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SUSTAINABILITY
AS A STRATEGIC
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ORIENTATION IN
GLOBAL ECONOMY
RECOVERY PHASE
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dist. Bidang	1	2
11.00-12.00	3 mark (E) + Pang xuan	2 Finance (E) + 2 Operation (E)
13.00-14.30	2 Hr (E), 1 Mr (E), 3 Hr (E)	6 Mark (Bahasa)
15.00-16.30	6 Hr (Gak Jelas)	6 Mark (Bahasa)

INSYIMA 12th - CONF

SATURDAY, MA

11.00-12.00	PRESEN	
	Room 1 - English	**Room 2 - English**
	Session Chair: Dr. Dedi Marciano	**Session Chair: Dr. Putu Anom M**
1	Identifying Interesting Themes Regarding Country of Origin Effect: A Preliminary Study-**Sulhaini, Junaidi Sagir**	Value versus Glamour Investing In Indonesia Stock Exchange-**Novan Reza Pahlevi**
2	THE INFLUENCE OF PREACHER ENDORSER TOWARD PURCHASE INTENTION-**Muchsin Muthohar, Muhammad Ryanhazmi**	Predicting the Future Stock Return and Its Persistence Using e-Information In Indonesia Stock Exchange-**Sawidji Widoatmodjo**
3	Integrated Marketing Management Strategy for Pharmaceutical Products and Review from Business Ethics Perspective-**Kristanto**	The Effect of Technology Readiness on Technology Acceptance in Using Services Delivery of Academic Information System-**Rorim Panday**
4	**PANG XUAN**	ANALYSIS OF CURRENT PERFORMANCE MANAGEMENT PRACTICES OF STATE OWN ENERGY COMPANY IN INDONESIA: Case Study PT XYZ-**Muhammad Tresnadi Hikmat**
12.00-13.00	LU	
13.00-14.30	PRESEN	
	Room 1 - English	**Room 2 - Bahasa**
	Session Chair: Dr. Dudi Anandya	**Session Chair: Christina R. H, MM**
1	ORGANIZATIONAL DEVELOPMENT IMPLEMENTATION OF THE VALUES FOR ORGANIZATIONAL SUSTAINABILITY-**Wayan Edi Arsawan, Putu Santi Suryantini**	CUSTOMER DECISION MAKING STYLE, BASED ON LOCAL CULTURE (Conseptual Review)-**Kasnaeny Karim**
2	THE IMPROVEMENT OF LECTURERS' PERFORMANCE BASED ON SOCIAL CAPITAL-**H.M. Fauzan**	Product Quality and Price Perception Buying Decision Against Salonpas Pain Relief Patch In Hypermart Daan Mogot West Jakarta-**Ari Anggarani Winadi Prasetyoning Tyas, Desy Wulandari**

3	AN INVESTIGATION CUSTOMER LOYALTY ON INDONESIAN AIRLINES COMPANY-**Anas Hidayat, Wulan Yunita Istianila Dewi**	EFFECT OF WEBSITE DESIGN QUALITY ON REPURCHASE INTENTION OF ONLINE CUSTOMER, WITH MEDIATOR VARIABLE OF SATISFACTION AND TRUST-**Albari, Zulayka Hamami Putri**
4	FORMULATING BUSINESS STRATEGY FOR FASHION RETAIL BUSINESS: a Case Study-**Yuke Felicia, Liliani**	THE IMPACT OF INSTITUTION IMAGE, STUDENT SATISFACTION AND WORD OF MOUTH-**Andy Mulyana, Devi Ayuni**
5	EFFECT OF BIOGRAPHICAL CHARACTERISTICS AND CULTURAL DIVERSITY ON PERFORMANCE (CASE STUDY: CIVIL SERVANTS IN THE GOVERNMENT OF LUBUK LINGGAU)-**Maulana**	THE INFLUENCE OF PEOPLE SATISFACTION ON SERVICES ORGANIZATION PUBLIC PERFORMANCE VILLAGE DISTRICTS SOUTH OF TANGERANG-**Deny Surapto**
6	The Selection of Classification Methods in Kano Model for Service Industry-**Yenny Sari**	Determinants Interrelation of Customer Loyalty Simpati Prepaid Cards Users-**Devi Ayuni, Andy Mulyana**
7		
14.30-14.45	**AFT**	
14.45-16.15	**PRESEN**	
	Room 1 - GJ	**Room 2 - Bahasa**
	Session Chair: Dr. Eko Nugroho	**Session Chair: Andhy S, Msi**
1	A CLOSER LOOK ON THE MASCULINITY/FEMININITY DIMENSION OF THE JAVANESE AND CHINESE INDONESIAN FEMALE MANAGERS-**Mirwan Surya Perdhana**	THE EFFECT OF WORK MOTIVATION TO SERVICE QUALITY AND SATISFACTION OF PUBLIC SERVICES DISTRICT CITY IN SOUTH TANGERANG-**Wiwin Siswantini, Tamjuddin, Devi Ayuni, Andy Mulyana**
2	ORGANIZATIONAL STRUCTURE IN THE DYNAMIC ENVIRONMENT : Linkage with the Strategy and its Implementation in Various Forms of Organization-**Carolina Novi Mustikarini**	Surabaya's Universities Students' Self Development after watching Korean Drama-**Rizky Hanna Ekaputri, Tias A. Indarwati**

