



## GLOBAL BUSINESS MANAGEMENT REVIEW

<http://e-journal.uum.edu.my/index.php/gbmr>

How to cite this article:

Syed, S.E.Z. & Nadarajah, G. (2022). Business management of Homeomed Sdn. Bhd. – A case study of a local SME. *Global Business Management Review*, 14(2), 56-75. <https://doi.org/10.32890/gbmr2022.14.2.4>

### **BUSINESS MANAGEMENT OF HOMEOMED SDN. BHD. – A CASE STUDY OF A LOCAL SME**

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Received: 29/11/2022

Revised: 30/11/2022

Accepted: 28/12/2022

Published: 30/12/2022

#### **ABSTRACT**

Homeopathy is categorized under Traditional and Complimentary Medicine (TCM) and is an underrated business both by the government and the public. There is less support by the government from the perspective of acknowledgement, nationwide publication, and validation on homeopathy as an important complimentary medicine. To escalate the issue further, homeopathy practitioners have been practicing homeopathy in a traditional manner and disconnected with the principles and concepts of business management and administration. Homeomed *Sdn. Bhd.* (Homeomed) is one of the homeopathy companies; operating in Bukit Beruang, Melaka; they had almost ceased the business few times due to high operational cost and the effects of Covid-19 pandemic. They were experiencing the classical business challenges for SME of having a “bulk business issues” in all aspects of business management due to incompetency or ignorance or both. The main tasks here is to identify the gaps from a business point of view and to propose a few improvement recommendations focusing on operation, marketing, sales, human resource, finance, supply chain and customer service. During the implementations of new business techniques and approaches, main performance indicators such as revenue, number of patients, inquiries and customer satisfaction were measured to reflect Homeomed’s competitiveness. The data collected are analysed and studied for further improvement initiatives. The data collected are analysed and studied for further improvement initiatives. A total of five main problem areas were identified and solutions were implemented in 5 stages with all of it deriving positive outcomes.

**Keywords:** Homeopathy, business management and administration, gaps, competitiveness.

## CASE OBJECTIVES

Homeopathy is a complementary treatment using natural substances which is still being practiced with wide customer base. This case is about a company called Homeomed Sdn. Bhd. which is in operations since 1999. The owners has vast experience in homeopathy but minimal knowledge and exposure in running it as a business entity.

This case will allow readers to firstly, identify the gaps of business management and administration of Homeomed. Secondly, to analyse the gaps using prominent analytical tools. Thirdly, to provide recommendation to improve the business management and administration of Homeomed and finally, to analyse the post-implementation outcomes.

## INTRODUCTION

Traditional and Complimentary Medicine (TCM) in Malaysia includes homeopathy, traditional Chinese medicine, traditional Indian medicine, Islamic medical practice, and other complementary therapies (Ministry of Health Malaysia, 2016). Homeopathy industry in Malaysia is going backwards due to systemic issues including lack of education and training, inadequate qualified academic staff, lack of research data, lack of understanding and prejudice due to insufficient evidence-based study and fewer mechanism to regulate its clinical importance. A paradigm shift in the legislative system for TCM practitioners in Malaysia transformed from self-regulation to statutory regulation following the gazettelement of the TCM Act 775 just a few years back in 2016 and up to this point, the awareness and acceptance by the public are at the low level even though there is sign of an increasing demand for homeopathy treatment. The situation is not improving when the practitioners themselves are operating in a traditional manner and disregards the importance of market demand, customer needs and increasingly positive perception toward homeopathy practices.

## COMPANY BACKGROUND

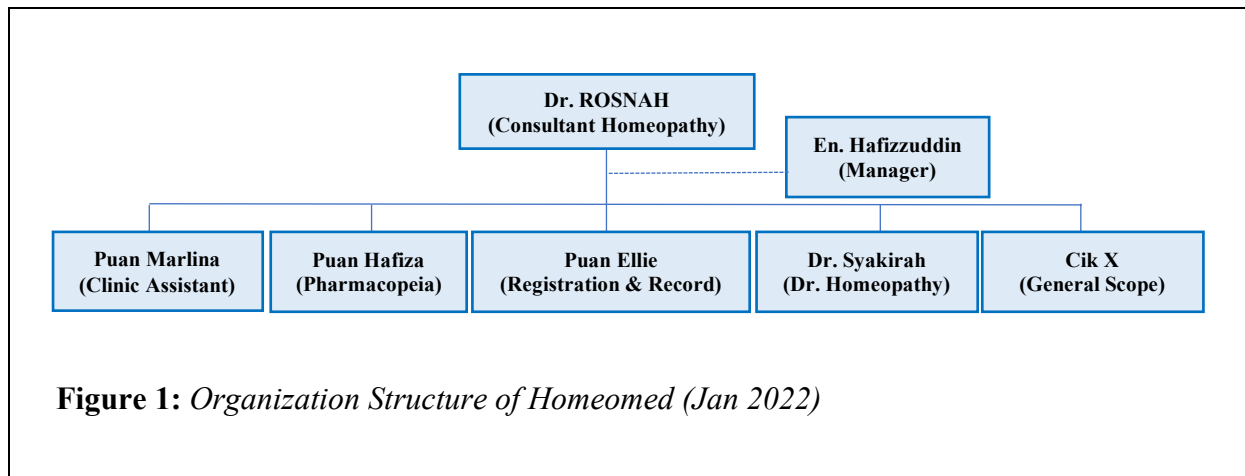
### Company Introduction

Homeomed *Sdn. Bhd.* 20210103176 (1432076-A) is located at Bukit Beruang, Melaka and is registered on 30<sup>th</sup> September 2021 with Companies Commission of Malaysia. The company is also registered as Homeopathy Clinic and homeopathy service practitioner with Ministry of Health, Traditional and Complimentary Medicine Division. The founder and owner, Datin Dr. Rosnah Binti Adam; a homeopathy doctor and a senior homeopathy consultant started the business in 1999 at Selandar, Melaka and the homeopathy consultation and treatment were provided as a part-time; home-based service to the local community. The customers are given the privilege to pay any affordable amount and sometimes, they also pay in kind. The business grew into a container-based-clinic besides her house in 2002. The business evolved into a kiosk-based-clinic in 2008. Pusat Rawatan Homeopathy Bukit Beruang (PRHBB) is registered as an enterprise in 2014. They were renting only half a shop lot at Bukit Beruang, Melaka and the second directorship was appointed in 2016; Mr. Hafizzuddin Bin Ismail who is the son of Dr. Rosnah. The same year, Pusat Rawatan Homeopathy Bukit Beruang expanded into a full shop lot at the same premise as full time business, offering consultation and homeopathy treatment to localize customers for typical seasonal flu, fever, and immune boosting supplement.

### Company Organizational Structure

Homeomed did not have an official and written organization structure for the past eight years since the company is registered as an enterprise in 2014. The employees knew that the owners of the business are Dr. Rosnah; the founder and En. Hafizzuddin, who graduated from the UK as a Chartered accountant

and assisting in running the business remotely as much as he could while focusing on some other business. The organization structure nevertheless can be shown as **Figure 1**.



