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Original Article

Proposed Improvement Plan to Improve Small and Medium Enterprise Financial Performance: A Case Study of Orbit

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Abstract: *This thesis is a complete analysis and proposed improvement plan for Orbit, an interior design company established in 2020 in Bandung, West Java, Indonesia. Being a small and medium enterprise, Orbit faces tremendous challenges in financial management, operational efficiency, and competition in the market. The primary goal of this research is to determine exactly what financial management practices caused the problems that Orbit currently faces and then propose suggestions for its optimal improvement in terms of financial performance. This research applies the internal and external analysis framework through Resource-Based View (RBV), VRIO Analysis, PESTEL Analysis, Porter's Five Forces, and SWOT Analysis in order to see in detail the situation at present of Orbit. Financial performance is measured with the help of liquidity, activity, debt, and profitability ratios, whereas non-financial performance is measured with the help of marketing, human resources, governance, and operational indicators. Important findings are that Orbit faces problems in managing its cash flow. The high accounts receivable and ineffective collection processes are the primary causes of such a scenario. Economic fluctuations also adversely affect its operational efficiency and financial stability. The proposed improvement plan suggests more stringent credit policies, better collection processes, and clear budgeting limits. It also suggests expanding market reach by targeting new segments and forming strategic partnerships. Strengthening brand and marketing efforts through showcasing unique design capabilities and maintaining strong client relationships is essential for sustained growth.*

Keywords: *Financial Performance, Small and Medium Enterprises, SME Performance.*

I. INTRODUCTION

SMEs are part of Indonesia's economy. According to recent statistics, SMEs constitute almost 99% of all business enterprises in Indonesia and produce more than 60% of the GDP in Indonesia. They also employ more than 97% of Indonesia's population (Tambunan, 2019). Contributing to the economy portrays its importance in promoting economic growth, job opportunities, and low poverty rates. According to Law Number 20 of 2008 on Micro, Small and Medium Enterprises, the Indonesian government regulates MSEs' classification by its business scale, as shown below.

Table 1: SME Classification

SME classification	Net Worth	Annual Sales	Workforce
Micro	Rp 50,000,000	< Rp 300,000,000	< 5 people
Small	Rp 50,000,000 – Rp 500,000,000	Rp 300,000,000 – Rp 2,500,000,000	5–19 people
Medium	Rp 500,000,000 – Rp 10,000,000,000	> Rp 2,500,000,000	20–99 people

(Sources: Law Number 20 of 2008)

The Indonesian government acknowledges the strategic importance of SMEs and promulgated several policies and programs to facilitate growth and development. Some of its key objectives include improvement in access to financial resources through microfinance, incentives through tax cuts, and the establishment of business incubators. The government also develops infrastructure and training programs that help SME owners build entrepreneurial skills. This means improvements in the legislation adopted have streamlined business registration and reduced bureaucratic barriers. All these are directed towards creating a more amiable climate for the SMEs to grow and add value more efficiently to the national economy (Jung, 2016).

Despite the importance of SMEs, they still experience a number of problems. First, capital access is one of the major problems. Indeed, most SMEs were unable to obtain loans from traditional financial institutions. Technology, regulatory, and human resource problems are also huge barriers. Many SMEs lack modern technology, which could impede their ability to be competitive and innovative. Indonesia is known for its heavy and complicated bureaucracy, especially concerning the regulatory environment where red tape and inconsistent regulations create a big burden on an enterprise. Furthermore, chronic scarcity of skilled human resources hampers workforce capabilities and business performance overall as training and development opportunities are scarce (Purnomo & Fauzan, 2018). This problem is particularly prevalent in niche industries like interior design. Interior design is a multidimensional profession that deals with the improvement of a space's interior to create a more visually pleasant and useful environment for those who use it. It is a distinct field involving elements such as conceptual development, space planning, site inspections, programming, research, communication with project stakeholders, construction management, and design execution. This field is concerned not only with the visual or ambient enhancement of interior space but also with the optimization and harmonization of the built environment's intended usage. In practice, interior design is the planning of the layout and design of spaces in buildings. This is done to fulfil basic human needs for shelter and protection, which is essential to Orbit's goal as an interior design company.