3	PROFESSIONAL COMMITMENT OF ACCOUNTANTS AND COMMITMENT OF PUBLIC ACCOUNTANT FIRMS TO JOB SATISFACTION OF AUDITOR'S-**Mathius Tandiontong**	THE EFFECT OF CONSUMER ATTRIBUTES, BRAND AWARENESS ATTRIBUTES AND BRAND IMAGE ATTRIBUTES ON BRAND EQUITY AND DECISION TO CHOOSE EDUCATIONAL SERVICES (CASE STUDY AT UNIVERSITIES IN PEKANBARU)-**Gatot Wijayanto**
4	INTUITION BASED ON RELIGION FRAMEWORK AND ITS ROLE IN SMALL-MEDIUM ENTERPRISES (SMEs) MANAGERIAL DECISION MAKING: (A Case Study of Pekalongan Batik Industry-Indonesia)-**Susminingsih**	ROLE OF INNOVATION CAPABILITY IN INCREASING SHAREHOLDER VALUE (SALES GROWTH AS INTERVENING VARIABLE)-**Masmira Kurniawati**
5	DISCOVERING THE RELIGIOUS CONTRIBUTION IN HOSPITALITY ORGANIZATION(Business Culture Experience from Pekalongan Batik Village-Indonesia)-**Imam Kanafi, Ade Dede Rohayana, Susminingsih**	The Start Up Business Process with the use of Bird in Hand and Affordable Loss Principle-**Gek Sintha Mas Jasmin Wika**
6	Business Climate for Small Medium Enterprises and E-Government Initiative-**Rizal Hari Magnadi**	STRATEGY TO IMPROVE BRAND AWARENESS (A CASE STUDY OF EMPRESS BOX COMPANY)-**Christin Yanita**

3	4
4 HR (E)	4 operation (bahasa)
ɔp (Gak Jelas), 2 Mr (GJ), 1 Mr (Bahasa), 2 Hr (Baha:	6 Finance (Bahasa)
6 Hr (Bahasa)	6 Finance (Bahasa)

ꟷERENCE PROGRAM

ꞁRCH 14, 2015

ITATION SESSION	
Room 3 - English	**Room 4 - Bahasa**
Session Chair: Johny Rusdianto, MM	**Session Chair: Fitri Novika, MMT**
STRATEGIC INNOVATION THROUGH TECHNOLOGY READINESS AND ACCEPTANCE IN IMPLEMENTING ICT FOR CORPORATE SUSTAINABILITY-**John Tampil Purba**	INNOVATIVENESS SURVEY IN MANUFACTURING COMPANIESOF TASIKMALAYA CITY-**EdySuroso, Ina Primiana**
RETAIL STRATEGY FOR TRADITIONAL MARKET IN SURABAYA CASE STUDY : PASAR KAPAS KRAMPUNG-**Indri Hapsari, Markus Hartono, Andrianto Gunawan**	Perceptions and Usage Behavior of the Nation-wide Communication and Data Management System: A Phenomenological Study-**Grace T. Pontoh, Darwis Said, M. Ishak Amsari, and M. Achyar Ibrahim**
Incorporating Sustainability into Innovation and Its Effect on Business Performance-**Esti Dwi Rinawiyanti**	QUALITY SERVICES OF UNIVERSITY BASED ON STUDENT PERSPECTIVE-**Ratna Widiastuti**
SURVIVING CONFLICT: A CASE STUDY OF TOURISM INDUSTRY IN MALUKU-**Charly Hongdiyanto**	Perception of Foreign Tourists towards Organic Foods in Tourism Region Ubud, Gianyar - Bali, Indonesia-**Magdalena**
ꞁNCH BREAK	
ITATION SESSION	
Room 3 - Bahasa & GJ	**Room 4 - Bahasa**
Session Chair: Stephanus Budi, MT	**Session Chair: Endang Ernawati, Msi**
FACTORS INFLUENCING CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: EVIDENCE IN INDONESIA-**Lina, Selina Gunawan**	THE EFFECT OF RETURN ON INVESTMENT (ROI) AND EARNINGS PER SHARE (EPS) SHARE PRICE PT. ASURANSI DAYIN MITRA, TBK-**Nina Nurhasanah; HM. HasbiZaidi**
Mapping for supply chain improvement in meat sheep commodity-**Muhamad Dzikron**	Opaque Financial Reports and Stock Price Crash Risk in Indonesia-**Lukas Purwoto; Eduardus Tandelilin**