### Homeopathy Industry's Market Potential

The Global Homeopathy market is expected to grow at a significant rate between 2022 and 2028. In 2022, the market is growing at a stable rate and with the increasing adoption of strategy by homeopathy practitioners and the market size is predicted to rise significantly. Due to the COVID-19 pandemic, the global Homeopathy market size in 2021 is estimated to value at USD 854.4 million. Currently, the companies in the world that produce homeopathic products are mainly concentrated in Europe, USA and India. Homeopathy products market is expected to reach a valuation of USD 15,832.81 million by 2028 while gain market growth at a potential rate of 13.2% in the forecast period of 2021 to 2028. Increasing awareness among the patients and homeopathy physicians on the benefits of homeopathy products will further create lucrative opportunities for the growth of the market.

### Company Historical Performance

In 2021, Homeomed was badly affected during Covid-19 pandemic. The homeopathy business was at the point of ceasing its operation. The cost of operation was higher than their income and the business was no longer sustainable. The directors had to inject their own cash savings to the company to sustain the business. Homeomed was having a financial difficulty due to lower market penetration, no marketing strategy and ineffective organization structure. **Table 1** illustrate their revenue and the number of customer visitations to Homeomed for consultation and treatment. 98% of the revenue was contributed through physical visitation by walk-in customers and the balance 2% was generated through postage of medication to various locations outside of Melaka.

**Table 1:**

*Revenue and Number of Customers by Quarter in 2021*

| 2021              | Q1  | Q2  | Q3  | Q4  | Total |
|-------------------|-----|-----|-----|-----|-------|
| Revenue (MYR'000) | 75  | 83  | 89  | 79  | 326   |
| No. of Customer   | 500 | 592 | 684 | 494 | 2,270 |

## **BUSINESS CHALLENGES AND ISSUES**

### **Case Analysis**

The analysis on Homeomed's business strengths were done using known model for market competitiveness including SWOT analysis, Force Field analysis and Stakeholder analysis to reflect the company readiness for organization change. New market opportunities, threats to competition and changing of business model associated with commercialization have been the main drivers of organizational restructuring. Small companies have been responding to these external changes in many ways to improve their competitiveness and profitability by reorganizing the business boundaries; horizontally, vertically, and spatially. Horizontal boundaries refer to the scope within a particular industry value-chain segment of a firm's activities; a product-market choices. Vertical boundaries on the other hand, refer to the relationship between firm's value-chain and the relevant industry value-chain (Porter, 1985) and this depend on a number of segments of the overall industry's value-chain of which the company participate in directly. Spatial boundaries refer to the geographic location of the firm's physical set-up and activities.

The major forms of business restructuring consists of the changes in organizational hierarchy, multitasking, upsizing and downsizing, investment of new technologies, changes in supply-chain strategy, improvement of company's policies and procedure and the establishment of more strategic direction at the business level, marketing and operational. Organizational restructuring must be precisely aligned with business level strategy to maximize the efficiency and effectiveness in resources allocation for an ultimate result; to be at the most competitive advantage for a particular industry and against its competitors.

In the case of Homeomed, it was a straightforward decision to make, either the company decide to embrace change or to cease operation. Datin Dr. Rosnah is a well-known homeopathy consultant in Bukit Beruang, Melaka by the local community. It was not only about reputation but also to continue serving the loyal customers. The resistance to change was minimal or non-existence due to the concern of both; losing business and jobs. Homeomed was facing a true business survivability issue and the most immediate and logical solution; was to perform organization restructuring.

### **Strength, Weakness, Opportunity, and Threat (SWOT)**

Homeomed competitive position in the marketplace needs to be evaluated thoroughly by looking into both internal and external perspectives. As such, SWOT analysis was conducted to analyse and develop strategic planning for the future success of the company.

#### ***Strength***

- Established brand for homeopathy consultation and treatment in Bukit Beruang, Melaka and adjacent areas.
- Effective prescriptions with more than 20 different medications.
- Owner is a homeopathy consultant with 25 years of experience.
- The word-of-mouth's mode of testimonial by existing customers are expanding rapidly.

#### ***Weakness***

- Lack of business knowledge and capabilities.
- Ineffective organization structure.
- Unsustainable supply-chain.

- Low market penetration.

### *Opportunity*

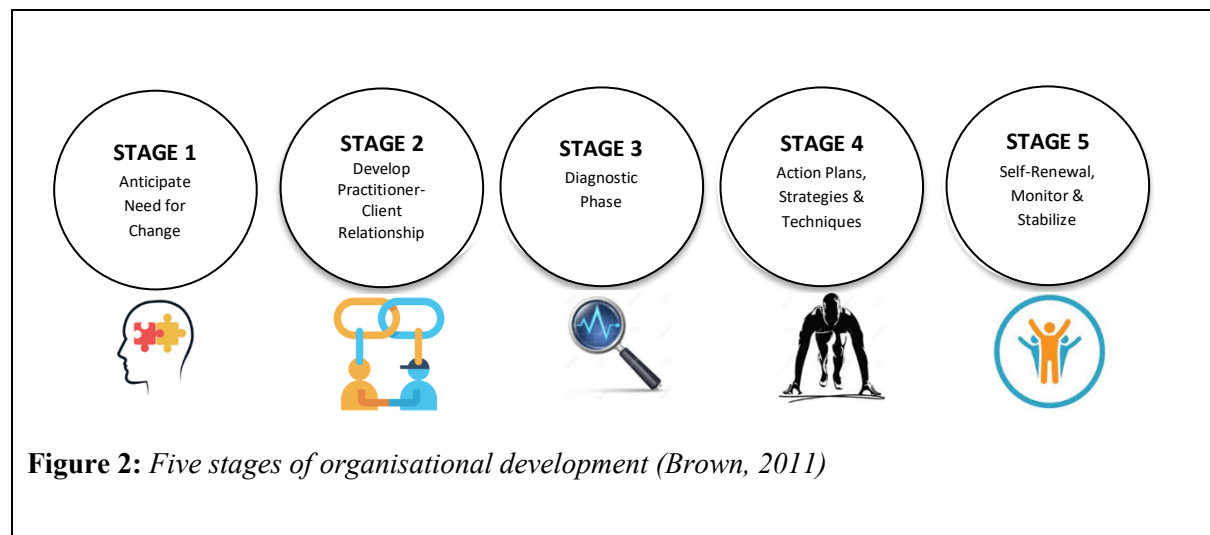
- Untapped market in Malaysia.
- Ready market to penetrate.
- High demand for homeopathy treatment.
- Changing perception toward the use of homeopathy treatment.

### *Threat*

- Poor support from the government.
- Low awareness on homeopathy treatment.
- Poor perception on the effectiveness of homeopathy.
- Increase predisposition of homeopathy by modern medicine practitioners.

