APPENDICES

Please refer to the next page...
LETTER OF ACKNOWLEDGEMENTS OF THE INTERVIEW PROCESS

To:

Program of Management
UNIKA Soegijapranata
Semarang

Through this letter, I, Mr. Tony Prayitno, state that Mr. Daniel Adi Wibowo, as student of Master of Science of Management at the Program of Management at UNIKA Soegijapranata Semarang, has conducted interviews for his research with the persons as stated below:

1. Mr. Tony Prayitno : Business Owner
2. Mr. Prayoga Prayitno : 1st son
3. Mr. Prasojo Prayitno : 2nd son
4. Mr. Prajaya Prayitno : 3rd son
5. Mr. Agung Prayitno : 4th son

I have approved the interview scripts and hereby declare that Mr. Daniel Adi Wibowo has performed in-depth interviews with our family members. Please use this letter appropriately to whom it may concern.

Semarang, February 2009

Mr. Tony Prayitno
Interview with Mr. Tony Prayitno

Q: Have you decided who will be your successor, or more specific, who of your children will handle which line of your businesses?

A: No, not yet, at this moment, both me and my wife are still in charge of all our businesses. At the moment we would like to prepare our children for the upcoming succession plan. We think that it is still too early for them to take care of the businesses; we would like to teach them how to handle things with the proper motions, actions, and to be less reckless. They will be taking charge of our businesses when we think they are ready to do so.

Besides, we are still in our golden moment and we are not going to let this moment go until we have reached our limit. Indeed we are no longer in our youth but we are still able to control things here.

Q: And when do you think they will be ready? Do you have any definite time lines or planning?

A: No, we don’t have any of that sort; what will make us believe that they are ready is when we think, we see, and we decide that they have done their job the way it is supposed to be done. For now, supervision is our major concern here, I mean by explaining why we want our children to work with us, to make
them understand what we are doing, to get them involved in what we are doing. In order for them to be ready, they must get hands-on experience of the job itself, and for their own good, we would like our relations to get acquainted with our children and help them broaden their own networks.

Q: Three of your children have been working with you since they graduated; you have put each of your children into a different kind of business line; how do you decide which business line will be suitable for them?

A: We asked them directly about their interests for our businesses; which business line they would be interested in to handle themselves. When they are able to choose a particular business, then we will let them learn to handle it. Of course if we can’t provide direct supervision ourselves, we assign our most trusted and experienced employee to supervise: to teach our children what to do, how to handle things, when they must take action or seek further assistance, and where they have to go to find a resolution for a problem.

Q: What happens when none of your business lines seems attractive to them? What will you do? How will you make them interested in your business?

A: That is when our family gathering took place, we talked with them, we asked them to continue our business, since it is for their own sake as well. We are trying to give them a better life, we are trying to make sure that our children
will not suffer from hunger or become homeless in their future life. That is how we try to convince them to continue our business.

Q: Does it always succeed? Was there ever a moment when any of your children refused to join you and your business?

A: There was a time when we failed to persuade one of our children to work with us.

Q: What happened? Which one of your children refused to join you?

A: Our third son, Prajaya, he refused to join our business. He said that he wanted to try his best to find his own work. That he wanted to become someone on his own account. We let him try and yes we are proud of him, that he was so determined to become someone, different of even better than us, we supported his decisions and we provided him with everything he needed.

But it wasn’t for long, after a year of being a marketing manager at another company, he resigned and he said that the family businesses should have to be his major concern. He said that he had learned his lesson when he was working for someone else; he also said that he had made a great mistake. We were really happy to greet him back to our family business, his expertise, experience, and time on his own have made him mature.
Q: Prajaya is in Jakarta right now, why did you station him there? Basically he is on his own, isn’t he?

