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Sabila Alifi Herdini , [Asterina Anggraini](#)



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System and Procedure for Providing Wholesales Incentives at PT Krama Yudha Tiga Berlian Motors Dealers

Sabila Alifi Herdini ¹⁾, [Asterina Anggraini](#) ²⁾

¹⁾Politeknik Negeri Jakarta, sabila.alifiherdini.an20@mhs.w.pnj.ac.id

²⁾Politeknik Negeri Jakarta, asterina.anggraini@bisnis.pnj.ac.id

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Abstract

Keeping sales stable and increasing is difficult. The Parts Business Development Department is the division that has responsible for spare part sales at PT Krama Yudha Tiga Berlian Motors (KTB) for creating a Wholesales Incentive Program to motivate dealers in selling spare parts. The research method used was observation and interviews with several employees of the Parts Business Development Department to find out the types of incentives used, various procedures, and problems that occurred in the Wholesales Incentive Program process. The results of the research are an incentive program that uses is SODEXO vouchers and a several procedures carried out to make Wholesales Incentive Program runs smoothly by setting realistic targets and incentive formulas. The implementation of the Wholesales Incentive Program by following procedural guidelines is expected to produce output that meets expectations.

Keywords: *incentives, sales, spare parts, voucher*

INTRODUCTION

As commercial vehicles, trucks are an inseparable part of economic activities in Indonesia and vehicles that are not devoid of market demand. Moreover truck sales from various brands compete fiercely to win the commercial vehicle market segment. Based on wholesale sales data from the Association of Indonesian Automotive Industries (Gaikindo), amount truck sales in Indonesia during June 2023 were sold at 6,458 units. This figure was contributed by brand holding agents (APM) who fill the truck market such as Hino, Isuzu, Mitsubishi Fuso, UD Trucks, FAW, Toyota and Mercedes Benz.

PT Krama Yudha Tiga Berlian Motors (KTB) is the official distributor of Mitsubishi Fuso Truck & Bus Corporation (MFTBC) which was built in 1970 to market Mitsubishi FUSO brand commercial vehicles, such as Canter, Fighter highest in 2023 with an increase of up to 17% compared to 2022. To be able to maintain its position as market leader, PT Krama Yudha Tiga Berlian Motors (KTB) has designed various strategies, such as increasing the dealer network which currently numbers 222 so that Mitsubishi Fuso is closer to

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with consumers and carrying out a customer-first strategy to achieve targets in 2024 by always innovating not only products but also the latest services and technology that are suitable for consumer businesses.

According to Groedu in (Dwiputri Permatasari & Setyawan, 2020), a dealer can be referred to as a business entity or company that provides services to the general public with goods facilities in the form of motorbikes or cars, as well as service work, washing services, modification services and service for customers who will use the item. In the truck business, dealers are an important part that influences revenue because dealers can be said to be the door between the company's business and potential customers. Dealers who have good skills can turn prospects into loyal customers. To continue providing the best, dealers need extra motivation to improve their performance. Therefore, many businesses provide attractive rewards to superior dealers through wholesale dealer incentive programs. Incentives for dealers are a versatile tool that can be used to spur sales of slower-moving models, realign inventory, or after meeting certain monthly sales goals, and motivate salespeople to maintain their momentum.

In providing incentives to dealers for selling spare parts, PT Krama Yudha Tiga Berlian Motors (KTB) needs to establish procedures so that the incentives given are right on target and can achieve the expected targets. According to Ardios in (CINDY, 2022) a procedure is a part of a system which is a series of actions involving several people in one or several parts which are determined to ensure that a business activity or transaction can occur repeatedly and be carried out uniformly.

Based on this background, this research examines the procedures established and implemented by PT Krama Yudha Tiga Berlian Motors in providing incentives to dealers in selling spare parts.

LITERATURE REVIEW

According to Mangkunegara in (Dwi Saputri et al., 2021), incentives are a form of money given by organizational leaders to employees so that they work with high motivation and excel in achieving organizational goals as recognition of employee work achievements and contributions to the organization. Providing incentives to employees aims to stimulate employee morale in achieving work achievements and motivate employees to make more contributions to the company in achieving its goals.

2.1 Types of Incentives

According to Sarwoto in (Management & Economics, n.d.), incentives are classified into two types, such as:

- a. Material incentives can be given in various ways, including:
 - 1) Bonus;
 - 2) Commissin;
 - 3) Profit sharing;
 - 4) Deferred compensation.
- b. Social security in the form of, among others:
 - 1) Provision of official housing;
 - 2) Free treatment;
 - 3) Subscription to newspapers/magazines for free;
 - 4) Possibility to pay in installments by workers for goods purchased by them from cooperative organizations;
 - 5) Sick leave while still receiving salary payments;
 - 6) Awarding certificates of appreciation;
 - 7) Moving costs;
 - 8) Providing learning tasks to develop knowledge; and others.