## **Organizational Development**

Organization readiness for change is a multilevel, multi-faceted construct and varies as a function of how much organizational members value the change and how favourably they appraise the three key determinants of implementation capability: task demand, resource availability and situational factors (Weiner, 2009). When the organizational readiness for change is at the high side, organizational members are more likely to initiate change, exert greater effort, exhibit greater persistence, and display more cooperative behaviour which resulted in more effective implementation. Organization restructuring is part of Organizational Development (OD) and there are five stages involved in OD. OD activities are based on a systematic analysis of problems and involve the top management to actively participate in the change. The objectives of OD activities are to maximize the benefit to the organization needed for change. The five stages of OD is illustrated in Figure 2.



### *Stage 1: Anticipate the Need for Change*

An organization must anticipate the need for change and understand why the change is required before implementing the intervention for change. The business owner, directors and managers' awareness, sensitiveness, and consciousness on the need for change is the first step. When an organization at the state of disequilibrium or imbalanced, it is caused by declining in sales, revenue, profitability,

competitiveness, technological, cultural, and social changes both from internal and external environment. There must be a strong urge of needs, which will lead an organization to adopt change. Managers must be sensitive to all type of changes in the competitive environment. Homeomed has only two directorships, Dr. Rosnah and En. Hafizzuddin. They are convinced that organizational change must happen as the matter of “live or die” and the impact of the organization ceasing its operation will affect every personnel in Homeomed.

### ***Stage 2: Develop the Practitioner-Client Relationship***

A relationship between the business consultant as an OD practitioner and the client system is initiated when an organization sees the need for change and an OD practitioner is engaged to analyse and implement OD. The organization receiving assistance is referred to as the client. The progress of this relationship has a significant role in foreseeing whether the OD programme will succeed or fail. During the interpersonal interactions, a positive initial impression or fit between the practitioner and the client system is crucial for the exchange of expectations, trust and obligations before the changes are made. The practitioner creates an effort to establish an environment of shared accountability, trust, and open communication. Questions about accountability, rewards, and goals must be made clear, defined, or worked through at this point.

### ***Stage 3: The diagnostic phase***

During the diagnostic phase, an organisation will gather and organize the relevant data to analyse the underlying situation and determine what the subsequence steps to be taken. The practitioner must first understand the current climate of the organization and how the system works to be able to design the intervention plan which potentially could resolve the issues in hand. This investigation may involve a collaboration with stakeholders. Once the diagnosis is established, the practitioner needs to communicate it to the client or stakeholders in very clear and precise manner. The information will include the insights that will motivate the top management to buy-off the change intervention.

### ***Stage 4: Action plans, Strategies and Techniques***

The OD practitioner will transform the diagnostic findings into a series of action plans using comprehensive steps and intervention measure to implement the intended change during stage 4. The interventions are planned actions that intentionally disrupt the status quo in promoting the positive change. Various techniques, such as Total Quality Management, team building and role analysis are available for disposal, which just depend on the organization's needs. The practitioner will put the interventions into categories to identify the type of interventions which will be effective for a particular situation facing by an organization.

### ***Stage 5: Self-Renewal, Monitoring and Stabilize***

Once stage 4 is completed, the practitioner would analyse if the interventions had resulted in the desired outcomes and further identify any specific interventions require modification, continue, or discontinue. Both the practitioner and the organization must monitor and ensure the change is stabilized and internalized. If stage 5 failed to be implemented, the changes will be regressing to the previous disequilibrium state. The ideal OD program will create a client system for self-renewal capability which able to maintain innovation without outside support.

### ***The Analysis for Change of Homeomed Sdn. Bhd.***

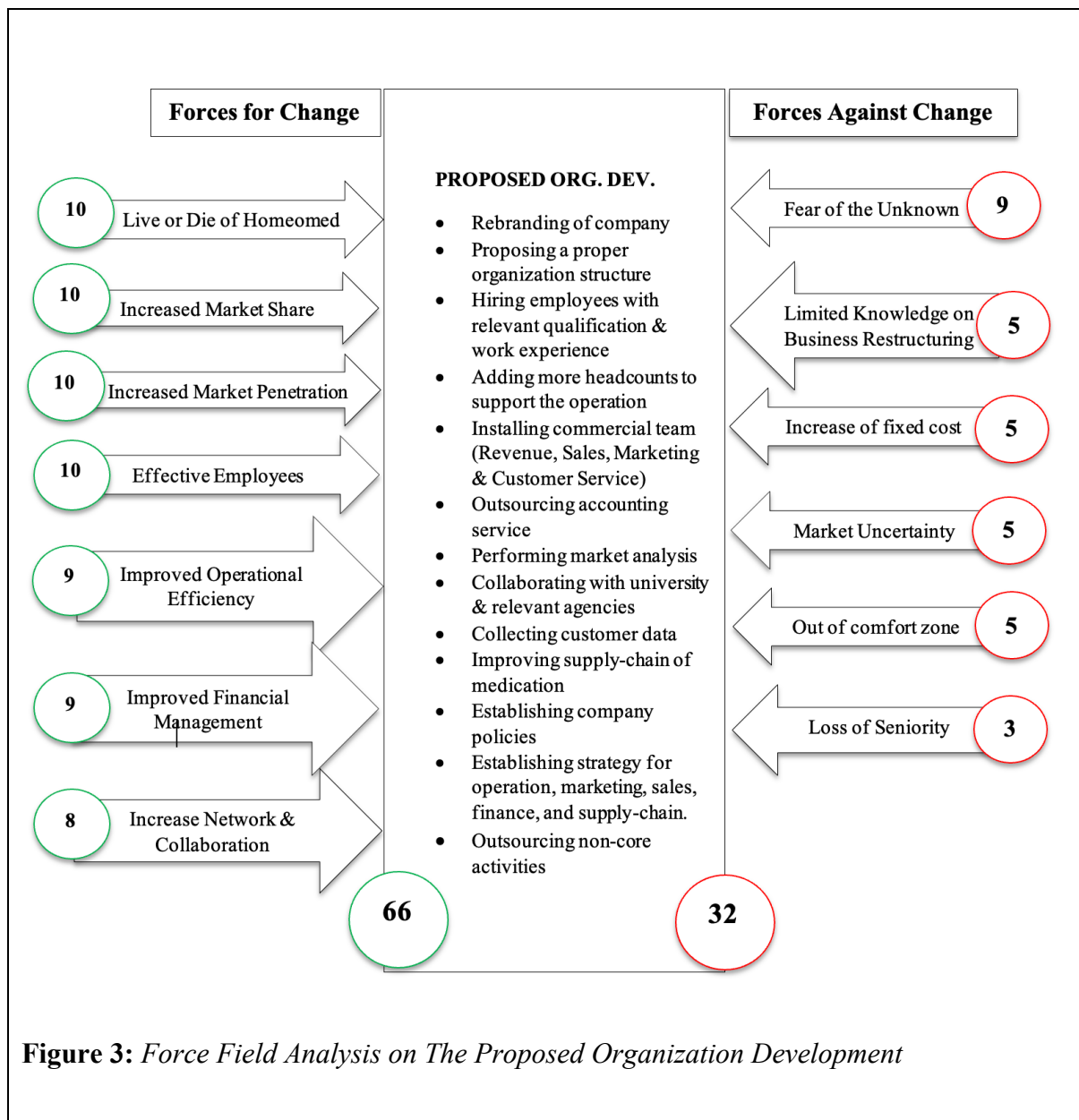
- i. Homeomed was operating in silo, a stand-alone entity and localized at only Bukit Beruang, Melaka.

