

AN ANALYSIS OF PROPERTY DEVELOPMENT PROJECTS: HIGH HILLS SETIABUDI DAN DERMA JAYA SAMUDERA JAYA

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Abstract- *HIGH HILLS and DERMA JAYA as property developers need to relate the competitors' project and condition of neighborhood (infrastructures and facilities), in determining market segmentation, and the way of to enhance their system by doing sort of analysis with several factors that shall be considered in conducting those analysis. This research combines the basic principles of project management, with strategic management and marketing management. It's been conducted in a very simple way, but trustfully to be workable in property development sector. Even though there are numerous elements affecting a property development project, but this research will focus on the application of SWOT analysis in strategic management, 4Ps in marketing management and TQC in project management. Through process of observing neighborhood condition and analyzing competitor's property development projects, author took a conclusion that mid-low customers are the most appropriate segment for DERMA JAYA's project in Samudera Jaya, Bekasi Utara. Employees of a lot of industries in surrounding areas from supervisor to manager level are potential buyers for DERMA JAYA's property products. Through process of observing neighborhood condition and analyzing competitor's property development projects, author took a conclusion that mid-up to premium customers are the most appropriate segments for HIGH HILLS' project in Sersan Bajuri, Bandung. Local people of Bandung and people from outside Bandung who have interest to own classy properties in North Bandung are very potential to be HIGH HILLS' product buyers. In order to improve its system, DERMA JAYA and HIGH HILLS are recommended to create sort of standardized forms to control all steps of construction since the early constructing foundation to finishing process, in order to assure that all works are being done in accordance with company quality standards and government regulation. Another recommendation is to create a solid marketing team, in order to make sure that all products are feasibly marketed. Marketing team is to be actively involved in future development process. Their idea and opinion are to be taken as consideration in establishment of future marketing strategy.*

Keywords: SWOT Analysis, TQC Analysis, 4Ps Analysis.

1. Introduction

Property business is an author's core family business. The author's father officially started a construction business since 1978 by doing an acquisition to a company, CV.Derma Jasa (since 1972). At 2003, CV.Derma Jasa was being upgraded to become PT.Derma Jaya Abadi. Hundreds government construction projects such as roads, bridges & buildings have been completed by CV.Derma Jasa, now PT.Derma Jaya Abadi (DERMA JAYA).

Besides those government construction projects, DERMA JAYA has also successfully completed sort of property development projects (commercial residences, housings, etc) mostly located in West Sumatera. As the eldest son the family, author has an obligation to succeed this company. Nowadays, author is starting a property development project named "DERMA JAYA Samudera Jaya Perumahan & Pertokoan", located at Desa Samudera Jaya, Kecamatan Tarumajaya, Bekasi Utara, Kabupaten Bekasi, West Java. With around 2 hectare land (combined between author's father's and uncle's) as an initial foundation, DERMA JAYA is going to start this middle segment housings and commercial residences, with property products' price range from IDR.135mill to IDR.185mill per-unit.

At the end of 2007, author with author's cousins founded a company, then named as PT.High Hills Rachi Propertindo (HIGH HILLS). At that time, author had owned 25% (twenty-five percent) shares, then increased to become 33,33% (thirty-three point thirty-three percent) shares at the beginning of 2011 after one of other founders withdrawing his ownership and his shares are being sold to three other owners, in equal portions.

HIGH HILLS' first project was named "HIGH HILLS Setiabudi Ruko & Town House" located at Jalan Sersan Bajuri No.2A, Bandung, West Java. Developing 12 (twelve) unit of Commercial Residences and 5 (five) unit of Town Houses at the first phase, HIGH HILLS is going to develop another 14 (fourteen) unit of Town Houses at the second phase. With property products' price range from IDR.1bill to IDR.2.65bill per-unit, HIGH HILLS' products are targeted for middle-up customers.