As an interior design company, Orbit's working system is similar to construction companies. Companies in this field typically earn revenue from their customers with a term payment system. Payment from consumers is divided into several payments based on the progress of the work that has been completed by the company. Proper cash flow management is required by companies engaged in this field to ensure that the company has cash for working capital while at the same time having sufficient cash for the company's internal operations.

In July 2023, Orbit experienced a decrease in receivables with an increase in cash compared to the previous month. In Orbit's monthly financial report for July, the difference between the amount of cash and the amount of receivables is very far apart, with the amount of receivables of Rp 1,675,002,661 and the amount of cash of Rp 41,370,794 stated in the financial report. In most cases, a decrease in the number of receivables indicates improved collection activities or a decrease in credit sales, while the increase in the cash and cash equivalent indicates improved liquidity, which shows better cash flow management or recent cash inflows. This research frequently draws attention to important metrics, including improved financial performance analysis.

Financial performance analysis is the assessment of the company's financial health, stability, and performance. In other words, financial reports are analyzed by using multiple financial ratios and metrics, which are applied to analyze the profitability, liquidity, solvency, and operational efficiency of a particular company. This process, in turn, allows the firm to identify its strengths and weaknesses, opportunities and risks, thus helping in decision-making in a better manner. Financial performance analysis is important for all interested stakeholders, such as management, investors, creditors, and regulators, because they can understand the financial position and potential of the company to create value in the future.

Gitman and Zutter (2019) have identified that financial performance ratios are fundamental tools that evaluate the level of a company's financial health as well as the efficiency with which a business is being carried out. There are the following main categories of such ratios, which include; liquidity ratios, activity ratios, debt ratios, profitability ratios, and market value ratios. Each type gives information related to various areas of the company's financial health and performance.

A) Research Objectives

The objective of the research is to improve Orbit's financial issue by defining a comprehensive plan and improving its financial performance. The research will provide practical recommendations for optimizing the whole financial system, assuring long-term growth and stability.

B) Research Scope and Limitations

While this research will analyze several aspects, such as operations, governance, and business situation, it will focus on providing solutions for the financial aspect. The non-financial aspects will be linked to the financial aspects to determine the cause of the financial problems faced by the company. This research relies heavily on the company's financial data. Issues beyond the financial aspects will not be discussed comprehensively in this research.

II. METHOD

In this research, a quantitative analysis method was used to analyze data from Orbit. Primary data that will be used is interviews with Orbit management and secondary data that will be used is Orbit's Financial Statements. Several other references, such as books, scientific journals, and articles, are used to support the theories that will be used in the analysis process. The results of the analysis will be used to support recommendations that will be made in Orbit's financial improvement plan. At the end of this research, the author will share the final results with the company and related stakeholders. The analysis of financial and non-financial aspects will be applied by adopting the framework of SME performance assessment developed by Subiakto (2020).

A) Financial Performance Analysis

According to Gitman and Zutter (2019), these are crucial tools to measure any firm's financial healthiness and operational efficiency. As reported, the five distinct categories include liquidity ratios, activity ratios, debt ratios, profitability ratios, and market value ratios. Through these categories, information pertaining to different aspects of any firm's financial health and performance can be discerned.

a. Liquidity Ratio

The ability of a company to pay short-term obligations by the use of its short-term assets is measured through liquidity ratios. It gives information about the short-term financial health and efficiency of the company's operations.

b. Activity Ratio

The activity ratio, also referred to as efficiency or turnover ratio measures how well a company uses its assets.

c. Debt Ratio

Debt ratios measure a firm's financial leverage and its ability to service long-term debt. The ratios are useful in analyzing the company's risk. Debt ratios can identify the proportion of the assets that are funded by debt, which reveals information on the financial well-being of the company and its operating risk.

d. Profitability Ratio

Profitability ratios measure a company's ability to generate profit as compared to its revenue, assets, equity, and other measures of finance. These are essential ratios used to determine a company's performance in terms of its financials, operational efficiency, and profitability. Through profitability ratios, stakeholders are able to identify how effectively a company generates profit and value for the shareholders through the utilization of resources.