A: Yes he is. The main reason to place him there is that he asked to be positioned in Jakarta rather than in Semarang. He said that he personally will be able to develop our business there and he asked for a chance. Indeed, we have consumers in Jakarta and a senior employee that has been working with us. That employee knows Jakarta like the back of his hand, so we thought it would be a great idea to expand our business there. Of course every month we visit him for about a week or so, checking the business as well, and making sure that he can handle things in Jakarta. Since the market orientation expanded from Jakarta to the entire Western Java region, we think he will need all the help he can get. And now, since he is improving himself, we think in the next few years we can let him handle all the businesses in Jakarta and Western Java on his own.

Q: What about the others? Were there any refusals at first?

A: No, there weren’t, both Prayoga and Prasojo have showed their interest straightaway, especially Prayoga. He was determined to take care of the chicken poultry division, logistics at the warehouse, and the chicken pluck factory. Indeed at first we thought that his skill would be of better use at our office, but his determination convinced us to agree with his decision.
While Prasojo, well, he is good when it comes to communication with other people and he is not good when it come to logistics. So we decided to let him be in charge of our internal office matters rather than outside matters. And he is good when it comes to negotiation: his negotiation skills are getting better and better.

Q: I heard that you have plans to expand your business to Eastern Java and will assign Prasojo to take up this task, is that true?

A: Yes that is correct. Concerning Prasojo, since he got married and had a son, he was talking about his wish to have his own house. So we think that it would be a good opportunity for him, since Eastern Java is still beyond our market boundaries. We already purchased a house in Surabaya that can be used as office as well. But eventually, after Prasojo and me spent a few weeks in Surabaya and investigated the region of Eastern Java, it seemed that it would cost us too much to establish ourselves over there, so we postponed that idea and concentrate on Western and Central Java instead.

Q: What about your youngest son? Have you decided where or which of your business lines will suit him?

A: Not yet, we still haven’t decided which one of our businesses will be suitable for him, we think he should complete his studies first. We will see how things
develop once he has completed his studies.

Q: What would be your best prediction for the division of your business lines among your children? After what we have discussed, it seems that you already have made certain choices.

A: We still haven’t decided yet and we are still observing them for a while. I’m sorry, but I can’t tell you more about this matter yet. We believe that these things can’t be spoken of outside our family, it’s a family secret. But generally speaking, we will always look at our children’s abilities, skills, capabilities, degree of maturity, and we trust on our own judgement to decide what is most suitable and best for them.

Q: What will you do to avoid jealousy between your children?

A: That is something we haven’t thought about yet; thank you, you are right, we need to think about that too. Perhaps we will have some good ideas later, but we always say to our children that no matter what happens, they are members of one family and they have to help each other whenever someone needs help. We will share everything equally so that each of them will receive an equal amount of our heritage later on.

Q: What do you mean by equal?
A:  *If we decide to give our children our respective businesses, we will make sure that those businesses will be able to provide a proper living for them, that is why we are doing our best now to make them as profitable as possible. Beside that, if we think we need to put more money into a particular business to make that business as creditable as the others then we will do that.*
Q: What do you think about the Chinese tradition regarding succession plans?
A: It is a legacy that should be preserved I assume. We can’t forget about who we are and where we are from. Dignity and respect for our ancestors must be taught to the generations to come. About the succession plan, some traditions have proved to be worthy, but some just created misfortune for the family.

Q: Would you consider not following the tradition?
A: For me a tradition is a legacy, but unfortunately this particular tradition will bring nothing but disaster to my family. I have four sons and it would be impossible for me not to share things evenly, Whatever happens, they each need a fair share or else jealousy will cause the family to crumble. I choose not to follow the tradition for the sake of my children.

Q: Thank you for your comments. But, in reality, it is only Prayoga who holds one of your business lines as an independent care taker. Your other sons you are preparing to take care of a region, isn’t that so? Please share your point of view.
A: Indeed, Prayoga is the only son who has the authority to run an independent business line. But that doesn’t mean he rules over everything; I have made shares for my other children as well so that they can enjoy whatever comes up. Not just the shares of the farm and factory, but each of our children has a
share in our business, we share everything that we can make as a family.

