

ACTIVITIES OF DRUGS LOGISTIC AT PT KIMIA FARMA APOTEK BUSINESS UNIT PALU

Ferdi Samuel Simatupang*, Sulaeman Miru, and Syamsuddin

Magister Management Tadulako University

*Corresponding Author email : ferdysamuel506@gmail.com

ABSTRACT

This study aims to analyze business problems of PT Kimia Farma Apotek Business Unit Palu. There are several issues in the community, including the absence of certain brands of drugs sought by the people and the price of drugs that are quite expensive compared to other private pharmacies. This research describes inbound activities, conversion operations, and outbound logistics at PT Kimia Farma Apotek Business Unit Palu. The type of research used was descriptive, using a qualitative approach. The types of data used were primary and secondary data. The data were collected through interviews. The results of this study indicate that in inbound logistics activities, there are obstacles in the process of fulfilling drugs, some of which are pharmacies having difficulty fulfilling a drug of a certain brand if it has not been registered (listing) at the Head Office of PT Kimia Farma Apotek, this happens because the company makes rules centrally so that the Business Unit cannot decide out of its authority. Conversion operation logistics activities are very good because this activity is carried out to maintain the quality of drugs, and the amount is kept at the minimum and maximum limits. Outbound logistics activities are good, namely sales to individuals/community and cooperation with agencies, except that sales to individuals/the community should be considered so that the socialization of the "KF Mobile" application is intensified.

Keywords: Inbound, Conversion Operation, Outbound

INTRODUCTION

Operational management in terms of procurement of drugs in pharmacies is an investment that requires large capital. Managing drug inventories in pharmacies is necessary because it relates to patient service and affects pharmacies' marketing and financial functions. Operational management includes many activities in trading activities. One example is the inventory of drugs at the beginning of the coronavirus outbreak in 2019 is very lacking and worrying, including due to logistical problems caused by closing borders, export bans, quarantine of countries inventorying raw materials and drugs, increased demand for drugs due to COVID-19 patient care, hoarding in certain hospitals, and individual hoarding by residents (Meliawati dan Holik, 2020).

PT Kimia Farma Apotek is a pharmaceutical company with the status of a subsidiary of PT Kimia Farma Tbk. This pharmaceutical company is a company owned by the state. PT Kimia Farma Apotek pharmacies provide various pharmaceutical solutions and health services by selling prescription drugs, nonprescription drugs, traditional drugs, medical or health equipment, vitamins, minerals, supplements, baby or child needs, personal care, and beauty products. Kimia Farma pharmacies have very superior products.

According to (Roger, 2000), inventories are stocks of materials used to facilitate production or to satisfy customer demand. Inventory is an asset that includes goods owned by the company to be sold within a certain business period, inventory of goods that are still in the work/production process, or supplies of raw materials awaiting use in a production process (Rangkuti, 2004).

Observing the growing supply and demand, companies need to continue to think about how to anticipate the possibility of a large inventory chain model in logistics management, how to transform globally and leave traditional company management that is unable to deal with changes in the market, Logistics management is part of inventory chain management that plans, implements, and controls the efficient and effective flow and storage of goods, services, and related information between the point of origin and the point of consumption to meet customer requirements (Hernández et al., 2013).

Logistics can be divided into 3, namely inbound logistics, conversion operations, and outbound logistics. According to (Bloomberg, 2002), inbound logistics is the movement into the company that shows the flow of materials from suppliers to factories or operational departments. Conversion operation is the movement of products within a factory or warehousing facility that shows how goods and materials are processed between company facilities. Still, if it correlates with service companies, conversion operation is an activity that adds value to the services provided. At the same time, outbound logistics is the movement of products out of the operations department to customers.

