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MARTHA TILAAAR: The Business of Making Women Beautiful

“If I look back, counting my blessings, marveling at what had happened in my business, I see a pattern unfolding. I believe it started with my conviction that there is always something good out of every undertaking, every happening. Hence I refuse to see the crisis as a threat to our business. Rather, I have seen it as an opportunity. I've spent over two decades to develop my line of cosmetics which blends traditional Indonesian mixtures and treatments with modern science, and during the crisis I've felt even more challenged to create new innovations to enhance the beauty of women despite the situation.”

The above was a statement of *Ibu* Martha Tilaar, who was in her mid 60's in mid 2003 but certainly did not look her age. She was one of the major players in the cosmetics industry in Indonesia. Martha Tilaar Group, her company, positioned itself as a multi-segment cosmetics producer of over 1,500 products and many of her brands were market leaders in their respective segments. During the Asian economic crisis which had hit Indonesia so severely that many companies went bankrupt, a phenomenal thing happened in her company. In July 1999, the manufacturing arm of the company which was partially owned previously by Kalbe Group, a giant in pharmaceutical/cosmetics business in Indonesia, was able to buy back the whole shares of Kalbe Group in P.T Martina Berto.

Beyond her business success, Martha Tilaar was a very human person and very caring about the people working for her as well as those around her.

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Martha Tilaar, The Person

Martha Tilaar was the eldest of three children born to a common Javanese-Chinese family in Kebumen, a small town in Central Java. It was not an easy birth for her mother; she had been sickly during her pregnancy, so her baby, Martha, had been sickly too. As a matter of fact, her mother had developed guilt feelings because Martha's intellectual development was predicted to be slow as a consequence of her ill health. For that reason, she specifically trained Martha in various skills to make up for it.

It was from her mother that Martha Tilaar learned how to be entrepreneurial, self-reliant and independent. From her early school age, she was already told that if she wanted to have money of her own, she had to work hard for it. Hence, while their family was doing well and they lived with her grandfather, who was a local Chinese landlord, she made necklaces and bracelets from different-coloured beads from plants growing in her grandfather's backyard. She sold these to her friends in school. She also bought fried peanuts in bulk, repacked them into small packages and made a lot of money selling these in school. Sometimes she sold mangoes picked from her grandfather's garden. "It felt good to earn my own money. Looking back, I realize that the lessons learned during those times had indeed prepared me to be self-reliant, independent and brave in facing the world, and had been very meaningful later in my life."

Her father who was a teacher inspired her to be a teacher as well and helped her develop a sharing and social-philanthropic attitude. As a child, she observed her father distributing bread every afternoon to people who needed them. The bread were "rejects" from deliveries made by her grandfather who was a major supplier of bread to a military camp. Her father also organized a common kitchen during the revolution in Indonesia. In his old age, her father was still actively managing a home for the aged. The good examples set by his father had shaped Martha to be someone who always cared for the less privileged.

Martha grew up in the Javanese environment which had a very rich culture. Her parents often took her to places like Jogjakarta and Bali where art flourished. Her father exposed her to various traditional performing arts and Indonesian legends. All of these had made deep impressions on the young Martha Tilaar. She later decided to study in the State University and take up Teacher Training and Education, majoring in History.

As a child, Martha was actually tomboyish and never really cared much about beautifying herself. This got her mother worried, so she was sent to the best Beauty Culture Course in Jakarta headed by Ibu Titi Poerwosoeno, who was a famous beauty when she was a teenager. This exposure proved to have a very big impact on Martha. To make women beautiful had been a mission in her life ever since.

The Man In Her Life

Martha Tilaar met her “Prince Charming,” Dr. Alex Tilaar, who was her professor when she was still in college. They were married in 1963. Dr. Tilaar was a professor in the State University of Teacher Training and Education in Jakarta and a senior officer/ expert staff of the National Development Agency (*BAPPENAS*). Despite his senior position, he was a very honest civil servant with limited means. As a good wife, Martha followed her husband’s way of life. She moved around Jakarta using public transport though her parents owned cars. When it became unbearable, she tried to improve her young family's finances by buying and selling batik prints, embroidered clothes and other items.

Taking note of his wife’s entrepreneurial bent, Dr. Tilaar was quite supportive of her ventures and never had any feeling of competing with her. They vowed to respect each other's independence; develop the strong points each possessed and support each other, instead of each going his or her own way. This had worked beautifully indeed and their relationship had always been harmonious.