B) Non-Financial Performance Analysis

There are five categories of non-financial indicators: marketing, operations, human resources, administration, and general issues. In addition, there are several components that facilitate the indicator in each category. Components are prepared in a yes-or-no format so that SMEs can measure soundness by deciding whether they already possess the component. Large companies can be measured and accounted for in numbers because of their size and the existence of documents in the company.

a. Operational Indicator

This indicator gives insight into the inner mechanisms of a company and assesses its efficiency. This indicator will facilitate the evaluation of other operational issues, which include procurement, inventory control, quality control, maintenance, and customer service.

b. Marketing Indicator

The marketing aspect refers to how a company promotes its products and services. Recent research highlights the need to develop a marketing strategy specific to each business sector. According to Kotler and Keller (2019), small firms must build an efficient marketing strategy in order to compete and grow in their markets.

c. Human Resource Indicator

Human resources are a critical element in small businesses. Recent studies highlight the importance of effective human resource management for SMEs in addressing various employee-related issues, including those concerning managers and other workers, to support the organization's activities and achieve its goals.

d. Administrative Indicator

SMEs often underestimate the importance of administrative processes in their business operations. However, the latest study has shown that administrative activities are critical for supporting overall company processes. According to Jones and George (2021), efficient administrative processes are essential to the effective performance and sustainability of SMEs. Keeping detailed records and observing administrative standards allow organizations to monitor their performance, observe laws and regulations, and thus make appropriate decisions. All these aspects are comprised of record-keeping and legal observance, along with their components.

e. General Issue Indicator

The general aspects of an SME's general strategic approach, especially the business development process, have to do with more extensive knowledge of the business, such as defining competitors, identifying both potential and actual consumers, and examining competitive advantages. Business knowledge is the internal and external elements that have a substantial impact on the company's strategy.

III. FINANCIAL ISSUE ANALYSIS

A) *Internal Analysis*

Internal analysis is another imperative aspect of strategic management since it deals with how companies analyze their internal environments, which enables them to develop their strengths and overcome their weaknesses. This paper relates to the firm's resources, capability, and competency, which can act as a source of a company's competitive advantage.

a. Resource-Based View (RBV)

The Resource-Based View (RBV) theory, by Barney (1991), holds that the internal resources of a firm are the critical elements in achieving and maintaining its competitive advantage. RBV argues that to develop a sustained competitive advantage, resources should be valuable, rare, inimitable, and non-substitutable, which is known as the VRIN framework. This approach focuses on the value of a company's unique resources and competencies to achieve superior performance.

b. B. VRIO Analysis

The VRIO framework is an extension of RBV, making it possible to systematically appraise a firm's resources according to four criteria: value, rarity, imitability, and organization.

B) *External Analysis*

External analysis is an integral part of strategic management, and the external environment in which a company works is to be investigated. This study helps identify opportunities and threats that may impact the strategy and performance of the company.

a. PESTEL Analysis

PESTEL analysis is a tool that identifies and analyzes the most crucial factors driving change in the macro-environment. It deals with six categories: Political, Economic, Social, Technological, Environmental, and Legal.

- Political
  This aspect looks at how government policies, laws, and political stability affect the industry. For example, a change in construction laws or trade policies can have a big impact on the interior design sector. Political stability in a region can boost investor trust and corporate operations.
- Economic
  Economic factors such as growth rates, inflation, currency rates, and consumer spending patterns are very important. Sensitive to the economies since the interior design sectors would be affected during downtrends when consumers and firms are likely to cut expenditure on renovation and new designs.
- Social
  Social factors cover demographic changes, lifestyle alterations, and cultural traits. For example, green buildings and green designs are becoming highly popular, which is likely to impact the demand from the interior design market. The shift in demographics related to aging populations will further necessitate more ergonomic accessible design solutions.
- Technological
  The interior design sector benefits greatly from technological breakthroughs such as 3D printing, virtual reality, and design software innovations.
- Environmental
  Climate change, sustainability, and environmental restrictions are all considered environmental factors. Sustainable materials and energy-efficient designs are in high demand, driven by both consumer preferences and government duties. Interior designers must use eco-friendly strategies to meet these needs.
- Legal
  Legal considerations include legislation governing health and safety, employment, and intellectual property rights. Compliance with local building laws and regulations is critical for interior designers. Furthermore, protecting intellectual property, such as distinctive designs, might provide a competitive advantage.