Combining ABC-Fuzzy Classification Model for Drugs Inventory Planning in a Pharmaciutical unit of a Public Health Center (Puskesmas) Djombang East Java Indonesia-**Indrianawati Usman**	Comparative Analysis of Capital Asset Pricing Model (CAPM) and Sharia Compliant Asset Pricing Model (SCAPM) Case Study on Jakarta Islamic Index-**KUNTO ARDIANTO, SUTRISNO**
CORPORATE SOCIAL RESPONSIBILITY AND PUBLIC RELATION (A REVIEW OF LITERATURE)-**Helmiatin**	THE EFFECT OF FUNDING AND RISK DECISIONS ON FINANCING DECISION Empirical Study of Sharia Banks in Indonesia-**Sutrisno**
Has the Implementation of Green Marketing been Effectively Worked in Indonesia?-**Wendra Hartono**	THE INFLUENCE LEADERSHIP, ENVIRONMENT AND LOCATION FOR COMPENSATION AND JOB SATISFACTION IN PT. MATAHARI DEPARTMENT STORE, TBK-**Lia Amalia, Peggy Bintang Nauli**
The Leadership Style and Work Satisfaction toward employee's Performance-**Nenah Sunarsih, Helmiatin**	THE INFLUENCE OF COMPANIES' CHARACTERISTICS AND ENVIRONMENTAL CERTIFICATION TOWARDS THE DISCLOSURE OF CSR IN INDONESIA-**Wiwiek Dianawati**
ORGANIZATIONAL CITIZENSHIP BEHAVIOR (OCB) AS A STRATEGY TO WIN THE COMPETITION-**Hamsani**	FUNDAMENTAL FACTORS OF BOND RATING REGISTERED IN INDONESIA BOND MARKET DIRECTORY 2008-2012-**Agus Zainul Arifin, Felix**
ERNOON TEA	
ITATION SESSION	
Room 3 - Bahasa	**Room 4 - Bahasa**
Session Chair: Eslye Tandelilin, MM	**Session Chair: Bertha S, Msi**
SERVICE CAPABILITIES OF EMPLOYEE VILLAGE DISTRICTS TO PEOPLE SATISFACTION IN SOUTH TANGERANG-**Soekiyono**	ANALYSIS OF FACTORS AFFECTING FINANCIAL PERFORMANCE IN MAINTAINING EXISTENCE OF SMALL AND MEDIUM COMPANIES-**M.Sienly Veronica**
DESIGN OF INDUSTRIAL RELATIONS AND WAGE SYSTEMS BASED ON HUMAN RESOURCE MANAGEMENT PERSPECTIVE-**Agung Widhi Kurniawan, Zarah Puspitaningtyas**	FINDING COMPANY WITH DURABLE COMPETITIVE ADVANTAGE THROUGHINCOME STATEMENT (A CASE STUDY OF GO PUBLIC POULTRY FEED'SCOMPANIES IN INDONESIA)-**Cliff Kohardinata**

Analysis on Personality as Moderating Variable between Influence of Organizational Citizenship Behavior and Performance; and Mediation between Work Environment and Performance (Study on Employees of Public Service Institution)-**Bambang Suko Priyono, Euis Soliha, Noviana Dewi**	Factors that Affect Profitability in Terms of Compliance Empirical studies in Banking Company that listed in IDX on 2009-2013-**Nur Aini, Yeye Susilowati**
The Design of Desicion Support System for the Assesment of the Performance of Lecturers-**Titik Mildawati**	The Effect of Loan Deposit, Capital Adequacy, Credit Risk and Liquidity to Banks Performance Empirical studies in Banking Company that listed in IDX on 2010-2012-**Yeye Susilowati, Nur Aini, Ida Nurhayati**
The Effect of Transformational Leadership and Job Characteristics on The Employee Performance With Motivation As Mediating Variable. (Studies at DESDM And BLH Rembang District)-**Tristiana Rijanti, Kis Indriyaningrum, Anik Kristiana**	Efforts to Improve Company's Profitability-**Rosemarie Sutjiati Njotoprajitno**
APPLYING SUSTAINABILITY STRATEGY FOR SOCIOPRENEUR-**Sonata Christian**	THE ROLE OF CUSTOMER INTENTION AS INTERVENING VARIABLE ON THE RELATIONSHIP BETWEEN TRUST, RISK AND TECHNOLOGY ACCEPTANCE MODELS ON BANKING CUSTOMER-**Sri Ismulyaty, Wiwin Siswantini**

Efforts to Improve Company's Profitability

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Abstract

Basically a company is a form of business entity that created in order to give benefit to the owner. In this matter it is important for a company to remain profitable and to improve its profitability in order to deliver its function. Every managers and decision makers in various companies throughout the history might have various methods and strategy to maintain and improve profitability. This paper tries to examine the various methods that can be used to improve company profitability. Improvement in sales and reduction in cost will be examined and any obstacle that hinders profitability and even worse can cause the company to a bankruptcy is examined. This research use qualitative approach through various theoretical studies. There are success and failure of companies throughout the history in the attempt to improve profitability. This paper tries to examine and findout how a company can be improving its profitability and how a company can be failed. The result shows that there are various methods and ways to improve profitability and must be linked to the characteristics of business, product made, environment and time. Company must also be ready to adapt and change from time to time because there are no single method can be used for eternity.

Key Words*: Profit, profitability, improvement, company, change*

I. INTRODUCTION

Profitability is very important for a company. Profitability is directly related to the company's ability to generate profits. Profit can be considered as the main objective of the establishment of a company. Even in this modern era where it is often said that the goal of the company is more focused on increasing companies valuethat epresented by the stock price, increasing profits continue to play an important role. A Company profits might be used to buy equipment or engaging on an investment projects which might further increase the value of the company itself. Throughout the history of economy there are many policy makers and managers who strive to improve profitability of their company. The wide variety of different methods and strategies has been created each with its own strength and weakneses. Several methods are so well known and accepted as the standard and correct method to run a business, studied and taught in many educational institutions. This paper will examine and discuss the various ways to improve the profitability of the company and the possibility of its application in enterprises in Indonesia.