According to its Master Plan, HIGH HILLS Setiabudi project is targeted to become a IDR.285bill project, if the developer able to develop this area to become 1.6ha (one point six hectare) area, consist of one tower of green concept Apartment, one cluster of Commercial Residences and 3 clusters of exclusive Town Houses. Commonly known that potential property projects are considered based on Location, Location & Location. In author's opinion, it's not a hundred percent true, because there are other fundamental aspects such as Concept of Development and the Capacity of Developer to implement its concept consistently, as major requirements to make projects are successful.

In this Final Project, author will be more focus on analysis regarding sort of important aspects such as, other property development projects in neighborhood, infrastructures in neighborhood, public facilities in neighborhood, etc in order to specify market segment. The main objective in composing this final project is to analyze author's two projects, which are "DERMA JAYA Samudera Jaya Perumahan & Pertokoan", located at Desa Samudera Jaya, Kecamatan Tarumajaya, Bekasi Utara, Kabupaten Bekasi, West Java and "HIGH HILLS Setiabudi Ruko & Town House" located at Jalan Sersan Bajuri No.2A, Bandung, West Java. These analysis results are being used for sharpening author's decision making capacity and will be also useful for readers who plan for land acquisition prior to the start of a project or further development of their property project.

Another important objective is to analyze and furthermore develop better system for DERMA JAYA and HIGH HILLS by doing SWOT analysis in strategic management, 4Ps in marketing management and TQC in project management on each of them. From these processes, author may recognize which parts of whole system to be enhanced, in order to settle a better system.

2. Problems Formulation

Research Question

How could HIGH HILLS and DERMA JAYA as property developers relate the competitors' project and condition of neighborhood (infrastructures and facilities), in determining market segmentation?

How could HIGH HILLS and DERMA JAYA as property developers enhance their system by doing sort of analysis with several factors that shall be considered in conducting those analysis?

Owner Problems

Before doing a land acquisition for a new property development project, Developer usually start everything with "dreaming" of what kind of project that he/she would like to create in a specific location. As an ultimate consideration is, which segment that is targeted to be marketed.

In process of deciding market segmentation, small to medium size property projects are really rely on infrastructures in neighborhood & public facilities in neighborhood that were mostly initiated and constructed by government and huge private/state-owned corporations. On the other hand, big

property projects usually spend their big portion of resources to build up their own infrastructures, new roads; new bridges; etc for instances in their area and surrounding areas, in order to lift up its property products value.

In order to be consistently competitive in this nowadays tight competition, each property developers need to enhance their system gradually in order to secure all standardized product to be well delivered to customers. In process of enhancing this system, sort of simple analysis tools are available to be used. Owners need to choose, which appropriate analysis systems to be taken. These are to analyze recent condition, and the way to develop a better one.

Problem Solving Benefits

This report will benefit its author and its readers by helping them in making a land acquisition decision while starting new property development projects or doing a further development to their property development projects.

This report will also benefit its author and its readers by providing an insight of how to do further development to their property development projects system, refers to analysis that has been conducted.

3. Problems Solution

Research Methodology

Through their brochures (or other marketing materials), other property development projects in neighborhood are taken as comparison in deciding market segment for "DERMA JAYA Samudera Jaya Perumahan & Pertokoan", located at Desa Samudera Jaya, Kecamatan Tarumajaya, Bekasi Utara, Kabupaten Bekasi, West Java and "HIGH HILLS Setiabudi Ruko & Town House" located at Jalan Sersan Bajuri No.2A, Bandung, West Java. This analysis result together with analysis result regarding infrastructures in neighborhood; public facilities in neighborhood will be used to specify market segments for author's projects.

In order to create a better internal system, SWOT analysis in strategic management, 4Ps in marketing management and TQC in project management are to be applied to each DERMA JAYA's and HIGH HILLS' project.

Research Framework

This research combines the basic principles of project management, with strategic management and marketing management. It's been conducted in a very simple way, but trustfully to be workable in property development sector. Even though there are numerous elements affecting a property development project, but this research will focus on the application of SWOT analysis in strategic management, 4Ps in marketing management and TQC in project management.