Q: Let’s say, one of your children doesn’t make enough profit; of course it will affect the other profit sources. That could create problems in sharing matters. How do you propose to handle this?

A: A very good question indeed. As I mentioned before, a family gathering will take place when this situation occurs. As a family, my greatest hope is that all of our children can work together and help each other. I can’t tell what will happen in the future, but as long as my wife and I are able to be with them, we will do our best to avoid this kind of thing. If it were to happen, I would enforce my sons to work harder and harder, and if they need any help I will provide it. Of course there are some rules within our system, but I’m afraid I can not share these with you here. One thing is sure: if someone loses his profit then this will also be deducted from his share.

Q: Did any of your children express an objection to your decisions about their succession?

A: There were some minor objections, as always. At first, they were questioning my decision to let Prayoga take care of the farm independently, it was a matter of jealousy between brothers. But after I explained to them that Prayoga was ready for taking care of it and all of them will get their turn, everything settled
down. Once it happened again during a family gathering.

Q: Why don’t you let Prayoga inherit all your businesses and let him choose with whom he wants to share them?

A: That is absolutely not going to happen, if we do that it will be the same as committing suicide. It needs firm authority to share and we, as parents, are the authorities, we need to make sure that everything will be shared equally.

Q: So in the end, you agree to violate the tradition and instead share the inheritances equally between your children?

A: To violate is too strong a word, I prefer not to go along with the tradition in these specific circumstances, because from my point of view, once we will not be there anymore, they will need to sustain their family and their own lives. We can’t let them fight over this inheritances and ruin the family, they are our children and they are brothers, we must do our best to keep it that way. So we must do our best in order to make them feel secure so they can lead their own lives as a new family and as brothers among themselves. To do so, we must avoid anthing that can cause jealousy and the only way to do that is to prepare them to handle things equally.
Interview with Mr. Prayoga Prayitno

Q: What do you think about your father’s business?

A: *It is a well managed family business for generations to come in the trade of natural resources. It is a great business that we have to keep on its track for as long as we can.*

Q: It sounds like you are viewing this business not just as a business but as a family legacy, aren’t you?

A: *Yes that is true, this business is too valuable to let go, we are determined to preserve this business with all of our effort for the next generation. This business has provided all of us with good fortune, and above all, we have broadened our network.*

Q: You are taking care of the chicken farm and chicken pluck factory, did you voluntarily ask for that or was the job given to you?

A: *I was the one asked by my father to take care of it. The reason is that on that moment I liked to implement what I had been taught at college. I found it very interesting to try to develop it and make it bigger and bigger, but now, I just like to manage it.*
Q : So nobody forced you at that time?

A : Absolutely not, after I graduated from UNSW, I thought that I wanted to focus on just one matter over the other, so I decided to take care of the farm, since in my opinion, it is the most suitable business for me.

Q : And why do you think that taking charge of the farm is most suitable for you?

A : The main reason is that nobody was paying attention to this farm anymore. The farm is contributing about half of the total income but it is under poor management. I want to make it bigger so it can make more profit. Besides, we still have some unused plots on our property that can be used for expanding the farm.

Q : Do you enjoy your role and your work as it is?

A : Yes I do, as I said before, this job is no longer just a job; it is the preservation of a legacy for generations to come. I think I understand the feeling of a father right now; I want my children to inherit this business as well.

Q : When you got this role to be in charge of the farm, did you work by yourself from the start?

A : No I didn’t, my father put me under supervision of his most trusted and skilled
employee to teach me about the farm. After four years, I was finally able to gain enough knowledge about the farm and its operations and procedures and also its management. My father put me fully in charge of the farm in 2002 and he gave me full support when I decided to use my own management style.

Q: Do you find any obstacles in your job?

A: A lot, I believe discussing that will take too much time, but the worst obstacle was when Asian Influenza struck a few years ago. More than 80% of my flocks were infected; in the end we lost more than 80% of the flocks. It was a massive hit for our income, since it came in the harvest season as well.

Q: Prasjo is working under direct management of your father back at his office while Prajaya is taking charge of the Western Java and Jakarta territory, does that condition somehow affect you?