Another theory regarding inbound and outbound, according to (Fawcett et al., 2007), logistics is divided into two process flows, namely inbound logistics and outbound logistics, where inbound logistics is material/raw material management related to inbound logistics, namely purchasing components, storing raw materials, production, and assembly through the conversion process. Outbound logistics is physical distribution focused on transportation in outbound logistics and storage of finished products from the point of manufacture to the place of consumers where consumers can get the desired products. According to (Porter, 1985), operations are activities, costs, and assets associated with converting inputs into finished products consisting of production, assembly, packaging, equipment maintenance, facilities, operations, quality assurance, and environmental protection. This is part of the manufacturing industry activity process. Still, according to (Johnston, 2005), the service industry can also be measured like the manufacturing industry: productivity, service quality, and efficiency. Productivity includes service productivity, the relationship between service productivity and service quality, its benefits, and how to increase productivity and improve quality. Service quality is the same aspect of customer satisfaction. Efficiency is a general process mapping and approach used so that service organizations can provide services by customer expectations.

The inventory owned by the company aims to maintain the smooth running of the business. The inventory of trade goods allows trading companies to meet buyer demand, so carrying out logistics functions appropriately and thoroughly is necessary. According to (Setiadi, 2015), in the inventory area, there needs to be accuracy from employees for stock recording because if it is not done properly, it will cause serious problems in inventory, which can result in shortages or overloads in storage warehouses, in line with that research by (Komara, 2014) revealed that especially in the inventory area there is also a need to provide stock cards, where each type of raw material needs to be recorded for the flow in and out. The research (Hadiwidjojo, 2016) reveals the need to inspect or check raw materials from suppliers; this inspection process is carried out when entering the production process because it is considered to maximize inspection activities at the same time as production activities begin. The FIFO inventory method for the production of raw materials must also be considered, and this is done so that the raw materials received first will be used first, in line with research (Kristiawan, 2014) revealed that the importance of carrying out inventory management with the FIFO inventory method and in the procurement process must be carried out with the supplier selection process first so that the company can find suppliers who can meet the criteria set by the company. Research (Subakdo dan Nugroho, 2016) revealed in this study the existence of a logistics flow where this system is controlled by regulations that bind each entity in the inventory chain whose implementation is dynamically monitored and controlled. The 3 kg LPG inventory chain system itself is regulated by laws and regulations issued by the Government.

Based on the description of the research background that the author has put forward, the researcher formulates a problem that can be identified, namely, "how are the logistics activities of drugs at PT. Kimia Farma Apotek Business Unit Palu?" regarding the formulation of the problem that has been mentioned, the researcher determines the purpose of this study is to define and analyze the logistics activities of drugs at

pharmacy outlets at PT. Kimia Farma Apotek Business Unit Palu. Based on the formulation of the problem and research objectives, the research framework model is shown in Figure 0.1 as follows:

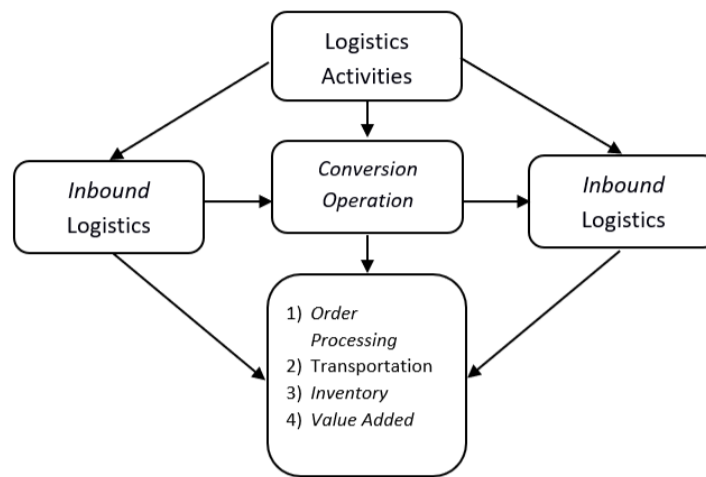


Figure. 1 Theoretical Framework
Source: Research Data processed, 2023

RESEARCH METHOD

This study uses a qualitative approach because it is expected to explain and interpret logistics activities at PT Kimia Farma Apotek Business Unit Palu obtained from in-depth interviews with research informants and observation results.