- ii. The only network they have established, was with TCM Division under MOH for the license application to practice homeopathy.
- iii. They were detached from the market without any knowledge of neither competitors' strength nor weakness. The market threat and opportunity were left unstudied.
- iv. Marketing was done only through the word of mouth without any long-term strategy to penetrate the market.
- v. There was no expectation on revenue or profitability and medications prescribed were not costed.
- vi. The data with regards to customers' base was not collected and analysed. Customers were not profiled.
- vii. The company has no policy for Customer Service and did not gather customer's input either complaint or compliment to be redesigned into the company's policies.
- viii. Medication supply was insufficient to cater for the high demand season and most of the customers were dissatisfied with their service quality.
- ix. There were only five employees at the time without proper organization hierarchy nor specific function, and scopes of responsibility. The employees were paid at the minimal wages enforced by the government and except for the homeopathy doctor; other employees have no qualification nor relevant work experience to perform their scopes effectively.
- x. The company financials' bookkeeping was managed by unqualified and untrained employee using a scrap book and the accounting was never verified and audited.

### **Force Field Analysis**

Embracing the complexities of change and not oversimplifying it as a simple linear process can be rewarding and yet challenging in practice. Lewin proposed a highly sophisticated conception of the emergent and dynamic nature of various forces in a situational field, largely in consideration of individual psychological factors as part of group dynamics (Swanson et al., 2014). **Figure 3** shows the Force Field analysis on the proposed organization restructuring for Homeomed. The Force-Field Analysis is a general-purpose diagnostic technique which is used to understand the different forces with regards to change; forces which encourage change is known as driving forces and forces which discourage change is known as restraining forces.

The model is a dynamic balance of forces working in opposite directions. If both forces are at equal strength, the state of equilibrium or balance is achieved and the organization remains stable or status quo. The need for change occurs when there is imbalance between the two types of forces and continues until the stronger forces are brought back into equilibrium. The imbalance can be planned by increasing the strength of few forces by adding new forces, increase or decreasing their strength or a combination of both. The forces for change are far greater than the forces against the change. In a simple meaning, this will be the point for Homeomed "live or die". The directors made crucial decision to proceed with the proposed organization restructuring which will be done within six months in staggered manner and prioritizing the critical initiatives at the earlier months. The force for change is significantly high compared to forces against it. Homeomed will have to take the change or else the company has to cease their business.



### Stakeholders Analysis

Stakeholder analysis is a popular tool reflecting among managers, policy makers and researchers of the central role of stakeholders (individuals, groups and organizations) who have an interest (stake) and the potential influence the actions and aims of an organization, project or policy direction (Mason et al., 1981, Crosby, 1991, Walt, 1994). Through collecting and analysing data on stakeholders, an organization can develop an understanding and potentially identify opportunities for influencing on how a decision is made in a particular context. Stakeholders' analysis aims to evaluate and understand stakeholders from the perspective of an organization or to determine their relevance to project or policy (Brugha et al., 2000). In carrying out the analysis, questions are asked about the position, interest, influence, interrelations, networks, and other characteristics of stakeholders, with reference to their past, present positions and future potential (Lindenberg et al., 1981). Figure 4 shows the Stakeholders analysis for Homeomed. The directors at Homeomed have the highest decision-making capability and



the highest interest to the organizational change and they indeed, made the decision to proceed with the reorganization of Homeomed. Even though MOH has high power, but their interest is low towards Homeomed. The homeopathy doctor nevertheless has low power to make any organizational decision but has high interest on Homeomed due to the job opportunity and future career growth. The group who has both the lowest power and interest is the employees.

