PT. Sarandi Karya Nugraha is a leading hospital equipment manufacturer in Indonesia which was established since 1997. It offers a wide spectrum of medical equipment that can be categorised under nursing, operating, emergency and support equipment. Over the span of 18 years, the company has grown tremendously well by successfully penetrating its domestic as well as international markets including Saudi Arabia, Aljazair, Mauritius, North Africa and UNICEF through strategic partnerships with its distributors. The business keeps expanding from having only two employees at the beginning of the operation, adding up to 198 employees in year 2014. Today, PT. Sarandi Karya Nugraha has proven to be reliable manufacturer of world high quality equipment that benefitted the local and international hospitals, healthcare providers and laboratories. As a result, there is an improvement in patient clinical services as well as efficiency advances leading to cost saving that will serve to deliver better patient care and safety. PT. Sarandi Karya Nugraha has also embarked on many productivity initiatives to promote better environment workplace that steer them to build strong reputation in creating competitive advantages among the competitors.

How do you expand your business from micro to SME company?

When we started this business, there were just two of us, my partner and myself with the capital not more than IDR500,000. We were a distributor of an international company that supplied hospital equipment to the local hospitals. We started to produce hospital bed as our first product and now we have already developed more than one hundred medical equipment to fulfill the domestic and international demand as well. Looking back at the early days, where our philosophy was “never to say no to any small demand” of our bed, we believe that customer may order a small quantity today, but will request bigger quantity tomorrow. We must always be proactive and look for new opportunities. When the demand keep on increasing over the years, it is an indication that our customers have trusted on the quality of our products, then we decided to expand the factory plant from 200 meter square feet to 7,000 meter square feet. This expansion has allowed us to hire more local labours in our neighborhood areas that will help them to have a better quality of life.
The quality of the products or services is the main factor to sustain especially in the healthcare industry. How do you fulfill the need of this requirement?

Although we are the SME company, we never have compromised when come to the quality aspect. It is one of our missions to produce an innovative and an international certified products in accordance with our customers’ expectation. Thus, we have already obtained ISO 9001:2000, ISO 9001:2008, EN ISO 13485 : 2003 + AC 2009 and PPM Management certificates that showed we follow international safety standards requirement and practice management systems and procedures which are now in-place. These certifications are necessary in order for us to penetrate our products into other countries and also to be an accredited supplier to local hospitals and laboratories.

Another crucial aspect of maintaining the high quality of our product is by continuously invested in human capital through adequate training and encourage our staffs to always think for new innovation. The importance of Research and Development (R&D) activities in the workplace is never being ignored. The development of new model of selected medical equipment which is based on our customers’ requirement and recent technology development. My personal opinion as being the owner of SME company, is that the establishment of R&D department is compulsory. This will allow us to be able to produce several ranges of products with better quality for the customers to choose. Subsequently, This will keep our existing customers to remain loyal and absolutely build good reputation of our company in the future.

In some cases, business owners are reluctant to invest and educate their employees. They do believe that this initiative will increase their production cost and no direct return at all. What is your opinion on this matter?

In fact, now our employees are the biggest asset and must be treated them well so that their return back to the company is high. First of all, we have to change the existing complacent attitude into more productive and innovative culture. We have to guide them with most effective ways to do their job and change them towards positive and productive attitudes. This can only be achieved through added value activities such as improving work processes which will lead to waste elimination and increase cost saving. I have been working closely with National Productivity Organisation (NPO) of Indonesia since 2000 to learn and adopt some of the productivity initiatives such as implementing 5S, KAIZEN and Green Productivity (GP) in the factory.

How many staff do you have in the R&D department?

Currently, we have about 8 staffs that are responsible to design and develop new model of selected medical equipment which is based on our customers’ requirement and recent technology development. 5S and Green Productivity (GP) implementation in the factory

The 5S implementation has successfully changed the overall workplace of factory into clean environment by removing any wastes at the work area.

From the GP programme, the changing of the existing roof into the glass roof that allows diffusion of natural daylight till 100% in the factory and built-in in-house water harvesting system for internal production usages, resulting the company manages to reduce the electricity and water expenditures.
What is your approach to ensure your employees are still in the track of implementing productivity initiatives?

As mentioned earlier, the return from all productivity initiatives will directly go to the owner. As the owner of this company, I comfortable to share the productivity-gain that the company has received from the productivity initiatives implementation to my employee rather than to pay them with wages and salary in monthly basis only.