II. THEORITICAL REVIEW AND DISCUSSION

A. Profitability

Khan (2004: 26.4) simply defines profitability as income or profits gained after taking various costs into account. Costs here are used for purchasing materials, for production operations and investment activities. It means that before a company can gain a profit, some amount of fund are required. The ability of companies to sell their products and earn income that exceed the costs is the fundamentally important. If income is less than costs incurred to acquire it, a loss happened. It is clear that there is a risk factor in the company's efforts to attain benefit. Enterprise risk is generally greater than the risk of saving money in the bank so that the rate of return or profit is also expected to be greater than bank deposit rates. Investors put attention to profitability because it is connected directly to the dividend or capital gain. Creditors also pay close attention to profitability because it is still connected to the company's ability to pay its obligations. This means that profitability is also important to obtain fund for company that is needed in order to survive and keep growing.

B. Improving Sales

From the previous explanation it is known that the sales have a direct impact on profitability. In other words, if the company is able to increase sales (assuming that the cost is fixed) then the gross profit will increase proportional to the increase in sales. Here are the various efforts that need to be done in order to increase sales:

1) Improving the performance of sales force and marketing. Marketing and sales personnel are often referred to as the front line of a company. In this case it is important for companies to attract reliable sales person and defend it from the reach of other companies. The company's capability to manage its human resources plays an important role here. In addition, the performance measurement system and good practice of incentive systemeventuallymight make a reliable marketers attracted and remain in the company also might improve sales performance. The company also needs to improve the skills of their marketing force in marketing their products. Singla (2010: 175) states that the marketers need to play three roles simultaneously: first, the persuasive role where marketers can influence the minds of consumers with emphasis on the quality of its products. Second, the role of services in which marketers need to deliver information about the product to the consumer so that the consumer does not need to seek information themselves. Third, the role of information providers where the information given to consumers adequatelyie the products which is likes and dislikes.

2) Increased productivity of production. In addition to increasing sales, the products themselves surely must be already available along with sales. Do not let happen marketers have managed to get a sales order, but when they order it into the sales section, the product turns out empty, exhausted or have not been produced yet. This surely will slow down the products delivery to the consumer and if the consumer is still a reseller or retailer then their sales connected to the company product will also stalled and all this means the salaes turnover will be very low and will have negative impact to total sales in a certain period. Prokopenko (1987: 3) stated that productivity can be defined as the relationship between the output generated by a production or service system that the input provided to create this output. Ford car company in Henry Ford era for example was very concerned with the problem of productivity, the production process is designed so much so that it can produce smoothly without interruption, and workers are given incentives only to ensure production runs quickly and smoothly. The company also has a very deep focus and commitment to production equipment, make sure that the equipment break down is rarely happened and even when it is happen it was dealt immediately as soon as possible so that the production continues as soon as possible. Effective and efficient production ultimately can save money that bring the profit from cost-reducing or can be used if necessary to lower prices in order to increase demand.
3) Changes in selling prices. One aspect that can increase sales is the change in the selling price. But this should be analyzed and tested in advance in order to avoid the opposite effect, namely a decrease in sales. Using simple mathematical, sales figures is obtained by multiplying the number of products sold by the selling price. This means logically if the price is increased, the sales will go up, but keep in mind that the price is also related to the demand for the product. Anincrease in sales price without an increase in quality, especially in the intense competition can reduce the demand for products and consumers can switch to another company's product. On the other hand a decrease in selling prices may have increase demand. This is where analysis is important before prica can be changed. Prices need to be changed to a certain range that ensures sales are at the highest level. In this case the pricing strategy is included in the product marketing strategy. Actually there are many variations of pricing strategy and are not necessarily intended to increase sales but also to win the competition, promote new products, obtain a certain market share target, etc. Pride and Ferrell (2012: 371) states that there are a wide choice of pricing methods such

ase: based on the cost of production which is then added with a certain amount or percentage, based on the level of demand that if demand is high then the price is higher and if the demand is low then prices are low, based on competition / rivalry in which prices are determined by first looking into the price of similar products issued by the company's competitors, etc. There are many other considerations and approaches to pricing and corporate management can use this to optimize sales. Rebates, bonuses, and negotiations with customers can also be an alternative pricing strategies that also need to be considered.

4) Advertising and sales promotion. One significant effort to increase sales is advertising and sales promotion. In many small companies advertising and sales promotion functions are merged into one. There are various ways of advertising and promotion of products ranging from sales / promotions from door to door, from mouth to mouth, hand out fliers in certain places, advertising in the media of newspapers, magazines, radio, television, put up banners, display products in a variety of crowded place, distributing free samples of products, offering an attractive package purchase, use of reference, the use of a variety of consumer testimony, even to the online promotion to the internet. Each of these various advertising and sales promotion has strengths and weaknesses and of course also have different costs. Stafford and Faber (2005: 68) states there are several purposes to do promotion such as: to increasie sales, increase consumer awareness or knowledge of a particular brand or product, distributing information about a product or brand, enhance the brand image, stimulate emotion or creating additional options of brands which can be choosed by consumers. In addition to advertising through the media, the promotion at the time of sale (sales promotion), such as distributing discount coupons, sponsoring a particular sports team or sponsor specific activities, distributing free samples at the supermarket, conduct certain activities even invited the well-known public figures, etc. it also plays an important role in boosting sales. Mullin and Cummins (2010: 4-5) states there are eight reasons for the importance and growth of sales promotion: 1) Firms are getting better at what they do and sales promotion offers a tie-breakers in markets in which most products are excellent. 2) Customers look for more from the brand they buy and sales promotion offers novelty, excitement and humour at the point of purchase, which the customers respond to, 3) The pressure to achieve short-term results is growing, this can be done through the promotion of sales, 4) TV audiences are fragmenting as the number of channels grow, making it more expensive to reach certain audiences and it