Martha Tilaar realized that as a professional businesswoman she would have less time for her family, but she tried very hard to make it up in terms of quality time spent with them. Hence, she always attempted to be home for family affairs like dinners or weekend programs. She made it a point to delegate business obligations whenever possible. Being religious minded, the Tilaars always tried to go to church to attend divine services together, and whenever Martha went on a business trip, the family would morally support her by praying for her. The "division of tasks" between the two of them also worked pretty well. While Martha was busy attending to her business, Dr. Tilaar willingly took over tasks normally done by mothers. When their children were young, he met with their teachers every semester for the distribution of report cards. He shared: "In the 70's, I was the only father doing that, in the 80's a number of men showed up, and in the 90's the ratio of men to women claiming their children’s report cards in school was already fifty/fifty!".

There was one condition, though. Alex Tilaar helped Martha a lot with business concepts, thus playing the role of an internal consultant to Martha who was the business practitioner in the family. But he refused to facilitate things for his wife in any manner by way of extra privileges which he could have easily obtained from his contacts as a senior *BAPPENAS* official – a practice which was very common in those days. While this could have made Martha’s business dealings a lot easier, Alex believed that his dignity was beyond any privilege due his position. Once, he returned a key to a house presented as a gift to him by a real estate developer!

With Alex Tilaar as the head of the family, family values had always been highly esteemed by the Tilaars and later by their children’s extended families. Martha said she believed that family welfare is the foundation of all success and they all looked forward to their upcoming 40th wedding anniversary.

Miracle In Her Life

Martha Tilaar also never ceased thanking God for a miracle in her life - the birth of her first child when she was already 42, some 15 years after they were married! In a way, it was a victory, because at the age of 40 she was already pronounced incapable of ever bearing a child by a gynecologist.

However, instead of giving up Martha reacted by inviting experts in *jamu* (traditional Javanese herbal medicines) including her own grandmother, to share their *jamu* with her and treat her as a "guinea pig". The traditional herbal medicines indeed literally worked wonders for her, because after her first baby, she had three more later.

For this reason, she had dedicated more time to do research on the *jamu* and produce them in her factory for other women to share.

Early Journey Into The World of Beauty

In her journey to learn more and more about the art of beauty, she had an opportunity to study in the Academy of Beauty Culture in Bloomington, Indiana, U.S.A. in 1967-1969. This took place when she was accompanying her husband who was studying in Indiana University on a scholarship grant. The USD 210 per month allowance provided to Dr. Alex Tilaar was barely enough to support the two of them because there was no allowance for the family. Martha refused to be deterred by this however. For Martha who had been used to working hard, it was no big problem. She became creative and innovative instead. She produced flyers with her own drawing of an Indonesian house and a coconut tree, and a handwritten message offering to baby sit for the mothers staying in the campus. She posted the flyers on the campus bulletin boards, laundry rooms, supermarkets, and other places. Within a short time, she had 13 children of various ages as her clients and she was earning as much as US\$ 2,000 a month!

With the money saved, she then managed to go to the Academy of Beauty Culture. After obtaining her certificate as a state licensed beautician, she offered her services as a beautician door to door. She acquired many clients consisting of students and wives like herself who were accompanying their husbands. She even had the wife of her very stern professor as her client.

Having learned more about life in the US, I introduced myself as follows: "I am an Indiana state licensed beautician and would like to serve you and your family (cutting and hairdo)" in my flyers. And as I predicted, the word "serve" really did wonders to people who normally did not have the luxury of being served like us in Asia. In a month, I was able to buy a BelAir car with what I earned!

Martha also experienced working as a saleslady for Avon, selling cosmetics door to door, which was a tough job. She regarded all these experiences as priceless lessons in life.

Further Journey Into The World of Beauty

Martha opened a modern, though small beauty salon when she returned to Jakarta. It was one of a kind then, and it was such a great success that in three months, the shop had to be extended and occupied almost the entire house, leaving the family with only one small room as their living area. Her clients were mostly the wives of government officials and foreign ambassadors. After two years, she opened another salon and others followed later.