A: Not at all, I believe my father has his own reasons for that and my other brothers showed their own interest in that area. As far as I know, they have showed their dedication towards this business. As the oldest brother, I will always support my family in every way I can.

Q: Do you have any particular future plans?

A: Expanding the market. Until now the competition still does trouble us, so I
believe that we need to find a new market while at the same time we try our best to boost the remaining market that we have.

Q: What do you think about the succession plan of your father?

A: I believe he already has a plan and whatever the results will be, it won’t bother me, since, as I said before, we understand that this business is no longer just a business but a legacy to our next generation.

Q: So, whatever the decision will be, you will give it your full support?

A: Yes, I will.

Q: Do you have any idea about the succession itself?

A: I rather not talk about it, let it be my father’s decision and I will leave it that way.
Interview with Mr. Prasojo Prayitno

Q: What do you think about your father businesses?

A: He has a lot of businesses in his hands and he runs them well, after all until now he is still capable of taking care of each of them. Trading natural resources is something interesting, since all people need natural resources; we’re talking about food here. I suppose this kind of business won’t be denied by times.

Q: So are you fond of this kind of business?

A: If we are talking about if I like to do this kind of business, the answer would be yes.

Q: Why do you like it?

A: First of all, this is my father’s business, so I’m obligated to take up the responsibilities to maintain it. Secondly, I don’t have to find another business, this one is already here, right here in front of me. But beside all of those reasons, I like to do business myself rather than become an employee, because then I can manage the business in the best and most suitable way according to my own common sense not up to someone else’s.
Q: Sounds like there lays a burden on your shoulders in taking up the responsibilities for the business, do you experience this as pressure? And does it affect your daily activities?

A: Maybe when I first got involved with this business, it was always on my mind. Afraid of doing things that might cause a major disaster, making mistakes. Well I suppose when I was still incumbent, I tried to find my own composure. But after some time, with my parents’ help, I started to understand that if I kept thinking about the business as a burden then it would indeed become a burden, so I let it go and do the best I can to make the business better.

Q: So in other words, you do enjoy your job, don’t you?

A: Yes, I do.

Q: Did you ever feel any regrets or, maybe in the worst circumstances, want to reject the responsibilities?

A: No, I never felt regrets about my decision to join my father running his business. My father started to introduce me to his job when I was in junior high school, even though not at all occasions, but he introduced me to his companions, his clients, and friends. I found it interesting to meet people, to have interaction, and to be able to build some nice networks.
Q: From the statement above I understand that you prefer to see people and create networks, while your responsibilities at the business are taking charge of human resources, administration, and logistics. Isn’t this very different from your preferences?

A: Those are my responsibilities at the office, but it doesn’t mean that my major concern is only in those areas. Well, to put it differently, our business is just about trading, so all persons involved in this business - my parents, me, and my other brothers - generally are the persons who are responsible for taking decisions about buying and gathering resources, handling customers, arranging deliveries, and other activities. We manage it together as a team as well as a family.

Q: Prajaya is in charge of the business in Jakarta, while Prayoga is in charge of the chicken farm and chicken pluck plant. Do you feel that with the portion of work or job placement as it is right now, you are somehow out of the picture?

A: I had that thought years ago before I finally realised that it was the wrong idea. My father prepared me for bigger responsibilities. One day, I will be in charge to penetrate a new market in Eastern Java. Since I prefer to broaden my networks while at the same time take care of the business, in the end I choose to understand all of the business lines form the inside out, rather than focusing on just one business line.
Q: Do you have any plans for the nearby future?

A: Until now, I’m still focusing on this business, nothing more or less. Besides, nowadays conditions have come unfavourable to us, the recent economical problems are causing us quite some difficulties. Not to talk about new competitors, scarce resources in some areas; I think I will stick to this business for now.

Q: Are you ready to take care of the business or let’s say to become the next business owner?