This is one way of retaining our employees that have worked with us since 1997 and get continuous and full-support from employees through embracing productivity initiatives. Although Indonesia has been recognised as the country that has cheaper labour cost which I can simply get replacement within 1 day, but to lower the production cost by retrenching our employees is not my ultimate way.

The employer should be fair enough to distribute the productivity-gain using an appropriate scheme that has been agreed upon by our employees. This kind of incentive will be able to enhance the employees’ engagement and involvement towards the journey of productivity commitment in the long-run.

What type of productivity-gain sharing scheme that you have implemented in your company?

The scheme that we have utilised is based on the production output that the workers are able to produce as compared to the targeted volume in each production line section. The incentive will be paid to employees who managed to produce more than the targeted volume. It will be based on the differences of targeted and actual production volume.

The scheme that we have utilised is based on the production output that the workers are able to produce as compared to the targeted volume in each production line section. The incentive will be paid to employees who managed to produce more than the targeted volume. It will be based on the differences of targeted and actual production volume.

Productivity-gain Sharing Implementation by PT. Sarandi Karya Nugraha

\[ E = A \times B \times \left( \frac{C}{D} \right) \times 25 \text{ days} \]

A = Total actual output – total targeted output / day
B = Price of component produced / unit
C = Percentage of productivity-gain sharing for respective production line
D = Number of workers in the respective production line

The formula is used to calculate productivity-gain sharing for each worker for one month.

The distribution of the productivity-gain sharing has been decided by the workers based on the level of work difficulty and level of high-risk work. From 100% of total productivity-gain sharing, 40% will go to the company for future development, and 60% will be paid to the employees. From 60% of total productivity-gain sharing, Workbench = 9%, Machining = 10%, Painting = 8%, Welding = 15%, Assembling = 8%.

This scheme has been developed in such way that they are trying to avoid any ‘free-riding’ employee to receive the incentive.
produce more than the targeted volume. It will be based on the differences of targeted and actual production volume.

Each production line will carry different percentage of productivity-gain sharing depending on the natural work of that particular section. All these percentages have been decided by the workers and I only need to endorse it based on the agreement of 60% of the productivity-gain sharing that must be distributed to employees. Another 40% will be allocated to the company for future development.

How do you monitor your employees’ performance to avoid the ‘free-riding’ employees?

Each employee has their own Key Performance Indicators (KPIs). It has been monitored through our own internal extensive software developed by our staffs. Currently, I have 4 staffs in IT department who are responsible to integrate all the individual performances with the work processes, so that it will make easier for me to access the data anywhere. Subsequently, it will allow me to make more accurate and robust decisions for the betterment of my business.

The IT department is also as important as R&D department in a SME company. The in-house website development and other e-business applications are essential for business promotion activities. In addition, it also establishes more effective communication platform among our staffs.

What is the impact from the productivity-gain sharing scheme to your company?

The teamwork spirit among my employees has increased tremendously by supporting each other for output maximisation. Apart from that, the absenteeism rate has reduced to 30%. Thus, employees are more willing to contribute their best effort and ideas towards bringing more profit to the company.

You have successfully managed your business from being as the distributor to the manufacturer of medical equipment. What is your next planning to expand your business for the next generation?

Truly speaking, there will be no ending phase in my journey of productivity enhancement. I believe that these initiatives will be able to bring forward my business into the world-class achievement. At this moment, one of the work processes in my factory has been upgraded by using the automation machine. It helps us to speed-up the assembling process of the hospital beds and more beds can be produced in the minimum time and cost. This machine is operated by our disable staffs who are capable to handle the machine well.

Although some of the processes will be expected to be automated in the 10 years later but the employees will still play the major roles in bringing up my business to the next level of outstanding performance. Thus, I would continuously educate and upgrade my employees skills and competency so that they will be capable to contribute for the betterment of the company. Ultimately, the company will obtain better and bigger productivity-gain that will be fairly distributed among the employees. At the end of the day, both the employer as well as the employees will enjoy a better quality of life and a high standard of living.

Apart from that, the absenteeism rate has reduced to 30%. Thus, employees are more willing to contribute their best effort and ideas towards bringing more profit to the company.

Mr. Isep Gojali, the owner of PT. Sarandi Karya Nugraha