With her two years' savings from her own income, Martha decided to go to the center of beauty culture in Europe to learn more of the trade, especially cosmetics technology. It turned out that in Europe people at that time were very excited with the "back to nature" trend. They were tired of anything modern and were yearning for mixtures coming from nature. It was indeed a change of orientation for beauty culture! In Holland, a medical expert, Dr. Van der Howe, gave Martha a most valuable advice: to research on the Indonesian herbal mixtures which all came from Mother Nature. Dr. Van der Howe said:

You are being ridiculous. If you want to learn the art of making Indonesian women beautiful, this is not the place to go. Look, you have brown skin, flat nose, and black hair, not blond. We also have different seasons. You can't beautify Indonesian women the Western way.

It was like a rude awakening to Martha, who had developed the perception that anything coming from the West must be the best.

But it was an eye opener, and changed my paradigm totally. What we have from the East is by no means inferior. From then on, I have developed a passion to explore and study from the Indonesian culture itself, the Indonesian art of beauty. I have searched endlessly. I have been fortunate to have had the opportunity to learn about traditional cosmetics from the royal family of Mangkunegaran, Solo as well as from the Jogjakarta royal palace of Sultan Hamengku Buwono IX. What I learned from them were priceless contributions to my business. In the olden times, such mixtures were meant as a part of the art of beauty for the royal family members only, and had to be kept a secret.

What she discovered was the beauty concept of *Rupasampat Wahyabyantara* (this is an ancient Javanese phrase), which was the harmonious mix of two elements, inner and outer beauty. This was in line with the Javanese culture whereby women and beauty were considered as two sides of the same coin, and beauty was manifested physically and spiritually in harmony. Outer beauty was shown in a beautiful face, hair and body, whereas inner beauty was manifested in caring for others.

Martha's research later extended to traditional ethnic dresses, hairdos and related subjects from all over Indonesia, and the results had been published in 18 books, dedicated to the Government of Indonesia. Based on these researches, Martha Tilaar had been awarded a *Doctor Honoris Causa* in Fashion Artistry by the World University, Tucson, Arizona, U.S.A.

Her Business

Martha Tilaar's business started with a very modest beauty salon in a small room of her mother's house in the 1960s, when she was newly wed, with clients coming from her circle of friends. She did the hair cutting, facial treatment and such services herself. She returned to Indonesia in 1970 after joining her husband who was on a scholarship in the US for three years, during which she also acquired a certificate as a beautician from the Academy of Beauty Culture in Bloomington. Upon her return, she again opened a small but modern beauty salon in Jakarta. The shop's interior design was traditionally Indonesian. It was one of a kind at that time. The shop turned out to be a great success and in a span of two years, Martha opened other beauty salons in various areas.

While operating her beauty salon, Martha traveled to various places in the world like Bangkok, Hongkong, Tokyo, London, Paris, Amsterdam, Rome and New York to polish her skills in the art of beauty. As preparation for her dream of becoming a cosmetics producer, she also visited the factories of Yves Rocher in France, Mary Quant in the UK and Hartleben in West Germany. One thing which really stuck in her mind as a result of her discussions with beauty experts from those countries was the "back to nature concept".

From her endless research into the Indonesian cultural heritage and tradition related to beauty and health, Martha gathered a great collection of traditional beauty ingredients, which are in abundance in Indonesia. She has also learned from Mother Nature which goes through its life cycle yet maintains its endless spring of beauty throughout the different stages.

She then invented the "Royal Secret Discovery" as the theme in her marketing campaign, offering hope and dream to the Indonesian women that they could be as beautiful as a royal princess by using her traditional cosmetics. However, Martha soon realized that she was just a common woman and not of the royal family. Thus, she asked a close friend who was an acknowledged beauty as well as a royal princess and another lady from the Solo royal court who was an expert on *jamu* to join forces with her. Together they produced the *Mustika Ratu* (meaning "Royal Heritage") brand of traditional cosmetics and *jamu*. The result was awesome; they simply could not meet the demand for their products since their production was still at the home industry level at that time.

Unfortunately, the alliance did not last long. In February 1979, her princess partner decided to leave her and set up her own business, bringing with her the *Mustika Ratu* brand, leaving Martha to practically start all over again. Martha was greatly affected by the separation, but at the same time she felt spiritually blessed because she

found herself pregnant for the first time, a priceless gift from God. The baby was born in the same year, and gave her the motivation and strength to move on, to respond positively to the new challenge.