The subjects in this study are parties who are targeted by researchers or become sources that can provide a lot of information and data needed by researchers, including employees of the Kimia Farma Apotek Veteran outlet, PT Kimia Farma Apotek Business Unit Palu, PT Kimia Farma Trading dan Distribution, PT Anugrah Argon Medika, employees of partner hospitals, namely Nasanapura Mother and Child Hospital and Anutapura Regional General Hospital and individual consumers, for this reason, it must be determined that the research subject is selected purposively because it is related to a specific purpose. The location of this research was held at PT Kimia Farma Apotek Business Unit Palu, which is located at Veteran Street Number 93, Tanamodindi Village, Mantikulore Subdistrict, Palu City, Central Sulawesi Province. This research was conducted for four months, from November 2022 to February 2023.

The determination technique used by researchers in determining informants is purposive sampling. According to (Sugiyono, 2009), purposive sampling is a sampling technique with certain considerations. Description of Purposive sampling research is a way of sampling based on certain characteristics. In checking the data, this research uses triangulation techniques and triangulation sources. According to (Sugiyono, 2009), triangulation is defined as a data collection technique combining various data collection techniques and data sources that already exist, divided into technical and source triangulation. Triangulation of techniques means that researchers use different data collection techniques to get data from the same source, in the triangulation technique carried out by researchers is to conduct documentation. Source triangulation means getting data from different sources with the same technique. In this technique, researchers conducted in-depth interviews with informants who met the criteria as informants in this study.

RESULT AND DISCUSSION

Research Result

This study has ten informants, in this case, who have a role in the inbound logistics process, conversion operations, and outbound at PT Kimia Farma Apotek Business Unit Palu. The results of this study were processed using Nvivo 12 Plus software.

Description Of Inbound Research Result

Inbound consists of ordering and delivery to storage from a large pharmaceutical company to PT Kimia Farma Apotek Business Unit Palu. The results of processing this research found interrelated words that bind other words that can be concluded.



Figure. 2 Word Cloud Informant Interview Results
Source: Nvivo Data Processing (2023)

- Ordering of PT. Kimia Farma Apotek, especially the outlets of the Kimia Farma Apotek. Researchers noticed that PT Kimia Farma Apotek Palu Unit has a very good system of fulfilling stock availability to serve patients who need drugs because, in terms of ordering or procurement, PT Kimia Farma Apotek Business Unit Palu has its section.
- The distributor, in this case, a Large Pharmaceutical Company or PBF, is a distributor that has cooperation with PT Kimia Farma Apotek at the central level, so there are no more agreements that can be made between branches in the regions, both pricing and discounts are all central authority.

- c. The mode of transportation used by PBF in the delivery of drugs from the PBF storage area to the pharmacies of PT Kimia Farma Palu Business Unit uses trucks and motorcycles, both outlets of pharmacies located outside the city and within the city. In delivering orders for drugs from PBF to PT Kimia Farma Apotek Business Unit Palu, each PBF has its delivery system, depending on the agreement that has been made between companies at the central level.
 - d. In the order inspection section at the outlet, after the medicine is prepared by PBF to be delivered to the pharmacy of PT Kimia Farma Apotek Business Unit Palu, the pharmacy outlet service section does not immediately accept it first, but will check together with the drug delivery driver. In the inspection, if it is found that product drugs have damaged packaging, are close to expiration, or even products that do not match the order, then all of them will be returned or returned to be replaced with orders that are feasible and suitable to be stored for marketing.
- Based on the informant's explanation, the research results of the inbound logistics activity pathway scheme for drugs at PT Kimia Farma Apotek Business Unit Palu can be described as follows:

