

## MyD Shoe: Steps Forward

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### Abstract

#### INFORMATION

Aidora Abdul Hamid and her husband, Mairizal Misnan, started selling Crocs styled shoes and sandals at the end of 2011 under the registered business name of MyD Shoe. They began with a rented pushcart at Giant Seri Kembangan and then expanded to three other locations over the next eight years. In early 2011, Aidora sold clothes but faced challenges due to a lack of demand and low sales. She then decided to study the changes in the market. Aidora and Mairizal observed at the shopping complex for several weeks in May 2011. Their observation indicated that people go to the shopping complex to buy things that are easy to grab with reasonable affordability. After analyzing the people's purchasing attitude, the couple concluded that people love to buy things that are closely related to their lifestyle at reasonable prices. Thus, they decided to focus on her permanent job's tasks and responsibilities at a stage agency in Selangor. After a thorough discussion on the business's future and their family, Mairizal resigned from his job. He plans to focus on the business. This case study illustrates the challenges faced by entrepreneurs who dare to start a new business and the dilemmas confronting them in taking the business forward and ensuring its future growth. Throughout the years, from 2012 to 2018, this business generated positive and encouraging cash inflows. However, a change in the business environment caused by the COVID-19 pandemic in 2019, the business cash inflow has dropped by 23 percent. Thus, Aidora has to decide the future of their business. The options are 1) close down any outlet that does not show positive cash inflows or 2) open a new outlet at a new location with better business potential. This case study encourages readers to think critically in terms of strategic marketing and entrepreneur decision making.

### ARTICLE INFORMATION

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## INTRODUCTION

Aidora Abdul Hamid was born in Kampar Chinese Public Maternity Hospital, Perak, and grew up in Kajang, Selangor. She attended primary school in Sekolah Kebangsaan Seri Sekamat, Kajang, Selangor, and secondary school at Sekolah Agama Menengah Sungai Merab Luar, Kajang, Selangor. After graduating with a Diploma in Banking and a Bachelor of Business Administration majoring in Finance from Universiti Teknologi MARA (UiTM) Shah Alam, Selangor in 2007, she started working with Air Selangor Sdn Bhd (SYABAS) as an Executive in the Regional Billing Office, Customer Service Department. She and Mairizal Misnan got married in 2008, and the couple blessed with four children.

Their first child was born in 2009, which marked the beginning of challenging times for the couple. As residents in Selangor, which has a high cost of living, the family needed more money to survive. After two years, God blessed them with their second child. That year, the couple needed even more money to ensure that both of their children would get the best education. Since the eldest son would start schooling in 2012, Aidora and Mairizal had to make a great sacrifice for their family. They must decide whether Aidora or Mairizal should stop working to focus on and take care of their children after school. After registering an enterprise with the Companies Commission of Malaysia (CCM), Aidora

helped her husband start a small business that focused on clothing while she worked with SYABAS.

After a few discussions, Mairizal sacrificed by resigning from his job at a factory to focus on their clothes business. However, the business did not last long. After a few months, Aidora and Mairizal found out that their business was not performing well due to a lack of demand. Therefore, they decided to study the market changes by carrying out a market observation for a few weeks at a selected shopping complex in Selangor. They discovered that people love to buy affordable and useful stuff. After shortlisting the potential goods to be sold, they decided to sell Crocs styled shoes and sandals at affordable prices accessible to all income classes.

Their observation also found that people like to buy goods that they can afford and are easy to grab. Therefore, in the third quarter of 2011, they decided to sell Crocs styled shoes and sandals. No other shops in the shopping complex were selling that kind of product was a base for their decision. The business generated good cash inflows, and Mairizal recruited a staff member to handle the pushcart while taking care of their two children after school.

In 2013, Aidora was appointed as the Section Leader in Kuala Langat by her employer. The family was blessed with their third child in the same year. After serving as a Section Leader for three years, Aidora then moved to the company's headquarters in Kuala Lumpur in 2016, and the couple had their fourth child in the same year. The movement and promotion had encouraged Aidora to give her husband continuous support to open new outlets at new locations since the business was doing well. Further, each of their children's arrival seemed to bless the couple with 'rezeki' (sustenance). In 2013, they decided to open a second outlet in Giant Cheras by renting a pushcart. The next outlet is in Giant Prima Saujana, Kajang, which opened in 2015. For each location, they had to appoint a sales assistant to manage the business. Their latest location is in Tesco Kajang, which opened in 2017. At this stage, Aidora created a Facebook page for the business, known as MyD Shoe. Her academic background, working experience, and exposure to the business environment helped her manage the business together with her husband at the beginning of their business venture.