b. Porter's Five Force

Porter's Five Forces framework is used to analyze the competitive forces within an industry, helping firms understand the intensity of competition and profitability potential. The five forces are:

- Threats of New Entrants
  New competitors can easily enter the market. High entry barriers, such as considerable capital requirements, strong brand identity, and customer loyalty, may protect current businesses from new competitors (Porter, 2008).
- Bargaining Power of Suppliers
  The power of suppliers is related to price increases. Suppliers of distinctive materials or cutting-edge technologies can wield considerable power in the interior design market.
- Bargaining Power of Buyers

Customers' influence over pricing and terms. Customers in a market with a large number of design firms have more options and can negotiate better deals.

- Threat of Substitute Products or Services
  It describes the likelihood of customers switching to other options. Alternatives to interior design may include DIY solutions or online design platforms. Keeping up with innovative and specialized offerings can help offset this threat (Harrison & John, 2018).
- Industry Rivalry
  It explains the extent of competition between existing enterprises. Intense rivalry might result in price wars and lower profitability. Firms can differentiate themselves in a competitive market by using unique designs, high-quality service, and a strong brand identity (Porter, 2008).

IV. RESULTS AND DISCUSSION

A) Porter Five Forces Analysis

Table 1: Five Forces Analysis Result

Force	Threat Level	Factors
Threat of New Entrants	Moderate	Significant capital requirements, regulations and compliance, strong brand reputation
Bargaining Power of Suppliers	Moderate	A diverse supply base reduces power, but reliance on specialized materials can increase influence.
Bargaining Power of Buyers	High	Large client base, high-value customized projects increase buyer power
Threat of Substitutes	Moderate	DIY solutions and alternative service providers offer substitutes, but quality and complexity mitigate this threat
Industry Rivalry	High	Numerous competitors need differentiation, and the market is influenced by economic conditions.

Orbit, an interior design contractor, faces a moderate threat from new entrants due to high capital requirements, regulatory compliance, and a strong brand reputation that creates barriers for newcomers. However, new businesses with significant cash and innovative strategies may still enter the market. Supplier bargaining power is also moderate, while Orbit mitigates this by maintaining several options for suppliers. Buyers hold significant bargaining power. Orbit's varying client base, which includes significant companies such as Podomoro Park Bandung and Telkom, helps to decrease individual buyer influence. Nonetheless, the high value and customizability of projects provide purchasers significant bargaining leverage. The threat of substitutes is moderate as there are some DIY solutions available along with online design websites that are alternative solutions for the consumer. However, the high quality and complication of the professional services available from Orbit reduce this threat. Given the very competitive nature of the interior designing business, many businesses render similar services as there exists heavy competition between those businesses. A unique position in the market and a great reputation that Orbit enjoys would make an impact in that regard. However, economic factors affect the growth of this market the most and cause considerable competition between the companies due to fighting over the customer base.

B) RBV Analysis

- The RBV concept is based on the perception of identifying and leveraging the opportunities in a company's resources and capabilities for developing sustainable competitive advantage. Usually, RBV analysis divides resources into three kinds: tangible resources, intangible resources, and capabilities.

Tangible Resources

1) Physical Asset

Orbit's tangible resources include physical assets, finance resources, and technology. Its office is located in Bandung, West Java, and it has the tools and machinery needed for an interior design project, making a foundation firm for the activities there. In addition, Orbit has a workshop to facilitate material processing and furniture production ordered by customers.

2) Financial Resources

Orbit benefits from diverse revenue streams through clients such as Podomoro Park Bandung, Pos Indonesia, and Telkom. Several upcoming projects, such as Mandalika Residence, the apartment complex in Jatinangor, and Summarecon, have the potential to become new sources of revenue. Diversifying revenue ensures financial stability and mitigating risks associated with dependency on a single client (Ferreira, Fernandes, & Ferreira, 2021). Despite facing financial challenges, Orbit's efforts to manage cash flow and secure new contracts demonstrate resilience, which is critical for sustaining operations and funding future growth.