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2.2 [Procedures for Calculating Incentives](#)

The following are the procedures for calculating sales incentives.

a. Define clear goals and metrics

Clear goals and metrics will help to measure incentives. These metrics and figures for achieving targets set the framework for the company's sales incentive program and these should be clearly communicated and should be easy enough for employees to understand and calculate for themselves.

b. Set realistic targets

The targets that must be achieved to obtain sales incentives must be achievable and real. Unrealistic and too high targets will demotivate the sales team and can lead to a decline in overall team performance and morale. It is important to appreciate the efforts to make a sales deal happen and not just close or close the deal.

c. Determine the incentive structure

The incentive structure should be simple and communicated to sales team members so they can calculate their own overall incentives. If there is ambiguity in the incentive structure, employees may feel confused and may not appreciate the incentives they receive. Once the management creates an incentive structure, the Human Resources team or sales managers should discuss the same with the employees. Companies should also be open to suggestions and input from sales employees and incorporate them into the plan if they are relevant.

d. Calculates individual sales performance

Using sales objectives, metrics, and incentive program structures, managers should now be able to understand individual sales performance. Analyze sales figures and check each individual how much turnover or sales figures have been achieved. This can be seen from several things, such as the overall turnover achieved, individual target achievement, and the percentage increase above the minimum target.

e. Determine the incentive formula

Once we know the individual sales performance and contribution for the month or quarter, we can now apply the incentive formula that has been created. Sales employee incentives can be calculated based on individual performance.

f. Review and verify calculations

Once all sales team members' contributions and performance are analyzed and their incentives are calculated using the company's unique incentive program, managers and the Human Resources team must verify and review all calculations before submitting documents to the account. This is to ensure that there are no errors in calculating incentives and no parameters are missed before the final incentives are awarded.

g. Communicate incentives and provide feedback

Incentive calculations and final sheets can be submitted directly by the sales manager or Human Resources manager to sales team members or can be sent via email. They can discuss the final incentives in detail and can seek feedback on the same.

h. Monitor and evaluate incentive programs

Incentive programs are not like a company's salary structure or policies - they must be regularly reviewed and updated to align with industry standards. Employees expect companies to have attractive and profitable incentive packages that keep them motivated and encouraged to perform better, so managers must update policies and introduce various kinds of benefits that sales teams can enjoy as part of the system.

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RESEARCH METHOD

In this research the author used a qualitative approach by collecting various data from primary and secondary sources. For primary data sources, the author obtained the data from direct observation and interview processes that the author conducted with several employees in the Part Business Development Department, while for secondary data sources the author obtained through articles and journals related to matters relating to the process of providing incentives to dealers and sales data for Mitsubishi Fuso trucks and spare parts through websites and related articles published. In this research the author carried out two data collection techniques, such as:

3.1 Observation

In the data collection technique, the author made observations and was directly involved in carrying out procedures for providing incentives to dealers in selling spare parts. In carrying out data collection techniques the author documented several activity procedures carried out and collected the necessary documents with permission from the company as a data source to support research.

3.2 Interview

Interviews are a direct data collection technique that requires respondents to ask structured questions. In the research, the author conducted interviews with several employees in the Parts Business Development Department to find out the procedures for providing incentives to dealers who sell spare parts, such as Mr. Harpa Zildjian, Mr. Heri Setyawan, and Mr. Yudhi Saputra. The following is a list of questions the author asked.

Table 1: Interview Questions List

Questions List
1. What is the procedure for providing incentives to dealers for selling spare parts?
2. When is the time to give incentives to dealers for selling spare parts?
3. What form is given to dealers in selling spare parts?
4. Has the company ever switched to using e-vouchers?
5. How are key performance indicators calculated for dealers, so they can get incentives?
6. How is the nominal value given to dealers for selling spare parts calculated?
7. Have there ever been problems in carrying out procedures for providing incentives to dealers for selling spare parts?
8. Is this the only incentive given to dealers? or are there other incentive programs?
9. Can the incentive program implemented be effective in improving dealer performance?
10. Can tenants who collaborate with vouchers be replaced?

Source: Data processed by the author, 2024

RESULTS AND DISCUSSION

4.1 Types of Incentives

The type of incentive given to dealers in the Spare Part Wholesales Incentive Program of PT Krama Yudha Tiga Berlian Motors (KTB) is in the form of commission. Commission is a profit share from a business that has binding rules. The amount of the commission is determined at the start and the commission is only given if the target agreed at the start is achieved. The form of incentive commission for the PT Krama Yudha Tiga Berlian Motors Spare Part Wholesales Incentive Program is in the form of SODEXO vouchers with a nominal value per voucher of IDR 100,000.00 and a variety of merchant choices offered, such as restaurants, fashion and supermarkets. PT Krama Yudha Tiga

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Berlain Motors (KTB) as the incentive provider can change several merchants in the SODEXO voucher if it feels that the previously selected merchants are not of interest to dealers.