Understanding customer needs is the first step in successful market segmentation. A business with a strong market orientation will focus on understanding customer needs and develop strategies to attract, satisfy, and retain targeted customers. Because potential customers will rarely all have the same need, a business with a strong market orientation will divide its served market into segment.

A market segment is a specific group of customers with similar needs, purchasing behaviors, and identifying characteristic. Both consumers and business have market needs, but the factors influencing their needs differ in important ways. Understanding why customers have different needs is helpful in determining how to divide up a market into useful needs-based market segments. (Brent, 2009..ada di list references?)

Consumers differ in a great many ways. Obviously people have different preferences for automobiles, toothpaste, and entertainment. Not so obvious are the factors that influence their

preferences, there are three primary forces that shape the needs of consumers,

Demographic Forces

- Age
- Income
- Marital Status
- Education
- Occupation

Lifestyle Forces

- Attitudes
- Values
- Activities
- Interests
- Political View

Usage Behaviors

- Quantity
- Time of Use
- Personal
- Social
- Frequency of Use

Semua unsure diatas lebih baik dlm bentuk table ringkas/padat!
(Brent, 2009)

A key advantage of becoming market-oriented is gaining an understanding of the market and how it is likely to change in the future. This knowledge provides the foundation for designing market-driven strategies. Developing this vision about the market requires obtaining information about customers, competitors, and markets; viewing the information from a total business perspective; deciding across business functions how to deliver superior customer value; and taking these actions to provide value to customers. There is compelling support from research findings and business practice indicating that market-driven strategies enhance business performance. (Cravens, 2010)

SWOT ANALYSIS

SWOT Analysis refers to strengths, weaknesses, opportunities, and threats. Strengths and weaknesses refer to the organization's internal environment over which the firm has control. Strengths are areas where the organization excels in comparison with its competitors, while weaknesses are areas where the organizations may be at comparative disadvantage. Opportunities and threats refer to the organization's external environment, over which it has much less control. SWOT may arise in both the general and the competitive environment. However, the unpredictable nature of events in the general environment tends to make the use of SWOT analysis more problematic.

The firm's internal strengths and weaknesses (SW) can best be determined following an appraisal of its resources and capabilities. SWOT analysis allows an organization to assess its current strategy in light of its changing environment (and its competitors), and to help turn potential threats into opportunities and weaknesses into strengths. A key point to keep in mind is that it is external analysis that precedes the internal analysis of a firm's resources and capabilities. SWOT analysis can be usefully be conducted once an audit of the external environment and the firm's own internal environment has been completed. (Henry, 2010)

TQC (TIME, QUALITY, COST) ANALYSIS

Project Time Management

Project Time Management includes the processes required to ensure timely completion of the project.

1. Activity Definition – identifying the specific activities that must be performed to produce the various project deliverables.
2. Activity Sequencing – identifying and documenting interactivity dependencies.
3. Activity Duration Estimating – estimating the number of work periods that will be needed to complete individual activities.
4. Schedule Development – analyzing activity sequences, activity durations, and resource requirements to create the project schedule.
5. Schedule Control – controlling changes to the project schedule.

These processes interact with each other and with the processes in the other knowledge areas as well. Each process may involve effort from one or more individuals or groups of individuals, based on the needs of the project. Each process generally occurs at least once in every project phase. Although the processes are presented here as discrete elements with well-defined interfaces, in practice they may overlap and interact in ways not detailed here.

On some projects, especially smaller ones, activity sequencing, activity duration estimating, and schedule development are so tightly linked that they are viewed as a single process (e.g., they may be performed by a single individual over a relatively short period of time). They are presented here as distinct processes because the tools and techniques for each are different. (Square, 2010)

Project Quality Management

Project Quality Management includes the processes required to ensure that the project will satisfy the needs for which it was undertaken. It includes “all activities of the overall management function that determine the quality policy, objectives, and responsibilities and implements them by means such as quality assurance, quality control, and quality improvement, within the quality system”.