- Intangible Resources

1) Human Resources

The founders' expertise in architecture, civil engineering, interior design, and marketing gives the company a distinct set of abilities that drive its strategic direction and operational efficiency. The presence of experienced employees, such as architects, senior interior designers, and project managers, increases the company's intellectual capital and ensures the ability to perform complicated and high-quality projects.

2) Brand Reputation

Orbit's distinctive marketing strategy, which concentrates on cluster homeowners via marketing people middlemen, makes it easier to recognize prospective clients. This partnership develops a strong relationship between the Podomoro Park developers and the customers they've served. As a result, it helps to create trust and reputation in the industry, which leads to repeat orders and recommendations.

3) Intellectual Property

Orbit's unique and customized designs, tailored to the preferences of their customers, serve as intellectual property. This provides Orbit with a competitive edge and makes it more difficult for competitors to imitate their design.

- Capabilities

1) Design and Innovation

Orbit's ability to keep updated with shifting design trends allows it to suit the unique and diversified demands of its customers. Orbit's innovative use of cutting-edge furniture materials enables them to attract new customers while also minimizing production costs.

2) Strategic Partnership

Collaborations with important clients, such as Podomoro Park Bandung and Telkom, highlight Orbit's capacity to build and manage strategic collaborations. These agreements give consistent revenue and potential for growth. The capacity to acquire contracts and enter new markets, such as housing complex developments in Bandung, demonstrates strategic expansion potential. These expansions serve to diversify Orbit's portfolio and reduce its dependence on a single market segment.

Table 3: VRIO Analysis Result

Competencies	Valuable	Rare	Inimitable	Organized	Impact
Physical Assets	Yes	No	No	Yes	Competitive parity
Financial Resources	Yes	No	No	Yes	Competitive parity
Human Resources	Yes	No	No	Yes	Competitive parity
Brand Reputation	Yes	Yes	Yes	Yes	Sustainable competitive advantage
Intellectual Property	Yes	Yes	Yes	Yes	Sustainable competitive advantage

Orbit's physical assets, such as its office and workshop, offer value for operational efficiency but are neither exceptional nor unique. Its varied revenue streams from significant clients provide financial stability, yet these financial resources are widely available and easily replicated by competitors. The knowledge and expertise of Orbit's founders and staff is valuable but not unique, resulting in competitive parity. However, Orbit's unique marketing strategy and its resulting strong brand reputation are unique, providing a long-term competitive advantage through the trust and relationships built with developers and customers. Furthermore, Orbit's unique and personalized designs serve as intellectual property, offering a long-term competitive advantage due to their worth, scarcity, inimitable nature, and effective organization.

Table 4: SWOT Analysis Result

STRENGTHS	WEAKNESSES
Physical assets like the office and workshop enhance operational efficiency.	Dependence on economic conditions affects revenue.
Diverse revenue streams ensure financial stability.	Financial challenges require effective cash flow management.
The expertise of founders and experienced employees drives the strategic direction.	The current reliance on traditional methods like PowerPoint for design presentations
Strong brand reputation builds trust and attracts repeat business.	
Unique and customized designs provide a competitive edge.	
OPPORTUNITIES	**THREATS**
Market expansion through new collaborations and entering new	Political and regulatory changes impacting operations and

markets.	costs.
Implementing advanced technology such as BIM and AR can enhance client satisfaction and efficiency.	Economic downturns reduce consumer spending on interior design services.
Implementing sustainable practices meets regulatory requirements and consumer demand.	Competitive pressure requires continuous innovation and differentiation.

Orbit's strengths include well-equipped assets, diverse revenue streams, and the expertise of its founders and staff. Strong brand recognition with custom designs makes it competitively superior. The firm's weak spots are susceptibility to economic conditions and financial slowdown, as well as reliance on the convention design process. Opportunities to orbit are to expand itself as a market leader adopting the BIM and AR, and then inculcation of sustainable features. These include changes in government scenarios, recession, and more acute competition within the industry.