A: I believe I still have a lot to learn about this business before I can take the next step to a higher level. For me, I think within three or four years, I will be ready. Until then I will keep learning from my parents and I’ll believe it when my father tells me that I’m ready to take the next step. That very moment I will take up my responsibilities.

Q: What do you think is the most important factor to become a suitable successor?

A: I think we have to understand how things work, we have to create good relationships with people, we must be trustworthy, and able to manage what you have up your sleeve. Try your best never to cheat, which is something we have to firmly believe in, and never forget to pray to God.
Q: What do you think of your father’s succession plan?

A: He has made up his mind about this and I don’t want to interfere with it, I understand that whatever his decision will be, it will bring good to all of us. I really don’t want to talk about it.

Q: In other words, whatever that decision will be, you will give it your full support?

A: Yes I will.
Q: Prasoji, I need some more data, can I have a brief interview with you on the phone right now?

A: Sure, why not? I thought I already answered all your questions in our last interview, were you missing something?

Q: Well, not really, but I got some extra paper work to do, so can we start now?

A: Okay.

Q: From all your father’s businesses, which one is the most attractive to you, which one is most interesting to you?

A: Well, beside the chicken farm and factory, basically all of them are just trading businesses, so I suppose all of them are good for me. If I can have a role in all of them why bother to even choose one? By taking care of all of them, we can control the businesses better. We have an overview, we can look at the bright side; it’s more efficient rather than taking control of the businesses one by one.

Q: So no preferences?

A: No, everything is almost the same to me, so I don’t have to choose, just manage it all, nothing more and nothing less than that. I love trading business, it the simplest way of doing business.
Q: Let’s assume that you weren’t included in your father’s succession plan, what would be your reaction?

A: Say what? This is way too much, what kind of stupid question is that?! Although this is supposed to be a research interview, you should have thought about this better, before asking me this kind of question. Such a dull question, there is absolutely no way any father in this world would not share what he has been treasuring all his life for his children, you know exactly what I mean! And this will be my final answer, I decline to answer any other version of doubting my father’s decision, you know better than that, you know my family better than anyone; unless something screws up badly between me and my father, don’t bother to make any other, what you said….scenario or something!

Q: I’m terribly sorry, this is just for my research, I hope that it won’t affect our friendship.

A: Not everything should be asked; you know that, just write down what you know about me and my family. Don’t worry about it and good luck with your final test.
Interview with Mr. Prajaya Prayitno

Q: What do you think about your father business?

A: I don’t really understand the question but from my point of view everything is going well and we make our profit.

Q: Okay, let’s say it differently then, what do you think is happening with your father businesses at present?

A: Oh okay, well, until now our trading business is still running pretty well although we are loosing some profit under the current conditions, but it still is profitable.

Q: You are taking charge of your father’s business in Jakarta, did you personally ask for that?

A: Yes, I personally asked to take care of Jakarta and Western Java.

Q: And why is that?

A: For me, to live in Central Java, Semarang especially, is way too dull. I mean the developments in the area are going much too slow. I like more challenging situations, and besides I love to live in the fast lane.
Q: Did you ever consider objecting to your current role and job right now? Or, did you ever reject your role?

A: Yes I did back then, well, after I graduated from college, I wanted to try to find a job by myself. I felt that I wanted to become someone by my own doing.

Q: What happened then?

A: I tried to find a job; I believed that I needed hands-on experience before I could become someone. So I got a job as marketing manager at a company, worked there for about a year or so. Nothing flashy at that point, but when I met people, I started to think, my family has its own business, why do I have to bother taking care of others? After a while I decided to join my father to help out in his business.

Q: So, you rejected the offer from your father to join him in the first place?

A: Yes I did and that is something I regret. I took that as a lesson so that I won’t make the same mistake twice.

Q: In your current role, what do you find interesting? Do you enjoy it?

A: At first I didn’t, it so hard to keep up the current file of customers, while we have to find a new market so that we can make more profit. Thanks to my father, he sent me an experienced employee to provide me with the necessary
knowledge although I had to work under his supervision. I gained more and more experience and knowledge as time goes by. By that time I started to enjoy my work and I find it very interesting eventually.