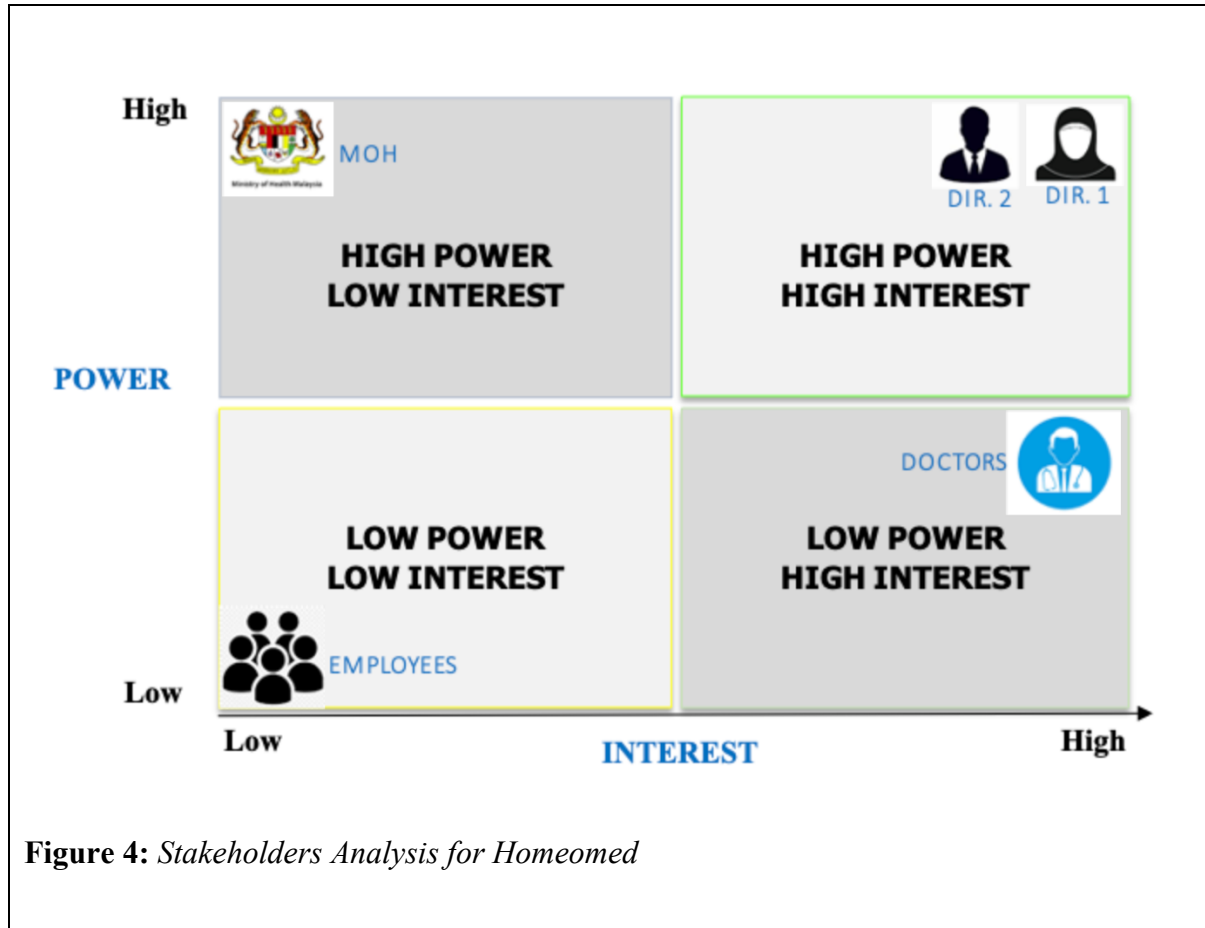


Figure 4: Stakeholders Analysis for Homeomed

### Observation on Operation Activities at Homeomed

Operation was managed by one of the directors remotely and as a part-time basis. The director was also managing other business portfolio and only present physically at Homeomed few days in a working week. The opening and closing of the business were not done at normal working timeframe and it depends on the employees to dictate the operating hours. Most of the times, the operation starts at the middle of the day. Often customers were waiting for the door to be opened and they have to wait for the doctor to begin their duties. The condition of the premise especially the layout, choice of furniture, lighting and the “look and feel” were not able to create a conducive environment to the customers. There are no posters or any type of information at the clinic to increase the awareness on homeopathy treatment.

### Observation on Marketing Activities at Homeomed

No marketing personnel was employed to manage marketing activities at Homeomed. Market demand and matching customer expectations were not a priority to Homeomed. Packages and Promotions based on special events throughout the year such as school holiday, Mother’s day and etc were not practised.

The only marketing activity at Homeomed was Word-of-Mouth (WOM) by satisfied customers. No cost was allocated for marketing purpose both offline and online. Basic social media platform used to promote the products and services at Homeomed was only Facebook. Other zero cost online platforms were not leveraged on. Customers were not categorized and profiled based on demographic to ensure the marketing was segmented, targeted, and positioned the best matched possible services. Market penetration was focused at Bukit Beruang and adjacent areas. Market competitiveness and competitors' strength were not studied. Marketing was not strategized for short-term and long-term gain due to lack of information with regards to the market size, market penetration and market share for homeopathy treatment.

### **Observation on Sales Activities at Homeomed**

No Sales personnel was employed to manage sales activities at Homeomed. Since sales activities are linked to marketing strategy to be effective, sales capability was not installed. Sales activities were also not being focused beside the minimal effort to promote upsell by the homeopathy doctors directly to the customers to purchase a variety of medications.

### **Observation on Human Resources Activities at Homeomed**

No Human Resource (HR) personnel was employed to manage human resources-related matter at Homeomed. The HR scope was managed by unqualified and untrained personnel in HR. No HR policy nor procedures have been established in Homeomed. The code of conduct is practiced tribally as the business owner assumed every employee knew their scopes of responsibilities and other employee related matters. Employees were leaving the company abruptly now and then, often disrupting the operation for several days in a month. Hiring was done in a random manner through family and friend's recommendation. No training was provided to ensure the new hires can perform their functions effectively. The employee's attendance was below satisfactory level. Employees were never had their performance reviewed yearly and they were paid at the minimal wages gazetted by the government.

### **Observation on Supply Chain Activities at Homeomed**

The medication supply at Homeomed was sourced from a single licensed supplier/manufacturer in Pakistan by an authorized importing agent in Malaysia. It normally takes three months for the supply to be delivered to Homeomed. There is no bargaining power for Homeomed due to low volume of medication purchased in a quarterly basis. Due to Homeomed approach in using a combination of remedy compared to most of homeopathy practitioners in Malaysia who are using a single remedy, Homeomed must purchase wide varieties of homeopathy's medication, different concentrations, and method of extractions. Even though Homeomed has been practising homeopathy since 1999, they were lacking on data gathering to study the effectiveness of various medication or its combination through few variables, concentration, and type of extraction. These data will be valuable to Homeomed to reduce their need for high variety of medication and to stock "high runner" medication to ensure the supply of medication is continuously available. Currently, their medication for typical illnesses were often out of stock, resulting in a longer waiting time for the customers to get their prescriptions.

### **Observation on Customer Service Activities at Homeomed**

No Customer Service (CS) personnel was employed to manage the customer needs at Homeomed. Homeomed was only capable to receive one category of customer; the walk-in. The employee who was responsible as Clinic Assistant was the same personnel responsible for CS and scopes of CS were only limited to perform registration activities and the upkeep of the premise. No information was gathered for customer satisfaction level through customer feedback either complaint or compliment or any input with regards to the quality of product and services offered by Homeomed. Data was not gathered for

medication effectiveness study and no follow-ups were done to ensure the customers could repeat their visitation to the clinic. Often the customers have to wait longer before they can meet with the doctors due to traditional record keeping at Homeomed which were time consuming to be retrieved.

### **Observation on Accounting/Financial Activities at Homeomed**

No accounting clerk or personnel was employed at Homeomed to manage accounting/financial matters. Homeomed was not updated on their revenue (income), cost of goods sold (COGS), gross profit, operation cost, operation profit, non-operational cost, gross profit/loss, and net profit. Homeomed has no clue on their Break-Even Point (BEP) which is a crucial financial indicator for health of the company. Homeomed was practicing cash only transaction for the customers and used petty cash for most of the company expenses. Customers were not able to pay for the consultation and treatment using bank terminal payment or internet-based payment gateway using debit or credit cards. The in-flows and out-flows of cash were not controlled, tracked, and monitored. The financial positioned of Homeomed were known to be non-profitable and the payment for employees' salaries were often "hand-to-mouth" situation and sometimes, the salaries were paid beyond the expected payment date.

### **SOLUTIONS/RECOMMENDATION**

The recommendations given to Homeomed were immediate brand building through improvement of company image, enhancing the customer service quality, initiating online-marketing, improving the operational quality, and hiring the commercial team. A business tagline was introduced to Homeomed's commercial team to motivate them to be more market driven and customer oriented; "Reach Wide, Reach Fast and Reach Right". The tagline illustrates the importance of Homeomed to expand their reach geographically in promoting their products and services beyond Bukit Beruang, Melaka, to expand the awareness about the benefits of homeopathy treatment in a faster mode through online marketing and to reach the targeted customers based on the product offering.

#### **Problem Statement 1:**

Homeopathy treatment is perceived as traditional healing practices by public and perceived as unproven medical remedy against any type of illnesses.

#### **Strategy Implemented:**

To reduce service gap between modern medical clinic and Homeomed.