1. Quality Planning – identifying which quality standards are relevant to the project and determining how to satisfy them.
2. Quality Assurance – evaluating overall project performance on a regular basis to provide confidence that the project will satisfy the relevant quality standards.
3. Quality Control – monitoring specific project results to determine if they comply with relevant quality standards and identifying ways to eliminate causes of unsatisfactory performance.

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Although the processes are presented here as discrete elements with well-defined interfaces, in practice the may overlap and interact in ways not detailed here.

The basic approach to quality management described in this section is intended to be compatible with that of the International Organization for Standardization (ISO), as detailed in the ISO 9000 and 10000 series of standards and guidelines. This generalized approach should also be compatible with a) proprietary approaches to quality management and b) nonproprietary approaches such as Total Quality Management (TQM), Continuous Improvement, and others. Project quality management must address both the management of the project and the product of the project. The generic term product is occasionally used, in literature regarding quality, to refer to both goods and services. Failure to meet quality requirements in either dimension can have serious negative consequences for any or all of the project stakeholders. (Square, 2000)

Project Cost Management

Project Cost Management includes the processes required to ensure that the project is completed within the approved budget.

1. Resource Planning – determining what resources (people, equipment, materials) and what quantities of each should be used to perform project activities.
2. Cost Estimating – developing an approximation (estimate) of the cost of the resources needed to complete project activities.
3. Cost Budgeting – allocating the overall cost estimate to individual work activities.
4. Cost Control – controlling changes to the project budget.

These processes interact with each other and with the processes in the other knowledge areas as well. Each process may involve effort from one or more individuals or groups of individuals, based on the needs of the project. Each process generally occurs at least once in every project phase.

Although the processes are presented here as discrete elements with well-defined interfaces, in practice they may overlap and interact in ways not detailed here. Process interactions are discussed in detail in Chapter 3.

Project cost management is primarily concerned with the cost of the resources needed to complete project activities. However, project cost management should also consider the effect of project decisions on the cost of using the project's product. For example, limiting the number of design reviews may reduce the cost of the project at the expense of an increase in the customer's operating costs. This broader view of project cost management is often called life-cycle costing. Life-cycle costing together with Value Engineering techniques are used to reduce cost and time, improve quality and performance, and optimize the decision-making.

In many application areas, predicting and analyzing the prospective financial performance of the project's product is done outside the project. In others (e.g., capital facilities projects), project cost management also includes this work. When such predictions and analyses are included, project cost management will include additional processes and numerous general management techniques such as return on investment, discounted cash flow, payback analysis, and others. (Square, 2000).

4Ps (PRODUCT, PRICE, PLACE, PROMOTION) ANALYSIS

Product

Many people think that a product is a tangible offering, but a product can be more than that. A product is anything that can be offered to a market to satisfy a want or need. Products that are marketed include physical goods, services, experiences, events, persons, places, properties, organizations, information, and ideas.

In planning its market offering, the marketer needs to address five product levels. Each level adds more customer value, and five constitute a customer value hierarchy. The fundamental level is the core benefit: the service or benefit the customer is really buying. A hotel guest is buying "rest and sleep." A woman buying cosmetics is buying "hope." Marketers must see themselves as benefit providers" (Iacobucci, 2010)

Price

Pricing as a management function has taken on an important role in many companies. From being viewed largely as a decision made by the finance and accounting departments, it is now seen to require the role of marketing. This chapter will cover the strategic role of price as well as how to organize to set prices.

To price effectively, you must consider the following issues:

- Pricing should reflect strategic objectives (profitability or market share).
- Pricing should reflect the customer target (the Who).
- Pricing should reflect product positioning (the How).

- Pricing should reflect competitive position (Is the company the market leader? A dominant player? Or a weaker player?).
- Pricing should take cost into account, noting that variable cost is the floor and customer value is the ceiling.
- Pricing should take channel considerations into account (is the channel necessary? How to incentivize the channel? How to price to ensure channel coordination?).
- Pricing should understand the product life cycle.