is more difficult now to reach particular groups, 5) The growth in the sheer number of competing brands and products is leading people generally to switch off from many of the advertising beamed at them, 6) Advertising research has shown that the sales effect of TV advertising over a four week period are between two and seven times greater when advertising coincides with promotions, 7) A sales promotion can be used anywhere in the cycle to retain favourable customer relationship or repair the relationship when things go wrong and a sales promotion is an excellent way to restore or retain goodwill, 8) In mobile marketing a second lesser sales promotion in bounce-back can make all the difference to retaining customer interest and future responses. In Indonesia, the consumption level is high enough so the use of variety of media promotion can still be fairly effective in introduce and market the product. The most effective promotion for each product may vary in different regions. The types of products, etc. can also be different that need to be considered and designed appropriately.

5) Branding, packaging and labeling of products. To be able to increase sales of the product would need to be named, packaged and labeled as attractive as possible. Display and naming this product becomes part directly visible to consumers and lure them to try and to buy the products. Branding, packaging and labeling, surely needs serious attention and examining various aspects such as consumer characteristics, trend, etc. In Indonesia, for example there are trends to name the products to resemble western product for example a shoes named Piero, donut named J-Co, and many other which successfully give certain image. This has proven successful in attracting Indonesian customer to try since many customers in Indonesia has an assumption that western product are ussualy have good quality. It is the fruit of the accuracy of the company in the naming of products which lead to good sales. In the case of packing or wrapping products, Pride, Hughes and Kapoor (2012: 346) states that package ia a vital part of a product where the product can be seen more multi-use, safer or easier to use and through the shape, appearance and message shown, it can affect consumers in deciding to buy the product or not. Surely creating package of the product required certain cost and the amount can be varywhich it means the manager must make sure that the costs incurred can effectively make consumers interested in buying the company's products.
6) Expansion. Expansion can be done either on the existing markets and expansion into new markets or new areas and even to other countries. Expansion into new markets in

other areas or even in another country is something that has been common for foreign companies. However, this is still limited in Indonesia, especially if related to overseas expansion. The size of market in Indonesia is played its own role in this regard. The market in Indonesia is still very large with consumer characterized byconsumerism which makes it great marketing potential. But it actually can be an alternative for the company to increase sales. Despite this, expansion to other areas should really plan carefully beforehand because it requires knowledge and adequate management. Akay (2006:118) states that the company that is in a good financial condition should investigate the possibility of expansion, but must first: 1) expand all the department in line with the increasing demand and business requirements, 2) Getting staffs who will evaluate opportunities for expansion, establish directives and rules, and will oversee the expansion, 3) Selecting the appropriate staff to the needs of new product / area / new country, including to open branches, etc. All this means that in order to expandinto a new markets field research and careful analysis must already been done. The characteristics of the destination area needed to be studied so that the company can operate expansion at low cost but potentially gain abundant profit.

7) New products. Innovation and creation of new products which are also included as one form of expansion not only geographically but in finding new markets, new customers, etc. Innovation and creation of new products is one important part of the search for new alternatives in order to increase the company's revenue. If we observe many companies from abroad as examples like other countries fried chicken, burgers or pizza restaurant which opened their branches in Indonesia,we could that they often innovate new products every few months and promote it on television or through fliers and banners. It was able to affect the consumer to come and try their new products and this has made their outlets are always crowded by visitors. If we actually observe these restaurants already have a flagship product that is preferred by consumers since the first, but they will not cease to continue to create new products to boost consumer interest and improve their image so it always looks modern and certainly boost sales. This shows that the company may try to increase their income through new products while continuing to maintain a flagship product that has proven profitable. Onfortunately this has not been widely followed by the culinary business ventures in the country despite the retail business has begun to follow this trend. For entrepreneurs or companies who rarely or never even did the creation of new products, the company is actually skip additional potential revenue that could be

obtained. Actually what makes management of a company is reluctant to innovate? On this Cooper (2011:1) suggests a dilemma, namely: The shareholders and executives have always wanted the creation of a new product that is prestigious and profitable continuously while the management due to the financial condition and competition always wanted to drive a company in a different direction, namely small businesses actions that are safe, less risky, less ambition, etc. It’s true that to create new product there will always be a risk and management tends to avoid risk in order to maintain their jobs safe. Therefore mutual understanding between the owners and management must be achieved; incentives toward growth of the company must be planned and executed. Creating new products would also need several cost such cost of research, trials, field trials, etc. until the company is really ready to launch new products which it means it would required careful planning.