C) Financial Aspect Analysis

The score sheet shows the comprehensive analysis of service-oriented SMEs on the basis of their financial health. It checks four critical metrics: liquidity, activity, debt, and profitability ratios. Each one of them is rated based on definite financial measures, and their scores are weighted accordingly for their contribution to the entire financial health of the organization. This analysis identifies the SME's financial strengths and weaknesses, areas to be improved in the future, and strategic focus. The liquidity ratio analysis can show how well a company can cover short-term liabilities with cash. The activity ratio shows efficient inventory management and strong sales performance. The debt ratio shows a low amount of debt to assets, and the profitability ratio shows high costs.

Table 5: Financial Aspect Assessment

No.	Liquidity Ratio		Score	Value	
1	Cash ratio		1		
2	Current ratio		5		
		Total Score	6	10,32%	
	Activity Ratio				
3	Inventory Turn Over		5		
4	Total Asset Turn Over		5		
		Total Score	10	13,20%	
	Debt Ratio				
5	Debt ratio		5		
		Total Score	5	10,40%	
	Profitability Ratio				
6	Gross Profit Ratio		1		
7	Return on Investment		1		
		Total Score	2	4,62%	
	Total Financial Aspect		**38,54%**		

Liquidity ratios score 6. The current ratio is strong, but the low cash ratio insinuates challenges in meeting the immediate short-term obligations with cash alone. The activity ratios score a perfect 10, showing effective utilization of inventory and assets, which is a good sign of operational efficiency. In terms of debt ratios, a score of 5 signifies a strong financial position with low reliance on debt, thereby reducing financial risk. However, the profitability ratios, with a low score of 2, indicate weak profitability, suggesting issues with cost management or pricing strategy.

D) Non-Financial Aspect Analysis

The non-financial features of SMEs in the service industry are evaluated in four categories: marketing, human resources, good governance, and operational aspects. Each category has specific components that have been assessed to determine its effectiveness and contribution to overall business performance.

Table 6: Non-Financial Aspect Assessment

	Non-Financial Aspect		Yes	Almost Yes	Almost No	No	Score	
	Marketing Aspect						**10,88%**	
1	**Marketing Aspect**							
-	Having segmentation and target market		3	2	1	0	3	
-	Having a marketing plan and strategy within a year ago		3	2	1	0	2	

	Non-Financial Aspect	Yes	Almost Yes	Almost No	No	Score
-	Having a marketing plan and strategy for a year ahead	3	2	1	0	3
-	Having an evaluation of the used marketing plan and strategy	3	2	1	0	2
-	Having Marketing Budget	3	2	1	0	0
					Total	10
2	**Media Marketing Used**					
-	Having media marketing (printed and/or internet-based and/or handphone/mobile marketing) within a year ago	3	2	1	0	1
-	Having a media marketing plan (printed and/or internet-based and/or handphone/mobile marketing) for a year ahead	3	2	1	0	1
					Total	2
3	**Customer Service**					
-	Having after-sales service	3	[redacted]		0	0
-	Having reliability and empathy for the customers	3	2	1	0	3
					Total	3
4	**Market Competition Situation**					
-	Know about competitor situation (i.e. pricing, products)	3	2	1	0	3
-	Know about business change (i.e. technology change, trend change)	3	2	1	0	3
					Total	6
	Human Resource Aspect					**5,44%**
1	**Division of Labor**					
-	There is division of labor according to their respective areas of work	3	2	1	0	2
-	Having and doing Standard Operating Procedures (SOP)	3	2	1	0	2
-	Having evaluation and monitoring of SOP	3	2	1	0	1
					Total	5
2	**Training and Development**					
-	Having training and development	3	2	1	0	3
-	Having evaluation of training and development	3	2	1	0	3
					Total	6
3	**Human Resources Issues**					
-	There is a selection/recruitment process for employee	3	2	1	0	1
-	There is employee compensation	3	2	1	0	1
-	Having expert and skilled employee	3	2	1	0	2
					Total	4
	Good Governance Aspect					**3,67%**
1	**Business Planning**					
-	Implement Vision and Mission within a year ago until now	3	2	1	0	3
-	Having the main business objectives is for	3	2	1	0	3
-	Having business planning for the next following years (at least a year ahead)	3	2	1	0	2
-	Having evaluation on previous business planning	3	2	1	0	3
					Total	11
2	**Administrative**					
-	Having periodical business report	3	2	1	0	2
-	Having evaluation on business report	3	2	1	0	0
					Total	2