#### **Stage 1:**

Image building was the immediate activity implemented at Homeomed. The objective of the image building was to reduce the service gap and the "look and feel" against modern medical clinic and practitioners. The services provided by Homeomed must be much better than the modern medical clinic to improve the perception on homeopathies practices. These were the low-hanging initiatives which able to be implemented almost immediately at the suitable budget allocation. Benchmarking was done not against the competitors who are trapped in their time-capsule and resist-change in the way they operate the business; small, unattractive, and isolated but Homeomed was benchmarking against specialist hospitals and airline golden lounge. The initiatives taken were: -

- Official *batik* uniform to all employees and name tag were introduced in order to display the uniqueness of Homeomed.

- Lab coats must be worn by the doctors throughout their service, the stethoscope must be placed on their shoulders, name tags and necktie must be used to make them identifiable by the customers as doctors. (The lab coat must be absolutely clean and fragranced; Homeomed must ensure the discipline of having a clean lab coat as important initiatives for image building).
- The doctors were trained in professional conversation by a third-party training provider, specifically for the medical history taking session; benchmarking the modern medicine practitioners to increase the confidence to the customers.
- The doctors must start their health screening as a standard practice such as taking the blood pressure, heartbeat and listening to the sound of the heart and lungs using the stethoscopes to reduce the service gap against the modern medical practitioners. (Previously, these were not practiced).
- The consultation and treatment rooms were re-organized with new layout and furniture. The treatment bed was introduced to create the sense of a treatment room to the customers.
- The medication containers were upgraded to give the feeling of modern medication prescription.
- The clinic's floor layout was changed, and the choices of furniture were upgraded to provide more openness and increase in comfort.
- The walls were painted with colours and the lightings were upgraded to create "a waiting lounge" feeling.
- Awareness posters about homeopathy's treatment and the concept of homeopathy were displayed on the wall to promote awareness among the customers.
- The temperature of the clinic were maintained at 22°C throughout the operation hours.
- The signboard was redesigned with modern look and bigger font to enhance the visibility and attractiveness.
- The reception counter was redesigned for customer's convenient and to promote two-way conversation.
- The Customer Service personnel were provided with conversation script for a variety of scenarios.
- The communication and conversation trainings were provided by the third party for immediate improvement of conversation with customers.
- Clinic must be in operation starting at 9.00 am and close at 6.00 pm; opening of the roller shuttle must happen at 8.30 am and closing at 6.30 pm.
- All employees must be punctual. Their attendance was taken electronically by attendance device.
- The front walls were replaced with a glass panel to allow visibility of the clinic.
- The credentials, operation information such as operating hours and doctor on-duty were displayed on the glass panel.
- The customers must be called and identified by their names. (Never call customers as a patient or by running numbers).

### **Problem Statement 2:**

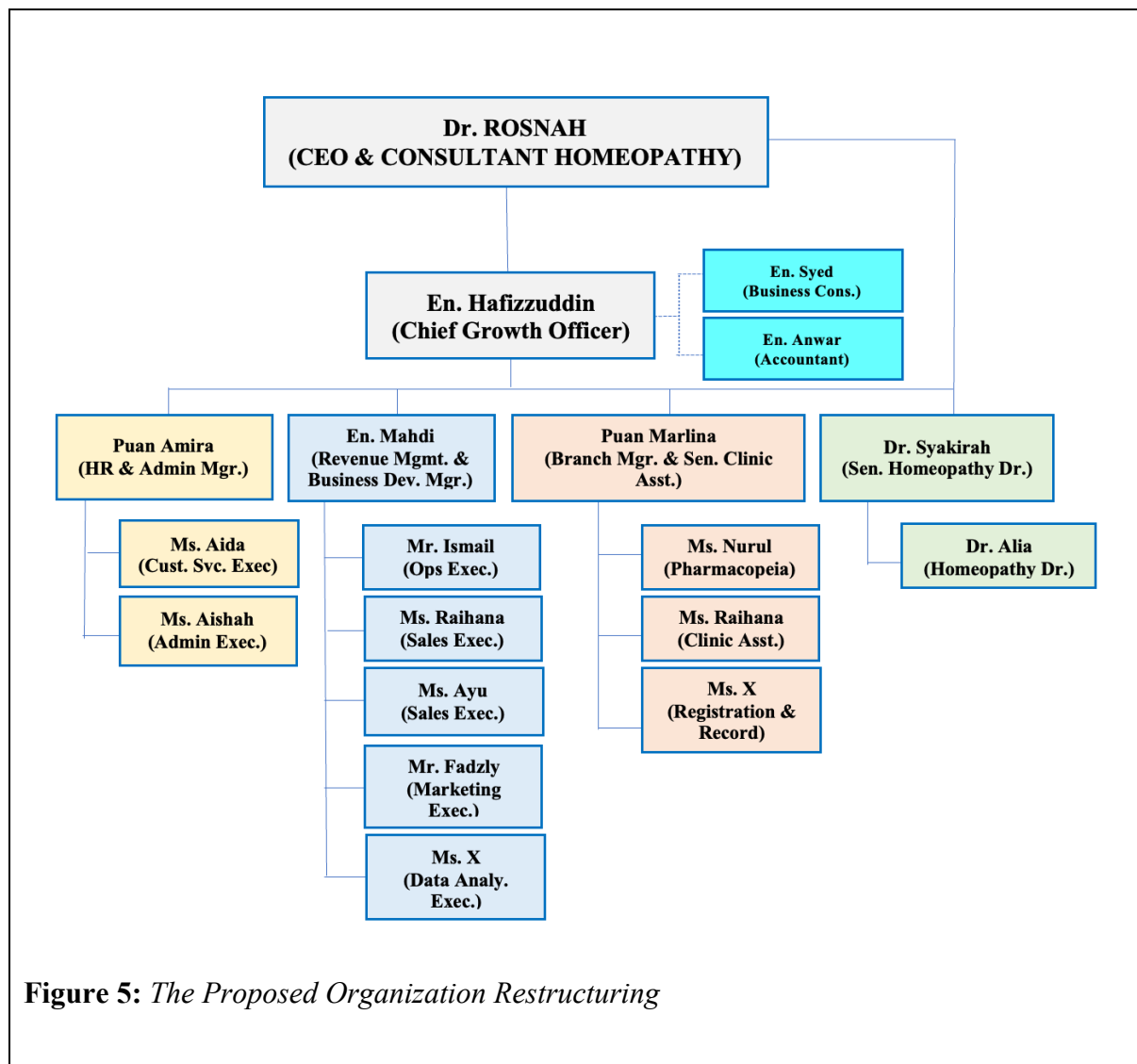
The existing headcounts were insufficient to support the company commercialization, scopes of function were limited, and the employees were not having neither relevant educational background nor working experiences.

### **Strategy Implemented:**

To install the most effective team who able to capture the market demand immediately.