8) The selection and dismissal of the product. Innovation is an effort to continue to look for more products which is most profitable. It is based on the idea that not all of products or services are the same. Some products provide a great profit if they are sold and some are not,Some product is so preferred by consumers that achieve a high sales turnover while the other products are not. Therefore, in addition to continue to try to innovate the company should consider to dismiss the products / services that have little or no sold well or if the sales turnover is too low and prioritize sales of their better products. The dismissal reason are varied such as wanted to create space for new products that can be more profitable or to reduce the workload or the production has been too large and it create unbearable burden, and so on. Before you dismiss a product, the product needed to be analyzed and observed whether the product should be dismissed or not. Decision-making in the determination of the product basically simply is done by choosing the best product than other products. In simple terms this can be done by comparing the gross profit generated from the sale of each product and further by using financial management sciences or economics technique science that can be used here,The production of products can be considered as investment and comparation between investment alternatives are needed to choose the most profitable investment. Bhattacharyya (2011: 706) states that there are some important decisions here such as: 1) determining the most profitable product / sales mix with the assumption that fixed costs is constant and the product that will be choses are the product that has contributed most by calculating the contribution margin 2) determining whether or not to accept new orders which means not all orders from new

buyers should be accepted, but adapted to the remaining production capacity and profit that can be gained, 3) the decision to buy or create the component that will be produced, and 4) the decision to do production activities or not at all.

9) The establishment of a special team tasked to build profits. Luddy (2009: 36) states that although it is still not common, ther is needs for a special team tasked specifically to increase profits and managers must be able to choose the members of this team correctly, arrange required meetings, and determine concrete goals to optimize company profit. Although it looks trivial and company profit has been a general task for company's managers or director, but it turns out this particular special team will be able to produce a variety of creative ideas that were not commonly thought by the company managers. This team will be able to generate ideas which will then be followed by conducting various surveys and analyzes associated with these new ideas. From the survey and analysis of the data, new feedback will be obtained that has never been owned by the companies before and from these data the various new methods in various parts of the company can be found and applied and it might produce a variety of other development ideas. From here the company will be a very creative company and has better capability able to solve various profitability problems arising from competition and changes compared to its other competitors, it will be a differentiator between a competitive companies that excel in competition and company that quickly eliminated from the competition. It means we must not underestimate the function of this particular team. This teams are still not commonly exist in most companies, but given the importance of profits for the company then it is highly recommended.

C. Decreasing Costs

One other important factor affecting the profitability directly is the issue of cost. Every successful cost savings done by the company will be able to increase profitability by an equal amountwith the assumption that the rate of sales is constant. Costs can be classified into the cost of production and non-production costs. Simply put, Weil and Maher (2005: 286) states that there are five profitable way to reduce production costs: Reduce the number of components required, using cheaper materials, improving supplier performance, production at a cheaper place, or reduce worker. Here are the various cost reduction efforts that can be implemented in order to improve the profitability of the company:

1) Reduction in the cost of materials. In this case it is about the cost of purchasing the raw materials required for the production process or in the non-manufacturing companies is the purchase price of goods to be resold. In this case the management of the company needs to determine whether the raw materials purchased already cheap or they can be negotiated again to get an even cheaper price. Whatis the payment terms like, when is the payment deadline and how bigthesales discountsthat can be accepted if buying with cash or if buying in large quantities. Russell (2006: 118) in terms of raw materials even suggestsmoving the production facility to a place close to the availability of raw materials if it can reduce the cost of raw materials.In this case the management company must doing a lot of information gathering on the price of raw materials in the market and looking for the best supplier that can provide adequate quality materials as required for the lowest rates possible. To avoid unwanted risks it would be nice if the company does not depend on one supplier source alone but some suppliers, but also sought not so much since if the purchase divided, it means the companycan not buy a lot from the suppliers which it meansit wont get any discount.
2) Storage of materials. Raw materials or components should be stored and this requires storage costs. In this case the savings can be made with the purchase of materials or components that are needed near the time of production. But keep in mind the relationship between the company and suppliers. If the company does not have a trusted relationship with suppliers, the raw materials ordering system that is near the time of production can pose a risk if at any time the material is not available or the price is rising. This is what makes some companies choose to save raw materials for longer time so that the smoothness of the process is assured. Russell (2006: 120) make an example from Dell company that averagely onlybsaves components 4 days before they are assembled into a new computer and the computer is assembled after being booked which means it is very efficient and reducing the cost of maintaining inventory.
3) Reducing the cost of the production process. One of the costs to be incurred for such production processes are energy costs. In this era reflected by sustainable development, there are many equipment and gadget that save energy has been created, but in the country there are still many who do not realize this. This is in keeping with the view of Weil and Maher (2006: 286) above about the importance tosave as much as possible the component or engine parts needed for production. Management needs

to check whether the cost of the production process is able to be reduced or not possible with the replacement of such equipment and of course it will need initial cost. Total costs for the purchase of these various equipment can be compared to the number of cost-saving and or with the increase in production that may occur through the replacement of this equipment. There are many companies that had executed this and examine the process of the energy use and utilize cheaper natural energy.

4) Reduce the non-production cost. For example, by reducing marketing costs by choosing methods that is effective but also efficient and inexpensive. Reducing administrative costs arising from the bureaucracy. For global companies they can reduce the cost of meetings and travel by means of teleconference. Even if it is possible and does not disrupt the company's operations can use telecommuting work process in which employees work from their homes to save on transportation costs and the provision of space for employees. The use of technology in order to reduce costs is still not widely applied in Indonesia, but has the potential to cut operating costs. Various strategies expenses should be calculated and taken into account for example which one should be chosen between providing a company car for which the company has to pay for gas, insurance and vehicle maintenance cost or prefers to give transport money for workers? Employ special workers to promote good product on the field or online or pay for advertising or both? Hiring permanent workers or use outsourcing or both? Various non-production costs is often underestimated because the valuerdoes not look so bigcompared to value of production cost but if savings can be made collectively on various postal activities, it turned out that the cost reductions amount can generate additional handsome revenue for the company.