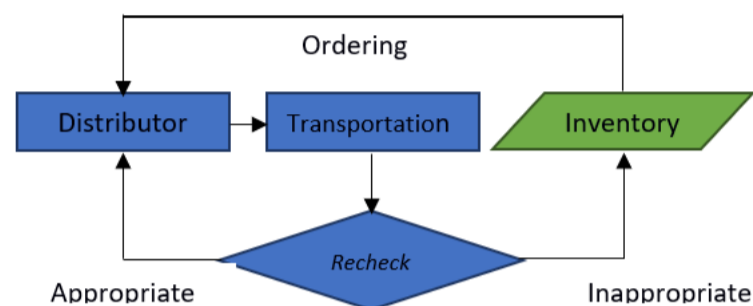


Figure. 1 Inbound Research Results
Source: Reprocessed Data (2023)

Description Of Conversion Operation Research Result

Conversion operations consist of storage processes to processes that can create added value to products and services at PT Kimia Farma Apotek Business Unit Palu. In this study's results, words bind each other that can be concluded.



Figure. 4 Word Cloud Conversion Operation Interview Informant
Source: Nvivo Data Processing (2023)

- a. In the inventory section, PT Kimia Farma Apotek Business Unit Palu has a section of positions assigned a special task to maintain inventory quality. This special task is intended so that the stock at the pharmacy outlet is always sufficient.
- b. Sales at PT Kimia Farma Apotek pharmacies apply a substitute sales pattern to patients. This is intended so that when the patient does not find a brand of drug that is sought, the patient will be offered or given drug suggestions by Kimia Farma Pharmacists, of course, by suggesting the same efficacy.
- c. In this process, PT Kimia Farma Apotek Business Unit Palu is very concerned about the products being traded. This is so that when patients buy, they do not get drugs of poor quality, expired or even inappropriate. This is one of the main services of PT Kimia Farma Apotek Business Unit Palu, in addition to the availability of stock of drugs.
- d. In terms of services, PT Kimia Farma Apotek is also bound by the rules of the applicable law, especially drugs containing active narcotics ingredients, this is regulated so that rogue elements do not trade haphazardly.
- e. Based on the flow of conversion operation schemes that have been described, supplies, drug quality, KF Mobile, and services by state laws and regulations, researchers see one concept formed by the 4 parts described by researchers, namely value added or added value to the service products offered by Kimia Farma pharmacies as a whole.



Figure. 5 Conversion Operation Research Result
Source: Reprocessed Data (2023)

Description Of Outbound Research Result

Outbound consists of the value-added process to the process in the hands of consumers and hospitals that are business partners of PT Kimia Farma Apotek Business Unit Palu. The results show that some words are interrelated and bind other words that can be concluded.



Figure. 6 Word Cloud Outbound Research Result
Source: Nvivo Data Processing (2023)

- In drug and prescription services, PT Kimia Farma Apotek sells in a unit system and not in a dozen systems. This is because sales in dozens or more can only be made by PBFs, not pharmacies such as PT Kimia Farma Apotek.
- Regarding purchasing drugs at PT Kimia Farma Apotek, consumers can buy the needs of over-the-counter and limited over-the-counter drugs by choosing them on the pharmacy outlet display rack. Buyers can buy by choosing themselves and consulting the pharmacist on duty. Promotion carried out by PT Kimia Farma Apotek as a whole is a concept carried out to make it easier for consumers to find and buy their needs but make it easier for PT Kimia Farma Apotek to promote digitally. Currently, the concept of digitizing sales by various companies is very intensified, so seeing this, PT. Kimia Farma Apotek wants to experience the momentum. In this case, pharmaceutical service employees are intensified to promote the KF Mobile application to consumers.
- In other services, PT Kimia Farma Apotek Palu Business Unit also serves the purchase of drugs from hospitals. This is done to maintain the availability of hospital drugs within sufficient limits and not lacking. In this service, PT. Kimia Farma Apotek Unit Palu can accept cooperation proposals from hospitals needing pharmaceutical services at their pharmaceutical installations.