**Stage 2:**

Organization restructuring was done by introducing various new positions and scope of functions focusing on the setting up of commercial team which consists of Revenue Management and Business Development Manager, Sales, Marketing and Data Analytic Executives. Job vacancies based on the proposed organization restructuring were advertised in the main platforms for job seekers such as Jobstreet, LinkedIn and few other platforms, including company’s social media platform. Candidates must have at least a diploma in the relevant field of study and a minimum of two years job experience. The first hired was Human Resource and Administrative Manager, who will be assisting in immediate hirings. Accountant was outsourced from an individual freelance Chartered Accountant. Various trainings were scheduled in the targeted areas such as revenue management, marketing, sales, customer service and operation for relevant employees to prepare themselves for an aggressive growth of the company and commercialization phase. The business owner and her son were repositioned as Chief Executive Officer and Chief Growth Officer respectively to portray more corporate and business image to the company. Figure 5 illustrate the new organization structure after series of hiring were successfully completed.



**Figure 5:** *The Proposed Organization Restructuring*

### **Problem Statement 3:**

Low awareness by public and potential users on the concept of homeopathy treatment, poor perception on the homeopathy treatment itself which presumed ineffective and placebo (a medicine prescribed for the psychological benefit rather than physiological evidence-based medicine) and the potential users were not aware on the whereabouts, and the type of services offered by Homeomed.

### **Strategy Implemented:**

To improve both awareness and perception of the public on the concept of homeopathy treatment and to aggressively market the whereabouts of Homeomed, including their product and service offerings.

### **Stage 3:**

A mix-marketing model was strategized and implemented by Homeomed. We believed that; it was no one-size-fit-all marketing initiatives but, there were almost-one-size-fit-all marketing initiative for a specific situation; thus, a mix-marketing model was introduced. Zero cost marketing platforms were utilized at the maximum effort, by using facebook, twitter, instagram, tik-tok, whatapps and many more to market Homeomed products and services. The efforts were done on daily basis to attract followers and potential customers throughout Malaysia. Offline marketing was implemented through banners, streamers, brochures, and table stickers at city area within Bukit Beruang and adjacent area. Various promotions were introduced based on events such as school holiday and special days throughout the year. Marketing's were done to increase awareness using specific awareness content called The Awareness Marketing; was one of the powerful marketing initiatives done by Homeomed. The contents were refined and enhanced to address low awareness on homeopathy. Similar approaches were implemented to improve perception (perception marketing), to increase the whereabouts of Homeomed (locational marketing), to educate public on homeopathy practise (educational marketing), to share the effectiveness of treatment through customer testimonial (testimonial marketing), to market the benefit of homeopathy treatment (beneficial marketing), to market various promotions offered by Homeomed (promotional marketing) and to target specific group of customer based on their demographic profiling (customer-segmented marketing).

Once the customer database was fully developed, marketing was done by segmenting the customers, targeting certain groups of customers, and positioning the product and services to the targeted group such as woman, children, specific illnesses, or specific location. To be marketable, Homeomed has also successfully established the relationship with the only university in Malaysia which produces graduates in Homeopathy Medical Science; University of Cyberjaya (UoC). UoC will place the final year student in Homeopathy Medical Science at Homeomed for clinical training and internship while Homeomed will collaborate with UoC on specific treatment disciplines such as elderly care, infant care, post-natal care, gynaecology, and nutrition.

#### **Problem Statement 4:**

The consultation and treatment provided by Homeomed were not priced right, the charges were typically at cost or slightly above cost with unsustainable margin for profit, the profitable margins were considered as unethical to gain and thus revenue target was not planned.

#### **Strategy Implemented:**

To price for the consultation and treatment at a profitable amount, to change their mindset about the customers' affordability and to establish more revenue segments.

#### **Stage 4:**

Matching the customers need and focus on revenue generation are the new initiatives at Homeomed. Matching what customers want with what products and services offered are the key to success to Homeomed. Since customers need are dynamic and changed rapidly due to the digital era, customers must be profiled, targeted, and positioned the products and services to match this demand expectation continuously. Sales team must know their customers well to increase the likelihood to close the sale. Customer Service must showcase Homeomed's capability during the physical visits or during the service. Homeomed was previously depending on walk-in customers to generate income, now the segments are expanded into appointment, postage and online-consultation which are the mode of choice to get the treatment. B2B and agent-based will be the next focus of revenue segment. Homeomed also has introduced more differentiated products and services beyond their standard treatments and offers a speciality treatment to elderly, infant, gynaecology treatment and nutrition. Their focus was not just on treatment but also on health maintenance through preventative medicine services. Special day is introduced to meet with the Consultant Homeopath and the other consultation days are managed by Senior Homeopath doctor and Homeopathy doctor; this "specialist day" was a popular product. Homeomed's supply chain is currently at minimal risk position; stocks are available for the period of half a year and the selected logistic provider, and the supplier are in standby mode to make a new shipment through an expedited mode. Homeomed now is ready for full conversion to online consultation if Covid-19 version 2.0 landed in Malaysia.

The assumptions about the customers made by Homeomed previously were incorrect. Their mindset must be changed to get a clarity on the market demand and customer needs in order for them to align their business value against the target market and thus able to provide solutions to the customers. What customers say about your products and services are most probably true and what you as a business owner assumed about the customers are most probably false. Business must listen to their customers. Table 2 illustrate the assumptions about the customers and the reality. Homeomed must listen to the customers via surveys, complaints, feedbacks, and casual conversations.

**Table 2:***Assumptions vs Reality*

| INCORRECT ASSUMPTIONS           | REALITY                                   |
|---------------------------------|---|
| Customers do not afford to pay  | Customers prioritize their expenses       |
| Customer do not have time       | Customers make time for matter they value |
| Customers do not use homeopathy | Customers have no or minimal awareness    |

Homeopathy market in Malaysia is untapped with high market demand as the main choice of complimentary treatment. The market size is estimated conservatively at 20% from the total population of 34 million; hence 6.8 million potential users and at the average spending of MYR150 per treatment, the market value for homeopathy treatment is estimated at MYR1.0 billion annually. Based on the data from Ministry of Health and Majlis Perubatan Homeopathy Malaysia (MPHM), there are only lesser than 1,000 homeopathy practitioners with valid certification and relevant training in Malaysia and from that figure, only lesser than 300 have established their business through a clinic set-up. The market penetration is significantly low with approximately 200,000 users nationwide; it is estimated at 2.9%. This created a huge potential market for Homeomed as the main homeopathy service provider in the country. **Table 3** illustrate the revenue and number of customers by Quarter in 2022 and the percentage of increase compared to the same quarter in 2021. The comparisons were done until quarter 3.