D. Obstacles of Profitability and Causes of Losses and bankruptcy

Generally, all companies in the world are definitely wants to increase the profitability of the company, but this has not always run smoothly, there many barriers and obstacles that can hinder the company to improve its profitability and not rarely there are companies thetsuffered losses for years and headed into bankruptcy. Here are some aspects that can hamper profitability and cause losses and bankruptcy of the company:

1) Incompetent company’s management. Incompetence of management in formulating appropriate strategies and to manage the company obviously will hamper the ability of the company to increase profits. Luddy (2009: 20) suggests these four issues: 1) the

lack of training for management that adversely affects the ability of management to manage the company, 2) the high rate of turnover in the management allowing repetitive change in strategy even before the previous one achieved and this also potentially causing confusion, 3) companies lack a consistent process to increase profits, 4) the manager divert his attention by a variety of other issues which although looks important (such as competition, technological, procedural changes, even customer service) but can not be directly related to the problem of profit and loss company. Management as a subject are the main actors in improving the profitability which it means it is obvious that the quality of management directly affect the action taken.

2) The cost is too high. The cost which is too high, both production costs and non-production costs will eventually be charged to the selling price per unit of goods. Let's say if there is an additional administration fee of Rp 10,000,000, - a year while the company suppose to produce 10,000 units of product a year, mathematically each unit of products will bear the additional cost of Rp 1000, -. In this era many strong companies are falling because it has already large costs while new competitors that are able to reduce costs keep appearing which means the competitors products' selling price per unit is cheaper. Therefore, even if a company has been established since long and successful does not necessarily allowed to become complacent and do not supervise the postal costs.

3) Lack innovation. The era is ever-changing; product innovation is absolutely necessary, stop in innovating means staying stagnant and obviously will lead to a diminishing state. The competitors are always coming with newer products, more customer oriented and probably also cheaper. Strongest companies need to continue to innovate, especially to maintain his lead and maintain the business while the new company will also need to innovate to enter the arena of competition and achieve success. What makes a company is not able to innovate or less innovative than a competitor? Company's system and culture itself. Companies that have a system which seeks to challenge the problems with new innovations or continue to want to grow the company with new innovations will continuously innovate and unceasingly spawn new products. While companies that are "not used" to change or because they do not have such system will tend to stagnate.

4) External factors: government, government regulations, changes in time, unions, etc. The government of a country in this matter may issue regulations that benefit the

company and simplify its business and or otherwise publish inflexible rules and tend to limit the company in improving its profitability. The company would have to comply with existing regulations if it does not want to have a fine and if it wants to continue its business in the country. In this case, what sometimes could become a problem is that government policy in different countries may differ from each other even though companies in different countries can compete with each other. Let's say that companies in America, which stresses human rights generally, bear the cost of workers health, workers social needs, etc. which makes them having trouble to compete on price battle with the company of some Asian countries whose governments do not burden the companies too much in the same matter.

5) A very large debt. In terms of developing the company, the existence of the debt as an alternative funding to meet the needs of production activities, operational and investment are clearly needed. Cheap fund originate from low interest debt may be the right solution and if it used properly will accelerate the company's growth. But in this erawee have seen many large companies that fall into trouble to not be able to pay their debt since the amount of the debt is too large compared to the amount of assets. Call it one giant company like General Motors who had many success stories in the past even pioneered the birth of one of the essential science of Activity Based Costing that is useful in calculating the cost of production per product appropriately. The company eventually had to be bailed out by the government because of the difficulty of obtaining fresh funds. Prior to the bail out, the company could seek to raise funds through the sale of bonds, etc. but the large amount of debt, lost in a competition which the production cost is high, etc. make investors reluctant to invest their funds to the company despite having big names in the past. Learning from this experience, it is only natural that many governments in many countries called on various companies, especially companies in public service to maintain sufficient funds and be cautious in the use of debt.

6) The level of investor confidence is low. The level of investor confidence certainly connected directly with the amount of fresh funds that can be obtained. Availability of funds is the heartbeat for the company to be able to move from period to period. Even a healthy company can experiencing bankruptcy if they do blunder in the management of funds. It is important for companies to maintain good relations with investors.

E. Profitability, Challenge of change, and a variety of Errors Strategy mistake.

Change will definitely happens, economic conditions will change, consumer characteristics will also change from time to time but in fact how a company is being managed is mostly unchanged. In the above description it has been discussed that the company should always seek determine which production process is the most profitable including the selection of the most profitable products, management and accounting systems, sales methods, methods of pricing, etc. All good companies from time to time vying to increase their profitability, and if they manage to find the most effective formula there is possibility that they will keep using it in many other situations and it can be a culture of its company itself.ways or the best method to improve profitability. Companies must find and then