Martha started experimenting again with the traditional natural ingredients, and later introduced her new brand of traditional cosmetics and *jamu*, the *Sari Ayu* ("Essence of Beauty") Martha Tilaar, also as a home industry. Later, she entered into a joint venture with the Kalbe Group, (formerly called PT Martina Berto). In 1981, the company built its first modern factory. This was followed by a second factory in 1986. They produced the three major brands: Sari Ayu (for the middle class), Belia (for teenagers) and Biokos (for the middle and upper class). All the brands covered five important categories, namely; decorative makeup, skin care, body care, hair care, and *jamu* health supplements. Other brands produced were: Roses Martha Tilaar (family care), Pesona Martha Tilaar (cosmetics for international market), Martina Martha Tilaar (Indonesian *jamu*), Berto Martha Tilaar (health food and drinks), Aromatic Martha Tilaar, PAC Martha Tilaar (Professional Artist Cosmetics), and Dermakos, medicated cosmetics for doctors which were sold at dispensaries.

Later on, related businesses have been further developed. Besides the beauty salons, Martha Tilaar Spas have also been added. A very special arm of the company was the Puspita Martha Education Centre which offered a non-formal beauty course. The course drew a big number of participants and was widely recognized in Indonesia. In latter years, many medical practitioners/doctors attended the course which had over 100,000 alumni coming from all over Indonesia and overseas.

It has been a long struggle nevertheless for the company to reach its current status. After buying back the Kalbe Group shares in 1999, the Martha Tilaar Group was established as a holding company composed of three companies in the manufacturing division, three companies in the marketing division, one national distribution and international trade division, and one company in the service division.

Martha's 1,500 items of cosmetics were produced in four different factories employing over 5,000 employees. These were sold mainly in Indonesia and also in a good number of other countries in Asia, Europe, Africa and North America. The company's turnover has reached around five hundred billion rupiahs in 2002.

Her Response To The Asian Crisis

To respond to the crisis, Martha believed that there was a need for her to implement more sharply the concept of segmentation-targeting-positioning in marketing.

She noticed that a segment of the Indonesian market, the upper class, was untouched by the crisis. For them, she created exclusive traditional products and treatments in exclusive setting in her House of Beauty, Puri Ayu Martha Tilaar, that they could pamper themselves with. For those who had less income and were badly hit by the crisis, she developed small packaging for the cosmetics such as refill eyeshadow to give better value for money. One of those products, the two-in-one lipstick increased sales by 400%, and won two awards as "Innovative Product" and "Best Product of the Year" in 1998.

She also reaped the rewards for having to sacrifice paying higher rental for counters in the best department stores or shopping malls just so their products could be displayed next to foreign brand products. Space rental was paid in US dollars.

That was due to my vision that the Indonesian brand of cosmetics should be proud of the Indonesian identity and should never feel inferior to foreign brands which have strong images. What happened during the economic crisis was that the women who used to patronize or favor foreign brands but were affected by the crisis were switching to my brands, which they could not miss because these had always been there, close to the counters they used to visit.

Thus, the business flourished. At a certain point in time, the sales of a counter which used to be only around Rp15 million could reach Rp115 million!

Martha had also seen the crisis as a good opportunity to develop better relationship with the commercial TV stations. The company had created goodwill by having the Martha Tilaar artistic team on stand-by all the time for the services that the TV stations might need for their programs. The caption "*Makeup by: Martha Tilaar*" in numerous programs had definitely increased awareness among the consumers or potential market.

How She Manages

Being a woman and a mother, Marta Tilaar always feel like a mother to her employees. She truly believes that the ideal relationship between employer-employee should be like that of a mother and child, but professionalism should always be the foundation of any relationship in the company. She believes in "sharing happiness" in the company, and this is manifested mainly by giving opportunities for her employees to develop themselves, if necessary to study overseas, under company sponsorship. Because of her "motherly" feeling toward her employees, she still maintains 600 workers in her lipstick plant instead of having the operations automated and employing only two workers.

She tried to treat her employees fairly, and she conceived "fair treatment" in this case as being open to them, and treating her employees as partners in the business. She did not like to refer to her employees as "assets" (which is a popular term and widely used) because it gives the impression that her employees were only goods and not human being. Due to this open management style, her employees did not protest when they did not receive salary increases during the economic crisis. They accepted the fact that the company needed the money very badly to pay their foreign exchange debts.