(Iacobucci, 2010)

Marketing Mix

The Marketing Mix is the set of tactical marketing tools that the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm blends to produce the response it wants in the target market. The marketing mix consists of everything the firm can do to influence the demand for its product. The many possibilities can be collected into four groups of variables-the four Ps.

- Product means the goods-and-services combination the company offers to the target market. Thus, a Ford Escape consists of nuts and bolts, spark plugs, pistons, headlights, and thousands of other parts. Ford offers several Escape models and dozen of optional features. The car comes fully serviced and with a comprehensive warranty that is as much a part of the product as the tailpipe.
- Price is the amount of money customers must pay to obtain the product. Ford calculates suggested retail prices that its dealers might charge for each Escape. But Ford dealers rarely charge the full sticker price. Instead, they negotiate the price with each customer, offering discounts, trade-in allowances, and credit terms. These actions adjust prices for the current competitive and economic situations and bring them into line with the buyer's perception of the car's value.
- Place includes company activities that make the product available to target consumers. Ford partners with a large body of independently owned dealerships that sell the company's many different models. Ford selects its dealers carefully and strongly supports them. The dealers keep an inventory of Ford automobiles, demonstrate to the potential buyers, negotiate prices, close sales, and service the cars after the sale.
- Promotion means activities that communicate the merits of the product and persuade target customers to buy it. Ford spends more than \$1.5 billion each year on U.S. advertising to tell consumers about the company and its many products. Dealership sales-people assist potential buyers and persuade them that Ford is the best car for them. Ford and its dealers offer special promotions-sales, cash rebates, and low financing rates-as added purchase incentives.

An effective marketing program blends each marketing mix element into an integrated marketing program designed to achieve the company's marketing objectives by delivering value to consumers. The marketing mix constitutes the company's tactical tool kit for establishing strong positioning in target markets. (Kotler, P., Armstrong, G.)

In order to run these project, HIGH HILLS will hire around 6 (six) permanent workers,

1. 2 (two) administration staffs will be hired to manage project cash flow, especially in securing that all materials needed are available to be used on time by labors. Delays in providing materials (cements, sand, coral, etc) will cause inefficiency.
2. 2 (two) logistic staffs will be hired to manage materials circulation. The incoming and outgoing materials to and from project warehouse will be secured by logistic staff. Logistic staffs are usually being asked to manage daily labors presence record.
3. 1 (one) inspector will be hired to control quality, guiding labors in working, make sure that all items of constructions works are done based on developer's standards.
4. 1 (one) site manager will be hired to control the whole project system, exclude financial works. Financial works (data recording, weekly/monthly financial reports, etc) will be handled by administration staff and reported directly to Director/Owner.

In practical, most of technical aspects will be also supported by a consulting firm, which employ their employees in HIGH HILLS' project. Those people will assist developer's employees, especially in recommending materials to be used, information regarding store which offer cheaper prices with the same or better quality, etc. As non permanent workers, there will be around 50 (fifty) labors who will be coordinated by the same consulting firm. That consulting firm has an obligation to provide qualified labors, make sure that all labors are working in their specialties, etc.

Equipments and materials will be bought from a lot of materials suppliers in Bandung. HIGH HILLS has sort of permanent materials suppliers, which can support term payment and competitive prices. HIGH HILLS has been maintaining these relationships for quite long period. Therefore, HIGH HILLS will not need too extra amount of cash, especially when sort of products are already sold and paid by customers even though in term bases. Therefore, HIGH HILLS will able to manage its cash flow moderately, not in a very tight schedule since it's already gained trust from its important material suppliers.

4. Conclusion and Recommendation

Through process of observing neighborhood condition, author takes conclusion that mid-low customers are the most appropriate segment for DERMA JAYA's project in Samudera Jaya, Bekasi Utara. Employees of a lot of industries in surrounding areas from supervisor to manager level are potential buyers for DERMA JAYA's property products.