From those successful methods, many economic theories are born and followed by many companies in the world as a method that needs to be used in running the company. But here comes the danger that is enough to sink strongest companies. Change from time to time, followed by various changes in the economic and consumers characteristics which might create a new problem that may unable to be resolved with the old method. Therefore, increasing company profitability for a company is a management task that needs to be continuously updated. First, it is very important for the management of a company to continuously observe and analyze the market and the customers. Management needs to observe any changes that occur to then make the right strategy to continue to increase company profits.Regarding changes in the present, Wreden (2007: 15) states that this era is the era of economic consumer / customer where the customer wants a better product with cheaper price, better service levels on a regular business interactions, satisfying experience, and access to all the terms at any time via telephone, e-mail, web, stores or kiosks. It is quite appropriate to the situation in Indonesia today. In other words, if a company has a good product but expensive then the consumer may be complaining about it, if the product is cheap but with poor quality they will also complained, if the product is good and the price is cheap but it is hard to get they will also complain, if the service is not friendly and not good they too will complain. In other words, the increase of similar products and the increase of the competition plus the role of the media in the promotion and various specific regulations have made the power move to the consumer. Consumers really become king. A slight mistakeoccurs in the company will be exposed to the media and severely criticized by consumers. Sometimes it could force even big companies to have to apologize to consumers primarily through online media. Even the non-manufacturing firms and services such as banks, hospitals, clinics, specific equipment service, and others can notevading the spotlight.

This makes the company should really check their own products wheter it is in the form of goods or services, their service, access to customers and make sure everything is good before there is a problem with customers and escalating through the preaching of various print media, television or online media which is certainly possible to lower the reputation of the company.

Changes in the level of consumer capability to gain information and to compare the prices of products make the company must be aware of its marketing strategy. Slywotzky, Morrison and Andelman (2007: 6) states that the intense competition today often make companies compete for market share with one method which is to lower the price and this might be followed by other competitors and they become involved in a price war and create a no-profit zone. In this case the company no longer operates to increase profits but merely to survive in order not to lose its customers. Companies should strive to not get stuck in a situation like this, but trying to find an alternative to still earn a profit. Lowering the price may be done, but it must be ensured that the profitability of the company is maintained or increased. The company must remember that the price reduction has its impact which some consumers might consider that the company's product quality is low, or that the company has set the prices to high all this time, or the company could not compete and pressed by another company's products which will then be considered that the other company's products is better. Another impact is as stated Wreden (2007: 3), which emphasizes that a company's that target sales growth are often try to achieve it through cutting prices or giving discounts. This is going to increase sales for a while but will reduce customer loyalty and ultimately reduce profitability; it is because consumers that are easily drawn by the price isgenerally a consumer that can easily betray the company if there is a cheaper price elsewhere. All of the above fact indicates that the company should think long before lowering their selling prices. Companies need to determine the purpose of selling products, the desired profit and use the right strategy with the promotion and explanation adequate to consumer products that can attract consumers without having to go into the zone without profit.

Another strategy that many companies do to improve the profitability is the reduction of labor force which appear to give only temporaly benefit. This is done to reduce labor costs in order to remain profitable. At first glance this seems logical and fundamental but many companies who make mistakes in this matter. Luddy (2009: 14-15) suggests many companies are experiencing a long term loss after a workforce reduction and will be in a state of debilitation and when the activity began to increase the companies actually have to spend much more money to recruit and retrain new workers. Not to mention the time and the difficulties that arises to recruit new workers back. Luddy (2009: 15) describes companies like Eastman Kodak who even have to use a strategy of outsourcing to instantly meet its labor needs but it must spend 3 to 4 times greater than if their previous workforces do the same job. Also keep in mind that older employees which are more familiar and experienced are possibly can understand where is the problem of profitability of the company and can helps the company.

Strategy of price reduction or workforce reduction above which are often takenby many corporate managers prove that corporate managers often only think short when they try to solve the problems of profitability. This means that even if the issue is resolved there will be another problem and might be bigger problems related to the survival of the company which can have a major impact and make even a great company failed and then vanished.

The changes do not stop here, Wreden (2007: 20) states that after the economic characterized by increasing consumers / customers demand it will turn into higher economic demand where the demands of the consumers towards the perfection of the company are higher. Above circumstances can certainly be viewed through two sides, from the pessimistic side of course this is seen as a difficulty which limits the space for the company in carrying out operational activities and investment, a variety of small and large employers will think harder, chose safety mode and not try to achieve expansion. From the optimistic side, this change is seen as a driver, driving and even coercive companies to improve the overall process in the company and become a company that is better and more profitable.

From either side, this change is still unavoidable and for companies that want to survive they must adapt to reflect this change while continuing to strive and innovate to increase its strength in the increasingly fierce competition. Increasing the price of the products is not necessarily directly means that the profitability of the company increases. Therefore, policy makers should emphasize that the main goal is to increase profitability is not an increase in sales. The increase in sales is just as one important factor in improving the profitability of which must be accompanied by other factors such as the cost of production, non-production costs and others.

CONCLUSION

Generally, all companies needsto remain profitable from time to time to be able to maintain or to improve the company. Failure to gain profit that happened continuously for several periods or even experiencing loss can make a company is in a dangerous position. Many wide varieties of methods and efforts have been made by many companies since time immemorial and mainly purposed to improve sales and cut costs. Many success stories inscribed by many companies and managers, but there are also several failuresones. Further, to make it more tense many companies that previously had success stories and methods and are widely recognized and imitated by other companies around the world then suffered losses and bankruptcies in another era. This suggests that the company should always be ready to change and adapt, need to think ahead and be ready to face new challenges and new competitors. The new era of economic will be tighter and characterized by consumer demand that the company should be more perfect in delivering products and services. Monopoly era is over and the era of fierce competition where the consumer is the king already happened and the condition will be stricter and stricter and it means major change to improve how the a company is managed are needed.

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