Q: What is your future plan for the near future?

A: Trying to expand our market for sure, since we are having more and more competitors, we need to find a breakthrough. And we are doing our best to maintain our current customers, although not much but they are loyal customers after all. At the same time we would like to find better quality products since our competitors seem able to do so.

Q: Do you think you are ready to take care of the business in Jakarta by yourself?

A: I believe that I still need more guidance and experience before I can take care of this business by myself.

Q: And why is that?

A: To become a more sufficient business person, experience is much needed, while, in my case, I’m still learning to expand networks, how to create new markets, and other stuff. I haven’t been in it for long, so I believe I need a few years, and then I’ll be ready.
Q: What do you think about your father’s succession plan?

A: Frankly speaking, I really don’t have any ideas about that.

Q: Put it simply, you don’t have any objection to whatever the decision will be?

A: We are a family and my father knows what is best for all of us, so yes, I believe he will decide what is best for us. And I don’t want to interfere with it, so I don’t want to talk about it at the moment.

Q: So you will support whatever the decision is taken?

A: Yes I will.
Q : Prajaya, I need more data, would you mind if I ask some questions over the phone?

A : Okay, no problem.

Q : From all your father’s businesses, which of them do you think may be interesting for you to take care of?

A : I never thought about it, I think all of them are interesting to me, why do you ask that?

Q : Well, your father does have a lot of business lines, do you have any preferences or something?

A : No, it will be a great loss if you would just take care of one of them anyway. As long as I can work here in Jakarta, I’ll take care of everything.

Q : Let’s say, you weren’t included on your father succession plan, what would you think of that?

A : Impossible, you should not ask that kind of question, it’s a really stupid question, you know my father, what do you think of him? Some sort of cruel, cold hearted father? Is that what are you’re trying to say?!

Q : Hold on, this is just for research, I’m sorry if I offended you, please calm down.
A:  *I thought you are a sensible person, such questions should not be asked!*

Q:  Okay, I’m sorry, my mistake, but I still need the answer, please?

A:  *Just like I said before: impossible, is that clear enough for you?*

Q:  That is clear enough, thank you; again, I am sorry about this, this is just for my research.

A:  *Okay, never ask that kind of stupid questions again!*
Interview with Mr. Agung Prayitno

Q : What do you think of your father’s business?
A : *It’s a nice and big business, although not as big as a company, but it is still a big business.*

Q : Do you have yourself involved in your father business?
A : *No, of course not, well at least not for now, since I’m still going to college; so maybe later when I graduate from college.*

Q : Do you intend to join your father’s business?
A : *Of course I do, why do I have to find another job? All I need to do is to prepare myself, besides, if it isn’t me and my other brothers, who will take care of the business? I won’t let it go.*

Q : Your father has a lot of business lines, do you have any special interest in the upcoming business prospects?
A : *I think I’ll help Prayoga at the chicken farm and chicken pluck plant, I don’t know, I do that every time I have some spare time in Semarang. Or maybe I’ll help Prasojo with his job, especially in taking care of logistic matters.*
Q : Why do you like that?
A : *Not that I like it in particular or something, but that is what I know, I have never done anything else back at the office. My Father and Prayoga always take me to the farm, well to the office as well, but at the office all I do is nothing.*

Q : So, basically, you still don’t have any idea about what you will do when you join your father’s business?
A : *I will join my father’s business, but what will I do exactly, that is something I haven’t thought about up till now.*

Q : You are taking a business course at Sunway College in Malaysia. What is your expectation for the upcoming future?
A : *To become a successful business person of course and to prepare myself before I join my father and his business.*

Q : Prajaya and Prayoga are already put in charge independently, while Prasojo is still working at the office, what do you think about that?
A : *I don’t really know about that, but I think my father has his own plans about the placements. Frankly speaking, I don’t really care about it, my time will come and when that moment comes I will be someone who is reliable.*