**Table 3:***Revenue and Number of Customers by Quarterly (Q1-Q3) in 2022.*

| 2022                           | Q1   | Q2    | Q3    | Q4 | Total        |
|--------------------------------|------|-------|-------|----|--------------|
| <b>Revenue (MYR'000)</b>       | 85   | 130   | 267   | -  | <b>482</b>   |
| <b>% Increased (Q'21/Q'22)</b> | 13.3 | 56.6  | 200.0 | -  | <b>95.1</b>  |
| <b>No. of Customer</b>         | 850  | 1,200 | 2,500 | -  | <b>4,550</b> |
| <b>% Increased (Q'21/Q'22)</b> | 70.0 | 102.7 | 265.5 | -  | <b>156.2</b> |

**Problem Statement 5:**

Even though Homeomed in generating an increasing trend of revenue after series of systematic change have been implemented, they were still at loss position until October 2022.

**Strategy In-Progress:**

To be profitable, this can be done in stages by eliminating, reducing, or spread the unwanted operational cost to achieve Break-Even-Point (BEP) and at the later stage, be profitable at single digit as a short-term objective. To have a strong cash-flow and healthy balance sheet.

**Stage 5:**

Homeomed must keep tracks the direct and indirect cost for them to forecast and estimate the company BEP for each month. The outsourced Accountant must take an active function as single channel of in-flows and out-flows of all type of transactions, to estimate the company BEP at the middle of the month and align to "the should be" revenue. The marketing and sales activities as well as promotion will be based on the target revenue for the month. At the same time, operational costs are either eliminated, reduced, or spread to ensure the company hit the BEP at the minimum.



## THE OUTCOMES

Homeomed *Sdn. Bhd* has successfully reformed its “look and feel” by changing the logo, taglines and physically upgraded the clinic’s layout, choice of furniture, painting, informative poster about homeopathy practices, lighting, customer waiting lounge, registration counter, consultation rooms, medicine preparation room and even the restrooms. The company also established an official website and various social media platforms for marketing purpose. The customer focused services are the top priority for every employee within Homeomed. The customers visitation by appointment, walk-in, postage and virtual increased sharply. Homeomed received more than 50 customers per day at the spending average of MYR150 per treatment. Homeomed also established a strong strategic partnership with University of Cyberjaya (UoC); the only university in Malaysia which offers Bachelor of Homeopath Medical Science in Malaysia. UoC collaborate with Homeomed for their clinical student placement and in return, Homeomed will collaborate with UoC for treatment specialization in elderly care, post-natal care, infant care, and gynecology treatment. By the end of financial year of 2022, Homeomed’s income rose by 95.1% compared to the previous year quarter 3 and employed more than five homeopathy doctors together with a dedicated commercial team for revenue management, marketing, sales, and customer service. Homeomed successfully penetrated the market beyond the state of Melaka and across various customer’s demographic. Organization chart is established, and proper trainings are scheduled for employees through Human Resources Department.

The impact of organizational restructuring to organization culture was positive. Organizational culture includes the norms that the members of an organization experience and describe as their work setting (Schneider et al., 2013). Such norms shape how members behave and adapt to get results in the organization. Organizational culture is how the members of an organization interact with each other and other stakeholders (Simoneaux et al., 2014). Organization culture is also a set of values, beliefs and behaviour patterns that differentiate one organization from other organization (Ortega-Para et al., 2013). Organizational culture can be defined as a system of values that subconsciously and silently drives people to make each choice and decision in the organization. Homeomed *Sdn. Bhd.* Has accepted the new culture due to the highest respect and obedience to the business owner; Datin Dr. Rosnah who is considered as mother, teacher, mentor, and coach by all employees. Funders of the organization are the primary source in establishing a new culture for the new organization (Flamholtz et al., 2012). Every employee at Homeomed took the change with open-heart and it was a quick and successful transition from non-customer focused organization to customer-oriented and market demand-based organization.

*1<sup>st</sup> October 2022; I made an undercover test call to Homeomed’s fix line with the intention to gauge how much change did Homeomed adopt since they started the restructuring initiatives.*

**Myself:** *(Making a call at 9.30 am, could hear the ringing tones and after just few ringing)*

**Homeomed:** *Assamulaikum and Good morning, I am Ms. Aida from Homeopathy Bukit Beruang. How can I assist you Sir? May I know who is speaking please?*

**Myself:** *Wassalam. I am Syed. I am a patient.*

**Homeomed:** *Do you have any appointment today En. Syed?*

*I was surprised and very pleased on the Customer Service’s response time. Exactly what we agreed on. The training is working very well. Excellent!*

**Myself:** *I did not have any appointment today but can I walk-in to take some medication supply for phlegm and coughing.*

**Homeomed:** *Boleh Encik, if you want to consult with the doctor, you can que in, but you have to wait for at least 30 minutes so that we can clear by appointment customers first. We have only five this morning. But if you wish to take the medication only, we can just refer to your medical record and internally consult with the doctor to prepare your medication for a pick-up or if you like; we can post to your address of choice.*

**Myself:** *I think this is a good suggestion, I don't think I need to consult with the doctor, I would like to top-up my medication. My phlegm is in fact getting better. I just want to have extra supply. You can prepare the medication for a pick-up. Thank you.*

**Homeomed:** *En. Syed, do you have 3 minutes for a short sharing on our latest promotion.*

**Myself:** *Of course, I would like to listen to.....*

*I thought the quality of the conversation was top-notch. I am sure she used the talking script which we have prepared for different conversational scenarios. She was calm, compose and able to share the information very well. If I were pleased (yes, I am a very difficult customer), I bet other customers would feel the highest level of caring and customer-friendly conversation. I am proud of En. Hafizzuddin on his effort to improve Homeomed.*

## CONCLUSION

The main drivers for organization restructuring in the case of Homeomed are high demand for homeopathy market in Malaysia, it is an untapped market. The customers were also demanding for digital transformation for Homeopathy Virtual Consultation to reach more locations across Malaysia beyond the state of Melaka. In addition to this, customers are willing to convert from modern medicine to homeopathy to treat various health problems at the root-cause and not only treating the symptom. A large portion of customers also are practicing a hybrid treatment; a combination of modern medicine and complimentary medicine such as homeopathy. In year 2020, Homeomed has a total of 2,000 customers; compared to 600,000 population at centre of Melaka, Homeomed is barely touching the surface of homeopathy market even at Melaka. The homeopathy market in Malaysia has extremely high potential and Homeomed must be ready for the change to capture the market.

Organization restructuring has a crucial role within organization development. Organization restructuring must be clearly and explicitly planned and aligned with a company's business level strategy to support the short-term objectives and maximize the efficient and effective allocation of resources in pursuit of competitive advantage. Organization restructuring is known as a competitive strategy in its own meaning tends to result in internally focused efforts to improve cost structure at the expense of sustainable competitiveness and the interest of major stakeholders. A strategic use of organizational restructuring that lacks such efforts to expand competitive strategy and where possible to "high-road" approach to overall competitiveness, should result in more sustainable benefits which generate increased value-add to shareholders as well as greater well-being in the broader stakeholder community.

## ACKNOWLEDGEMENT

I would like to thank Dr. Gunalan for his expert advice and encouragement throughout this interesting case study. Highest appreciation is also given to Homeomed Sdn. Bhd. for their willingness to participate in the study

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