	Non-Financial Aspect	Yes	Almost Yes	Almost No	No	Score
3	**Legal Aspect**					
-	Having Company Registration (TDP—Tanda Daftar Perusahaan)	3	[redacted]		0	3
-	Having Trading License (SIUP—Surat Ijin Usaha Perdagangan)	3			0	3
-	Having Tax Payer ID (NPWP—Nomor Pokok Wajib Pajak)	3			0	3
					Total	9
4	**Internal Business Knowledge**					
-	Understand the strengths and weaknesses of their business (competitive advantages and core competencies)	3	2	1	0	3
					Total	3
	Operational Aspect					**2,21%**
1	**Scheduling**					
-	Having workflow to manage customers' order	3	2	1	0	2
-	Having flexible allocation time policy	3	2	1	0	2
					Total	4
2	**Quality**					
-	Having quality control for services produced	3	2	1	0	3
-	Having monitoring during quality control's process	3	2	1	0	3
					Total	6
3	**Research and Development**					
-	Having Research and Development activities	3	2	1	0	1
-	Having innovation in business activities	3	2	1	0	1
-	Do market research to gain customer feedback	3	2	1	0	2
					Total	4
	Total Non-Financial Aspect	**22,20%**				

The company excels in market segmentation and targeting demographics, with an updated marketing plan that adapts to market changes and customer preferences. However, there is a lack of focus on long-term planning and a specific marketing budget, which limits its ability to sustain marketing efforts. The company underutilizes web and mobile platforms, which are crucial for reaching a larger audience in the digital age. In terms of human resources, the company has a strong foundation in training and development, but there are gaps in recruitment, remuneration, and skilled labor availability. A well-defined recruitment process and competitive compensation packages are essential for attracting and maintaining competent employees. The company's strong business planning, including a clear vision and mission and compliance with legal standards, demonstrate commitment to good governance. However, there is room for improvement in future objectives and performance evaluation. Regular evaluation of business plans and improving administrative processes can enhance efficiency and transparency. In terms of operational efficiency, the company processes customer orders effectively and has a flexible scheduling policy. However, there is room for improvement in research and development (R&D), as increased investment can stimulate innovation and keep the company ahead of market trends.

E) Financial Issue Analysis

By comparing Orbit's overall financial aspect score of 38.54% to its non-financial aspect score of 22.20%, it is apparent that Orbit has higher financial indicators, particularly in activity and debt management. However, major issues remain in liquidity and profitability, emphasizing the importance of greater cash and cost management. The lower non-financial element score, on the other hand, indicates that, while marketing and human resources are strong, there are significant gaps in long-term planning, recruitment, and R&D investment. Based on the aggregated overall score of 60.74%, Orbit's condition may be categorized as "Good soundness 2" with an A rating. This indicates that while Orbit has several strong aspects in terms of marketing, human resources, governance, and operational efficiency, there are still critical areas that require improvement, particularly profitability and long-term planning, in order to improve the company's financial and operational health. Addressing the highlighted weaknesses in both financial and non-financial areas will be important for Orbit to improve overall performance and achieve long-term growth.

Table 7: SME Performance Level

Score	SME Performance level	Rating
87–100	Great soundness	AAA
72–86	Good soundness 1	AA
58–71	Good soundness 2	A
44–57	Fair soundness 1	BBB
30–43	Fair soundness 2	BB
15–29	Poor soundness	CCC
0–14	Bad soundness	CC

(Sources: Soekarno et al. 2020)

F) Business Solution

Based on the comprehensive analysis, a strategic solution for Orbit focuses on connecting non-financial and financial factors to improve overall performance and sustainability. This comprehensive strategy prioritizes revenue growth, cost management, and profitability while also leveraging customer satisfaction, operational efficiency, and market expansion, such as follows:

Revenue Growth Strategies:

Customer Feedback System

- Customer Feedback System that enhances the quality of service, increases customer satisfaction, and repeat business.
- Online surveys, feedback forms on the company's website, follow-up emails, and direct contact with customer care professionals.
- Analytical tools would be employed to analyze input collected to identify common trends and repeated issues.
- Communication would be maintained regularly with the clients about measures taken due to their input.
- The feedback system should be promoted using email marketing and social media platforms.
- Train the staff to encourage client feedback and learn about necessary changes.