The SODEXO Vouchers offered are still in conventional form in the form of paper vouchers with barcodes. This is because when using e-vouchers there are several complaints from dealers. The complaints were in the form of e-vouchers that could not be used and dealers who were not used to using e-vouchers so they thought using e-vouchers was impractical. Apart from that, providing e-vouchers also indicates that there is a crime problem involving email hacking. The following is a picture of the SODEXO voucher.



Figure 1: SODEXO Voucher

Source: Author documentation, 2024

4.2 Procedures

a. Define clear goals and metrics

In preparing the Spare Part Wholesales Incentive Program procedures for PT Krama Yudha Tiga Berlian Motors (KTB), the Parts Business Development Department is the division responsible for the program, compiling clear goals and metrics which are summarized in Microsoft PowerPoint for internal discussion by displaying diagrams sales of spare parts from various dealers in various regions to be able to determine the spare parts sales target that each dealer must achieve in the next fiscal year with reference to the overall target of spare parts sales in the following fiscal year.

b. Set realistic targets

The Parts Business Development Department always sets realistic targets for dealers by adjusting the dealer's area and analyzing demand in the area where the dealer is located. Apart from that, the division also uses previous year's data to see the spare parts sales performance of each dealer as a reference for setting targets for each dealer. The difference in spare parts sales targets from each dealer is carried out to achieve targets in the fiscal year so that regions that have a high demand for spare parts can help to cover targets from other regions that have low demand.

c. Determine the incentive structure

After determining the goals and targets for each dealer, the Parts Business Development Department then started to create a Spare Part Wholesales Incentive Program scheme for PT Krama Yudha Tiga Berlian Motors (KTB) with various stages such as:

- 1) Dealers must record all spare parts purchases into the Data Management System (DMS);
- 2) Part Business Development Department withdraws data from the Data Management System (DMS);
- 3) Calculation of incentives;
- 4) Order SODEXO vouchers;
- 5) Calculation of SODEXO vouchers;
- 6) Distribution of SODEXO vouchers to dealers who have successfully achieved targets along with receipts.

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- d. Calculates individual sales performance

To calculate the sales performance of spare parts carried out by dealers, the Part Business Development Department checks through a system called Data Management System (DMS) which is the link between PT Krama Yudha Tiga Berlian Motors (KTB) and its dealers. With the Data Management System (DMS), the Part Business Development Department can monitor the number of sales made by dealers so that it can remind dealers to try to achieve targets because this incentive is usually given every quarter of the fiscal year.

- e. Determine the incentive formula

The following is the incentive formula for the Spare Part Wholesales Incentive Program of PT Krama Yudha Tiga Berlian Motors (KTB).

Table 2: Calculation of Spare Parts Wholesales Incentive Program

Achievement	Calculation
100% of targets	2% x income
110% of targets	3% x income

Source: Data processed by PT Krama Yudha Tiga Berlian Motors (KTB), 2024

- f. Review and verify calculations

To review and verify calculations, the Parts Business Development Department reviews and verifies data recorded in the Data Management System (DMS). If the dealer does not record the sales results in the Data Management System (DMS), of course the sales are not counted and the dealer is considered not to have made the sale. In addition, sales that are recognized and counted in the incentive calculation are sales that have been completed and successfully processed where the dealer has deposited payment to PT Krama Yudha Tiga Berlian Motors (KTB).

- g. Communicate incentives and provide feedback

When all the data has been withdrawn and calculated, the next process is that the Parts Business Development Department starts ordering SODEXO vouchers and starts calculating the number of vouchers given to dealers with the nominal value according to the calculation. This activity is a time-consuming activity because the existing vouchers must be calculated first according to the nominal incentive received by each dealer. Then the voucher is put in an envelope that has been given a sticker with the dealer's name and address, after that the envelope containing the voucher must be put in a larger envelope and the packing process is carried out. This activity can take 2-3 days to complete because there are so many vouchers distributed.

Then, the Parts Business Development Department will send the vouchers to dealers who receive incentives through delivery services or directly by providing a letter of handover of incentives to the person in charge of each dealer. The following is a picture of the SODEXO voucher calculation activity and the goods handover minutes sheet

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The strategy created by the Parts Business Development Department to improve and motivate the performance of its dealers spread throughout Indonesia is to create a Spare Parts Wholesales Incentive Program. To achieve the expected output from the program, the Parts Business Development Department creates procedures, such as determining clear goals and metrics, setting realistic targets, determining incentive schemes, calculating sales performance, establishing incentive calculation formulas, reviewing and verifying calculations, communicating incentives and providing feedback, monitoring and evaluating incentive programs.

SUGGESTIONS

Conventional vouchers used in the Wholesales Incentive Program take a long time to distribute and vouchers in this form also have the risk of being damaged and lost. For this reason, it is hoped that the Parts Business Development Department can switch to using e-vouchers by conducting a quality survey of e-voucher services from various vendors to get e-voucher services whose systems are not difficult and easy to use. In addition, it is hoped that the function of e-vouchers can be maximized so that risks and various opportunities for committing criminal acts are minimized.

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