepare and handle for growth. They also doesn't have proper marketing plan for creating coherent and comprehensive strategy to participate in the market.

III. BUSINESS SOLUTION

This chapter will discuss proposed business solution that is expected to assist Clinic Livia in solving their incapability to handle growth problem.

A. Alternative of Business Solution

From root-cause analysis it has been concluded that one of key reason on why Clinic Livia seems unprepared for growth is their lack of adequate management team. This is true especially due to the absence of a marketing division, as this situation makes Clinic Livia can't predict their demand growth in advance and prepare for it.

For that purpose, there are two points that will be raised as the proposed solution. The first is for Clinic Livia to create full-fledged management team by introducing a dedicated marketing division that will help them in predicting and preparing for any opportunities that arise from business growth. The second is a marketing strategy recommendation that can be used by the company as a pivot point in moving forward.

B. Analysis of Business Solution

Marketing role is an integral function of a company, one that often overlooked in an SME or small to medium enterprise. It is understandable that SME may not require to have dedicated division present for each functional role. Most of the time SME can survive and achieve success with only strong operational skills or unique preposition that cannot be matched by their competitors.

However as companies become larger, old rules that can be applied to SME may not work anymore. Other than opportunities, growth also possesses a challenge that needs different way of thinking for solving it. This is where marketing comes in, as growth management tightly correlates with marketing function.

By above reason it is vital for Clinic Livia to assemble a dedicated marketing division that could assist them in managing their growth. The marketing division could help them particularly in predicting, analyzing and preparing for growth, exactly the kind of thing they needed the most right now.

Other than that, there is also a proposed marketing strategy and plan recommendation for Clinic Livia, which will be described within these following subsections.

Clinic Livia Strategic Positioning

According to analysis result and SWOT assessment of Clinic Livia, the most suitable positioning for them is to use differentiation positioning. Differentiation strategy focuses on broad and unique product offerings, rather than narrow and economical.

Clinic Livia Strategy Diamond

Clinic Livia will participate as a skin-care clinic that provides consultation and treatment services, which is served by doctors and beauticians. Clinic Livia also offered skin-care products via its pharmacy.

To achieve its objective while participating in the chosen arena, Clinic Livia will have to do several steps:

1. Assemble a solid management team by introducing a dedicated marketing division to increase the capability of planning and looking ahead.
2. Recruit more doctors & beautician when the opportunity arises. As for beautician, if it is feasible try to head-hunt the skilled one from the competitors.
3. Continue with the internal training program. Create a solid knowledge management program for the operational staffs.
4. Do a backward vertical integration by developing independent medicine factory, rather than relying on third party supplier. Medical equipment can continue to use 3rd party suppliers.
5. Do a horizontal integration by establishing some branches in other key location.
6. Conduct a visibility study to diverse the offerings into services that doesn't depend on specialist doctors.

The proposed differentiation of Clinic Livia will be:

1. All doctors are specialist.
2. All beauticians are trained exclusively by doctors.
3. Forefront personal touch and customized solution for each patients.
4. Highest medicine quality.
5. Wide-array of advanced treatments for skin-care cases.

The first and most important step that needs to be executed rapidly is assembly of a dedicated marketing division. On the mean time, Clinic Livia must also try to recruit more operational staffs including doctors. Newly assembled management team can then assist in creating more detailed plan for doing backward vertical integration and horizontal integration. Taking all four elements of strategy diamond into account,

the most appropriate economic logic of Clinic Livia is “premium pricing due to unmatched service”.

Target Segment & Positioning

Clinic Livia proposed target segment is “adult (19-55 years old) female who are currently has a job and has medium to high income”. Proposed positioning for Clinic Livia is “To provide highest quality and comprehensive skin-care solution that is handled exclusively by specialist doctors and trained beauticians, which is tailored to every individual need for their demanding environment”. Clinic Livia also need a new set of marketing mix and flower of services recommendation to comply with the new strategic recommendation.

IV. CONCLUSION AND IMPLEMENTATION PLAN

Similar Similar to human, company is a living thing that have to go through several phase during their lifetime. Each phase will possess different set of challenges that needs to be overcome before company can move to the next phase. However, different set of challenges also needs different solution that not every company is prepared.

Clinic Livia, a 15 year old company has finally grows enough to a certain point where they move on to the next phase. A phase where different strategy, different structure and different management plan is needed. Because previously Clinic Livia management still doing things sporadically, they have to transform themselves and the company to become more systematic.

The most important thing for them now is to consolidate by examining the environmental situation, identifying their strengths and weaknesses while also assess what opportunities and threats that market currently offers. Other than that the management should strengthen the company by creating a strategic planning and rebuild the management team to be more comprehensive and mature by including what was previously lacking, most importantly the marketing division.

For Clinic Livia to restructure their management by creating a marketing division, they will need at least these following roles:

1. Marketing director
2. Marketing & sales manager
3. Business development manager
4. Administrator staff

Other than management, Clinic Livia must also address and recruit these following roles to enhance their service quality:

1. Duty manager / operational supervisor
2. Customer Services
3. Cashiers

Based on new human resource requirement and other plan that was suggested, while considering current wage structure and expense in Clinic Livia, these following financial requirement was suggested.

1. For the new marketing division, Clinic Livia should expect up to IDR 35 million increases in overhead cost.
2. For supporting staff new recruit, Clinic Livia should expect up to IDR 20 million increases in overhead cost.
3. For procurement of wireless communication line between staffs, Clinic Livia should prepare capital up to IDR 5 million.
4. For loyalty program IT system and member card, Clinic Livia should prepare capital up to IDR 50 million.
5. For arranging exclusive seminar, Clinic Livia should prepare capital up to IDR 75 million per event.
6. To arrange hospitality training for staffs, Clinic Livia should prepare capital up to IDR 20 million per program.

These are the proposed activity plans that are suggested for Clinic Livia.

1. Socialize new strategy and plan to shareholders and stakeholders
2. Assemble the marketing division
3. Recruitment of supporting staff
4. Hospitality training for all staff
5. Creation of loyalty program and member card
6. Create and implement a customer feedback system
7. Create & implement SOP for exception, including communication line between staff during service hour
8. Create and implement promotional program to enhance WOM, e.g. exclusive seminar
9. Create skin-care related doctor's consultation service, e.g. dentistry, plastic surgeon
10. Move into new location
11. Create own medicine factory
12. Open a new branch

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