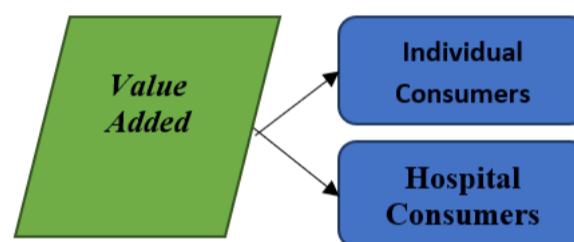


Figure 0.7 Outbound Research Result
Source: Reprocessed Data (2023)

DISCUSSION

Based on the research findings conducted carefully in the form of interviews and documentation, then analyzing the data of the research findings, a discussion is carried out by the theory used and the problems discussed to get the conclusions to be achieved.

Discussion of Inbound Research Results

Researchers pay attention to the inbound activity process, and the checking process is carried out when the medicine order has arrived at the destination pharmacy. Several checking parameters include quantity, type, size, packaging quality, and expiration date. Checking is carried out carefully so the pharmacy can avoid losses due to receiving inappropriate or poor-quality products.

Checking the products to be received is something that must be done in every warehousing activity; this is by one of the basic warehouse activities compiled by (Warman, 1971), namely the receipt of goods must be by company or warehouse rules, and management must maintain the quality and quantity of materials by the order. Through this theory, it can be concluded that PT Apotek Kimia Farma Palu Business Unit has done the right thing.

Discussion Of The Results Of Conversion Operation Research

The researchers focus on the product substitution strategy. Kimia Farma Pharmacy actually has quite complete drugs for various types of diseases. However, Kimia Farma pharmacies do not sell various brands of drugs circulating in the community. However, Kimia Farma pharmacy outlets sell various drugs suitable for many diseases because the main thing in Kimia Farma pharmacy drug supplies is not the brand of the drug. Suppose the Kimia Farma pharmacy sells various brands of drugs for one type of disease. In that case, it will only crowd the sales product shelves at the pharmacy. A substitute sales strategy is made, providing various types of drugs for various diseases.

The theory of (Porter, 1980) introduces a combination of five competitive forces of the company, namely, competition from similar companies, new entrants, potential development of substitute products, bargaining power of buyers, and bargaining power of suppliers. According to (Kuncoro, 2005), substitute goods are goods or services that can replace similar products. This theory can illustrate that what PT Kimia Farma Apotek Business Unit Palu does in carrying out a substitution strategy is appropriate.

Discussion Of Outbound Research Results

Patients are provided with online and onsite ordering services in individual consumer logistics. Onsite services, patients are given the freedom to take and to choose the drugs they need on the shelves available. Patients can easily consult with the pharmacist on duty at the pharmacy outlet visited. Unlike the online service, this service is like an online service in general through the KF Mobile application, which is available on the App Store and Play Store on available gadget devices. The fundamental difference between the two ordering methods is that online services, through the application, cannot consult the pharmacist on duty and are subject to shipping costs from the pharmacy outlet to the destination set by the application user. For hospital institution consumers, the service uses an MOU. However, some hospitals do not have an MOU but still buy some drugs at the Kimia Farma pharmacy closest to the hospital. Hospital institutions that sign an MOU with PT Kimia Farma Apotek in the Business

Unit will get one advantage that can facilitate the implementation of the fulfillment of drugs in the hospital, namely a credit system payment with a certain tenor.

Researchers noticed that this company uses the First In First Out (FIFO) inventory method, intending that the medicinal products received first will be sold so that no drugs expire while in storage. According to (Hidayat dan Al Amin, 2018), the FIFO method is a solution to queuing problems that can be applied of customers who first come or enter are assumed to leave first. Researchers assess the use of the FIFO method in the flow of goods in the Kimia Farma Palu Business Unit pharmacy. Researchers determine that it is appropriate because this method will minimize the drugs that will expire.