Up till now, the couple is operating their business guided by the following objectives:

1. To make people happy by providing cheap and attractive products.
2. To sell products that are worth the money.

## 2.0 MYD SHOE'S ORGANIZATIONAL STRUCTURE

At the beginning of the business in 2011, Aidora concentrated on the business. She was also responsible for the management and financial matters. Meanwhile, her husband focused on the operation of the business. She registered her business enterprise while working with SYABAS. At that time, she took a loan of RM30,000 to start the business, which was proudly growing. To sustain the business, Aidora decided to use the strategy of focusing on low-profit margin products but maintained the quality to suit her products' prices, which resulted in increased sale quantities.

At the early stage of the business operation, Aidora and her husband only used direct sales. They relied more on offline transactions than online transactions. It was only in 2017 that Aidora created a Facebook page to sell their products and get close to virtual customers. During that time, she was the only person managing and continuously updating information on new designs or incoming stocks to the stores.

The business target market consists of public and government servants, students (schools and universities), individuals around Selangor and online users. The business currently has four outlets in four different locations in Giant Seri Kembangan, Giant Cheras, Giant Prima Saujana Kajang, and the latest in Tesco Kajang. Each outlet has one staff as the sales assistant, and Mairizal is in charge of going to each outlet to open and close the pushcarts. Each staff is responsible for managing one outlet. Since Aidora has handed over the business's management to her husband, she only manages the financial matters and the updating of information on MyD Shoe's Facebook page that she created. The business has generated returns for the couple, and they can pay off their business loan.

As the business owner, Aidora does everything related to administration, finance, and marketing because she wants to reduce operational costs. She handles the business matters on record keeping and filing, and she also does business budgeting, forecasting, and product costing based on previous data. After handing the business operation over to her husband, Mairizal is now accountable for operation matters and handling their staff.

MyD Shoe's organizational structure started with Aidora as the owner and manager of the enterprise. She has only four staff appointed as a sales assistant. They are attached to the Operation Department handled by Mairizal. One staff is located at each outlet to handle the daily sales activities and records.



Figure 1: Organization Chart of MyD Shoe

Every day, Mairizal, as the Operation Manager, would open the pushcart at 10:00 a.m. and close the pushcart at 9:00 p.m. and manage the outlets during the staff's rest time in the afternoon. Mairizal also handles the children after school.

The four outlets show high staff turnover since the business hires school leavers or individuals who need a job immediately. It seems that most of the staff stayed with the business for just a short duration or only temporarily.

### 3.0 MYD SHOE'S BUSINESS GROWTH

From 2011 to 2019, Aidora had increased her MyD shoe pushcart outlets to four locations around Kajang, Selangor, where she and her husband stay. The locations' proximities make it easier for the couple to handle the business while taking care of their children at the same time. Besides, Aidora is still working at SYABAS. Every outlet is within her coverage range if anything happens and needs her to be at the location.

The business started in 2011 after Aidora, and her husband visited China in 2010 for a family vacation. They went together with Aidora's friends, who had started a business earlier than her. Her friends brought Aidora and Mairizal to a factory that produced Crocs styled shoes and introduced them to the owner, who is a trusted supplier for the products. They had a brief discussion and exchanged telephone numbers with the factory owner. They had no intention to run a business at that time, and their visit to China was just as tourists. However, shortly after returning to Malaysia, they changed their minds and decided to sell the Crocs styled shoes.

Aidora contacted the business owner in China to deal with him about the products. The dealing process was smooth, and she had her first order of Crocs styled shoes for the first outlet in Giant Seri Kembangan, Selangor. With the capital that she borrowed from the bank amounting to RM30,000, the business went well and is growing proud till today.

She rented a pushcart and hired one staff to manage the sales activity. Her husband, Mairizal, is responsible for managing the business operations while Aidora is still attached to her current employer. The

business performed well from 2012 to 2018, generating positive cash inflows of more than RM100,000 every year backed by almost 1 million in sales. However, Malaysia faced an economic recession in 2018 and 2019, which had adversely affected consumers' purchasing power. For those two years, sales deteriorated as people had a low purchasing power and only bought essential goods to survive. Those two years was a tough time for Aidora and Mairizal since they focused on low-profit margins and high quantities as their business strategy.

Besides that, Aidora also found it challenging to get dedicated and trustworthy employees. Most school leavers were unable to perform their duties well. They were more attracted to the money and preferred to have fun while working at the shopping complex.

To solve the financial issue, they focus on products priced between RM10 and RM20, which seem affordable to many consumers. They also hold clearance sales for a few old designs and old stocks for people who are searching for low price products. They also receive comments and feedback from customers and friends from time to time on improving the business and ensuring the products remain competitive in the market.

### 3.1 Product

The products offered to the market are Crocs styled shoes and sandals that come in various sizes and various designs for different ages, starting from newborn-sized shoes up to adult sizes. Due to the demand from customers for various designs and patterns of Crocs style shoes, the business's shoes come in a price range from RM10.00 to RM40.00 per pair.

Every day, Masrizal, as the Operation Manager, is responsible for checking the arrangement of the shoes on the pushcart racks and monitoring the staff of each outlet. Mairizal uses transparent frosted plastic bags with the MyD Shoe logo for packaging. This is one of the strategies used to create memories after purchasing. The variety of product designs attracts customers of all ages to buy them.