Loyalty Program

- Develop a structured loyalty program that rewards repeat clients.
- Offer tiered discounts based on the number of tasks completed by a client.
- Provide free design consultations to clients who have completed a certain number of projects or met a certain spending barrier.
- Promote client loyalty and happiness, leading to more recurring business and a higher client lifetime value.

Enhanced Online Presence

- Make Orbit's website more user-friendly, visually appealing, and mobile-responsive.
- Improve search engine optimization (SEO) to increase its ranking on search result pages.
- Improve the company's social media presence on platforms such as Instagram, Facebook, TikTok, and LinkedIn.

Market Expansion

- Enter new industries and sectors through partnerships and collaborations.
- Conduct extensive market research to identify new geographic areas, demographics, and industrial sectors that could benefit from Orbit's offerings.
- Develop strategic alliances with related industries such as real estate developers, home improvement retailers, and architectural firms.
- Collaborate with industry influencers and thought leaders to enhance brand reputation and reach.

Cost Management Strategies:

Long Term Contracts

- Involves entering into long-term contracts with key suppliers for financial stability and consistent quality.
- Includes consistent pricing, volume discounts, price changes for inflation, and performance incentives.
- Includes detailed delivery schedules and contingencies for supply chain disruptions.
- Encourages open communication, frequent performance reviews, and collaborative problem-solving.
- Includes risk mitigation clauses to handle market volatility, natural disasters, and geopolitical challenges.
- Benefits include increased financial stability, higher profit margins, and lower project costs.

Diversification of Suppliers and Vendors

- Involves conducting extensive supplier and vendor research to discover prospective new suppliers.

- Establish relationships with identified suppliers, negotiate conditions and form agreements that ensure flexibility and dependability.
- Regularly evaluates and monitors supplier performance using specified performance metrics and KPIs.

Cost Control Measures

- Regular financial audits: Reviews and evaluates the company's financial statements, transactions, and processes.
- Effective budget tracking: Monitors all financial activity in real-time, providing immediate visibility into budget performance.
- Tight expense approval processes: Establishes approval thresholds and ensures all expenses are justified and required.

Profitability Strategies:

High Margin Project

•Work on high-margin business for the highest profit.

•Target high-value clients in luxury residential design or specialized commercial projects

•Prepare more detailed profiles of likely client types who will pay for premium services

Conduct marketing campaigns that communicate Orbit's expertise and past performance in delivering high-margin projects

•Design customized marketing plans targeting high-value clients

•Train sales and project management teams to prospect, pitch, and secure high-margin projects efficiently.

•Review and adjust the pricing strategies according to the changes in market, cost and value delivered to clients.

Adjust Pricing Strategies

• Market research and analysis continuously will allow an understanding of pricing trends, customer expectations, and competitor pricing.

• Dynamic pricing models that update the price according to the demand, client segment, and complexity of the project.

• Use analytics in order to price and increase revenue.

• Monitor and review pricing strategies periodically to determine if they align with the predominant market conditions, cost change, and customer feedback.

IV. CONCLUSION

Blamed for ongoing financial problems, the ineffectiveness of the financial management practices of Orbit has been seen as the main reason for this situation. Low profit margins reflect a lack of revenue generation to offset cost of operations, possibly caused by high overhead and direct costs. The company is financially highly leveraged, with some reduction in debt in recent periods, which increases the risk associated with the business and leaves it exposed to the shocks of the economy and changes in interest rates. Poor cash management, inefficient expense management, and lacking control over budget are also the mentioned issues. Regular audits are required for detection of inefficiency and fraudulence, and the absence of long-term contracts with key suppliers causes fluctuating material costs and probable chain interruptions. Dynamic pricing models represent that Orbit lacks the market response and cannot dynamically change prices for different customer segments and project scopes. Further, it highlights the specific requirement of improvement to stabilize and strengthen the financial health of Orbit.

Interest Conflicts

The authors declare that there is no conflict of interest concerning the publishing of this paper.

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