Martha Tilaar has also introduced and adopted in the company a philosophy she inherited from her parents and grandparents, which she has coined into an acronym *DJITU* (literally, it translates into "sharp" or "great" in English). In the Indonesian language, it stands for:

*	<i>Disiplin</i>	-	discipline
*	<i>Jujur</i>	-	honesty
*	<i>Inovatif</i>	-	innovative
*	<i>Tekun</i>	-	perseverance, focused
*	<i>Ulet</i>	-	persistence, assertiveness

Since I was a little girl, I have always been trained to use those traits to check on my own behavior and performance. Because I am totally convinced of these values as a way of life, I have introduced them as our corporate culture, when I later managed to build my own company.

Hence the *DJITU* is now used by employees in Martina Berto as a yardstick to evaluate oneself. Commenting on Martha Tilaar's management style, her human resource development manager said:

The *DJITU* philosophy has really become a working program in our company, not just a symbol or document. Ibu Martha Tilaar's background as an "educator" (she has a masters degree in Education) also means a lot, because indirectly she always wants to educate her employees. Above all, we believe she has genuine concerns for her employees, and that must be a key factor in her business success.

Plan For Future Generation

The business is a family business, with Martha Tilaar, her sister Mrs. Ratna Pranata (for the whole Martha Tilaar Group) and her brother, Mr. Bambang Handana (only for PT Sari Ayu Indonesia and PT Martha Beauty Gallery) as shareholders. They plan to have the second generation onwards as their successors, and they have started involving Bryan Tilaar, the eldest son of Martha Tilaar, and Samuel Pranata, son of Mrs. Ratna Pranata, in company operations.

Bryan Tilaar who graduated from a university in South California, USA was truly concerned about the spirit of the business and would like to really understand and master it. So he had started at entry level as a management trainee, and moved up the managerial level from assistant to senior management. He was a member of the Advisory Board to the Shareholders and worked with the Office of the President as Deputy Chief. Samuel Pranata occupied the same position as Bryan Tilaar, after gaining experience in other companies outside the Martha Tilaar Group.

Martha Tilaar was delighted with Bryan's commitment and achievement. Bryan was a young man who knew what he wanted; he would like to be a good politician someday but only after he becomes rich, so that he would not have to sacrifice his integrity for any reason related to money. Bryan believed that working for the family-owned Martha Tilaar Group was a good way of doing it-earning money honestly while giving employment to others.

Other members of the second generation were not yet fully involved in the company. Some were still pursuing their education, others were working outside the Martha Tilaar Group according to their respective expertise, though one way or another they have contributed something for the company. In November 1998, Pingkan, one of the two daughters won a prize in a "Body Painting" competition in Athena, Greece, conducted by CIDESCO, an international organization of beauticians. Pingkan adopted "The Tattoo of the Dayak Princess" theme, using Martha Tilaar PAC (Professional Artist Cosmetics). Wulan, the other daughter who was a graphic designer did the concept of "*Jamu* Garden", a product of the company which was launched during the CIDESCO World Congress and Exhibition 2001 in HongKong. Martha Tilaar was convinced that her two daughters would also join the Martha Tilaar Group in due time.

While I want my children to succeed us in taking care of the business, I don't want to be directive in my approach. What I have done is to convince them that working for others is okay but they'll get much more satisfaction as well as money if they run their own business. In line with that, I always try to implant a real sense of belonging and sense of ownership among them.

Beyond Business

Martha felt that she had been blessed through other women. Hence she always tried to give back to them, particularly the less fortunate, in any way possible. During the monetary crisis in 1997/1998, some 67% of the factories in the industrial estate where her plants were situated had to close down and lay off their workers. Martha organized a course on haircutting, babysitting and aromatic massage for those laid off, so that they could find other jobs with their new skills.

She also trained the women vendors of *jamu* to be more sophisticated by providing them good recipes and teaching them to prepare these in a more hygienic way. She developed women in some villages to produce handicrafts, which later found their way to boutiques in Paris and other prestigious cities in the world.

Such activities have definitely not yielded any income for her; in fact, she oftentimes had to spend her own money on these activities, but she always found it to be very rewarding.

Martha Tilaar wanted to follow the footsteps of Estee Lauder, a company that has grown big by being in one core business, cosmetics. She believed that her company's success was due to her business focus. Thus, she has remained with her core business, natural cosmetics. Company expansion was into closely related businesses only.

Despite her business success, Martha Tilaar felt that her vision has not been fully achieved. While she realized that her company was a leading cosmetics company in Indonesia and in some ASEAN countries, she wanted her company to be a world class corporation and a leader in Eastern traditional and natural cosmetics. She was still working hard to attain this.