CONCLUSION AND SUGGESTION

Based on the results of research and discussion of drug logistics activities at PT Kimia Farma Apotek Business Unit Palu, it can be concluded as follows:

1. Inbound activities found that the inventory of stock drugs comes from several PBFs that have been registered, as well as the brands and types of drugs at the Head Office of PT Kimia Farma Apotek. When the stock of drugs arrives at the ordering pharmacy, the pharmacy outlet carries out various processes, including inspecting or checking the suitability of the drugs. If it fits the order and meets the quality standards, it will be accepted and stored, but if the order is not suitable, if the packaging is damaged or almost expired, it will be returned or returned.
2. The conversion operation activity found that the PIC and procurement section will maintain the amount of stock, and the quality of drugs must improve by the company's SOP, so that it can be an added value to Kimia Farma pharmacies in Business Unit Palu.
3. Outbound activities found that the sales process of Kimia Farma pharmacy outlets is quite modern. The existence of the KF Mobile application on smartphones has greatly facilitated the purchasing process from the patient or consumer, and the existence of a substitute sales pattern in individual sales is one of the bargaining powers of the pharmacy outlet of PT Kimia Farma Apotek Business Unit Palu

REFERENCES

- Bloomberg, D. J. (n.d.). dkk. 2002. *Logistics 4th Edition*. Great Britain: Prentice Hall International Inc.
- Fawcett, S. E., Ellram, L. M., dan Ogden, J. A. (2007). *Supply chain management: From vision to implementation*. Pearson Prentice Hall Upper Saddle River, NJ.
- Hadiwidjojo, C. C. (2016). Analisis Rantai Nilai Pada CV Master Sentra Boga. *Agora*, 4(1), 51–59.
- Hernández, J. R., García, M. G., dan Hernández, G. G. (2013). Enterprise logistics, indicators and physical distribution manager. *Research in Logistics dan Production*, 3.
- Hidayat, F. N., dan Al Amin, I. H. (2018). Implementasi Metode First in First Out (Fifo) Untuk Analisa Sistem Antrian Pengaduan Pelanggan Internet Service Provider (Isp). *Dinamik*, 23(2), 73–79.
- Johnston, R. (2005). Service operations management: from the roots up. *International Journal of Operations dan Production Management*.
- Komara, J. (2014). Studi Deskriptif Aktivitas Inbound Outbound Logistik Pada UD Sumber Baru di Jember. *CALYPTRA*, 3(1), 1–23.
- Kristiawan, E. (2014). Penerapan inbound logistik pada pt. Mekar armada jaya di magelang dengan pendekatan konsep supply chain management. *Agora*, 2(1), 185–196.
- Kuncoro, M. (2005). *Strategi Bagaimana Meraih Keunggulan Kompetiti Erlangga*. Jakarta.
- Meliawati, R., dan Holik, A. (2020). Kebijakan Industri Farmasi pada Masa Pandemi COVID-19. *Jurnal Farmasi Udayana*, 9(2), 72–82.
- Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. New York: Free Press.
- Porter, M. E. (1985). Competitive Advantage. *New York: The Free Press*. 1986a. *Changing Patterns of International Competition*. *California Management Review*, Win-Ter, 27, 9–40.
- Rangkuti, F. (2004). Manajemen persediaan aplikasi di bidang bisnis. *Jakarta: PT. Raja Grafindo Persada*.
- Roger, S. (2000). Pengambilan Keputusan Dalam Suatu Fungsi Operasi, Edisi Ketiga. *Erlangga: Jakarta*.
- Setiadi, N. (2015). Studi Deskriptif Aktivitas Logistik Inbound Outbound pada PT Sinar Cahaya Cemerlang di Surabaya. *CALYPTRA*, 3(2), 1–20.
- Subakdo, W. A., dan Nugroho, Y. A. (2016). In-bound dan out-bound logistic pada distribusi LPG 3kg di indonesia. *Prosiding Semnastek*.
- Sugiyono, P. D. (2009). *Metode Penelitian Kuantitatif Kualitatif Dan Rdan D*, Bandung: Cv. Alfabeta.
- Warman, J. (1971). *Warehouse management*. Heinemann.