Currently, MyD Shoe has a wide range of customers from Selangor. Starting with only one outlet, the business now has another three new outlets around Selangor to cater to customer demand in certain areas. To meet the demand of the expanding customer base, MyD Shoe has expanded the product range in terms of design and size varieties. The imported products are from China.



Figure 2: Crocs styles shoe



### 3.2 MyD Shoe's Sales

The sales of MyD shoes increased from the year 2012 to 2017 but then dropped in 2018 and 2019. In 2018, Malaysia faced a mild recession, which impacted most businesses. Moreover, foreign currency fluctuations affected the operational costs of the business. When the Ringgit dropped, the business was supposed to increase its product prices to cover the costs. However, increasing prices have posed a dilemma for the business, as customers are sensitive to price changes. Therefore, Aidora decided to maintain the selling prices despite the lower profit margins.

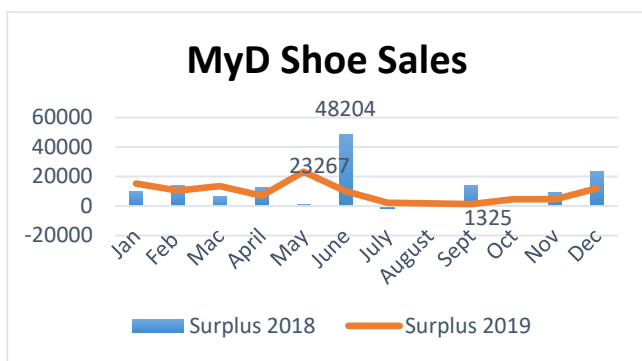


Figure 3: Company Sales Performance, 2018-2019

As shown in Table 1, the business cash surplus had declined by 23 percent from RM138,148 in 2018 to RM106,015 at the end of 2019. Thus, Aidora decided to invest in another branch to sell the products.

Table 1: Summary of cash surplus for MyD Shoe for 2018 and 2019

Month	Surplus 2018 (RM)	Surplus 2019 (RM)
Jan	9612	15177
Feb	13648	10504
March	6299	13510
April	12544	7073
May	856	23267
June	48204	10073
July	-1783	2261
August	1921	1751
September	14085	1325
October	495	4596
November	9032	4550
December	23235	11930
Total a year	138148	106015

However, she could not pursue her intention due to the global spread of the COVID-19 pandemic. This

pandemic has directly affected Malaysia by the end of 2019.

Her business plan was scrapped. Sales in May 2019 exceeded the monthly sales performance in 2018. In March 2020, the Government of Malaysia ordered the closure of business to control the spread of COVID-19. This situation has worsened MyD Shoe's business performance.

### 3.3 Marketing

Using social media platforms such as Facebook to promote a product is one of the popular methods employed by most of today's entrepreneurs. Social media is one of the most accessible and fastest ways to get customers at minimal marketing costs. Besides, Aidora also maintains a good relationship with her customers. Hence, she always receives feedback from customers on ways to improve her products. However, she does not have sufficient time to manage and utilize MyD Shoe's Facebook account.

Aidora created a Facebook page for MyD Shoe in 2017 with the primary objective of promoting the products and getting feedback from customers. However, she is not an expert in handling the page. Therefore, Aidora and Mairizal prefer to have direct sales since they are busy with their tasks, but Aidora keeps on updating the Facebook page.



Figure 4: Online Marketing Through Facebook

## 4.0 CHALLENGES AHEAD

Like any other business, MyD Shoe has its ups and downs in the business. The problem started due to the economic recession in 2018, which worsened in 2019. At the end of 2019, COVID-19 pandemic started to spread and has made the situation even worse to the extent that Aidora thought of shutting down one of the outlets. If the situation does not improve, and no sales generated, Aidora might be forced to close down all the outlets in all locations and lay off all staff members. The couple had hoped that the market would be more stable in 2020. They had planned to open a new branch since sales were dropping for the previous two years. The cost of opening a new branch might not be a problem, and also, the suppliers can consider giving reasonable prices, but they are concerned about the currency exchange. A depreciation of the Ringgit will cost the business extra even if the supplier continues to sell the products at the same prices. A few products would cost more, and some would stay the same since the currency fluctuates continuously.

The central dilemma faced by Aidora and her husband is whether to open a new branch, as sales have been dropping for the last two years. With the current business environment changes due to the COVID-19 pandemic, the business condition is getting worse.

In this challenging condition, Aidora has to think about the best strategy to sustain the business. The plan to open a new outlet at a new location might need to change. The business needs to strategize if Aidora plans to close down any non-performing outlets. MyD Shoe can generate cash in a rapidly growing market, but the business still needs to cope with the new business norms. The business has limited control of market preferences and no control of the COVID-19 issues faced worldwide. Aidora dreams of becoming a shoe wholesaler one day with an established business that has a presence in every state in Malaysia.

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