Through process of observing neighborhood condition, author takes conclusion that mid-up to premium customers are the most appropriate segments for HIGH HILLS' project in Sersan Bajuri, Bandung. Local people of Bandung and people from outside Bandung who have interest to own classy properties in North Bandung are very potential to be HIGH HILLS' product buyers.

In order to improve its system, DERMA JAYA and HIGH HILLS are recommended to,

1. Create sort of standardized forms to control all steps of construction since the early constructing foundation to finishing process, in order to assure that all works are being done in accordance with company quality standards and government regulation.
2. Create a solid marketing team, in order to make sure that all products are feasibly marketed. Marketing team is to be actively involved in future development process. Their idea and opinion are to be taken as consideration in establishment of future marketing strategy.

Both DERMA JAYA Samudera Jaya and HIGH HILLS Setiabudi projects are dominantly being financed using owners' personal cash reserve, to be combined with potential future loan from banks and cash revenue from customers. In property development projects, the biggest part of investment is usually in process of land acquisition. Once the land is already acquired in manageable price, further steps are considerably easier. According to recent Bank of Indonesia regulation, banks are prohibited to finance a land acquisition process. Before process of construction, property developers may propose bank loans. Bank may support up to 65% (sixty five percent) of budgeted allocation for constructing purposes. Especially for mid-low segmented property projects, there's usually government regulation regarding subsidized bank interest for a specific type of products. In this case, government supports mid-low customers through a government owned bank, Bank Tabungan Negara (BTN), in order to support houses ownership program for citizen.

5. Implementation Planning

Action Plan

In order to improve its system, DERMA JAYA and HIGH HILLS are recommended to,

1. Create sort of standardized forms to control all steps of construction since the early constructing foundation to finishing process, in order to assure that all works are being done

in accordance with company quality standards and government regulation.

In order to implement this recommendation, one administration staff is dedicated to manage all administration stuffs. It's included but not only limited on collecting data and creating standardized forms format. All technical information is being prepared by each architecture engineering consultant and civil engineering consultant, in cooperation with DERMA JAYA's inspector. All progresses are to be reported to author as company director/owner. This process is planned to be completed within 4 months. This process is started at the beginning of October 2012 and will be completed at the end of January 2013.

Detailed Schedule:

- General meeting will be held at the beginning of October 2012. It will gather administration staff, architecture engineering consultant, civil engineering consultant and inspector. The general meeting will be directly led by director/owner, discussing the concept of standardized forms, benefits to be taken from preparing these forms, in line with process of enhancing buildings quality standard of DERMA JAYA's property product.
- Technical meetings will be held at least three times, started at mid October 2012 until mid December 2012. Technical meetings among administration staff, architecture engineering consultant, civil engineering consultant and inspector, discussing all working steps to be put in those forms.
- Informal meetings between administration staff and director/owner will be held at least 5 times, in order to monitor its progress and guarantee that final results are in line with what've targeted.

2. Create a solid marketing team, in order to make sure that all products are feasibly marketed. Marketing team is to be actively involved in future development process. Their idea and opinion are to be taken as consideration in establishment of future marketing strategy. In order to implement this recommendation, a marketing team coordinator is being pointed to escort its process. A solid marketing team is supposed to be build, in line with development process of property developer's whole system. Marketing team coordinator is being targeted to recruit his colleagues, at least 3 persons, the ones who experienced in marketing property development products professionally or traditionally. Those persons are also to be interviewed by author, as an owner of DERMA JAYA, in order to make sure that they have all basic good characters, as being recommended by marketing team coordinator.

Recruitment process is targeted to be finished within 1 month, starting from the beginning of October 2012. After 3 new marketing team members are gathered, marketing team coordinator will deliver a training package. This training package will be held at least 4 times, within November 2012. It includes company profile, project knowledge, marketing strategy and system, etc.

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