

## Strategic Innovation Model for Business Resilience: A Case Study of PT Zenna Home Living

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**Abstract:** This research addresses the challenge of sustaining growth in a founder-led SME within the Indonesian home living industry. It focuses on PT Zenna Home Living, a company facing inconsistent growth and operational inefficiencies despite its initial success, indicating a significant gap between its strategic vision and internal capabilities. The primary objective is to diagnose the root causes of this gap and propose a practical model to enhance the company's long-term business resilience. This study employs a qualitative, single case study methodology. Primary data was gathered through in-depth, semi-structured interviews with key informants selected purposefully from three organizational levels—Strategic, Managerial, and Operational. The data was systematically analyzed using thematic analysis, facilitated by NVivo software and guided by the Dynamic Capabilities framework. The results reveal three core strategic gaps: a "Sensing Gap" where the company is insight-rich but data-poor; a "Seizing Gap" or "visionary bottleneck" due to a highly centralized decision-making structure; and a "Transforming Gap" characterized by systemic barriers and a lack of standardized processes (SOPs). To address these gaps, this research proposes the "Zenna Adaptive Resilience Model," a holistic framework built on three pillars: (1) Systemic Digitalization (implementing a WMS); (2) Process Standardization (creating SOPs); and (3) Structured Empowerment (establishing an Innovation Council). The main contribution is a practical, evidence-based model that provides a clear roadmap for Zenna and similar SMEs to build a scalable operational foundation and shift from a personality-dependent to a system-driven organization, thereby achieving sustainable business resilience.

## Introduction

The growth trajectory of Small and Medium-sized Enterprises (SMEs) often presents a critical paradox. While initial success is frequently driven by the founder's vision, intuition, and centralized control, these very factors can become significant impediments to long-term, sustainable growth (Helfat & Martin, 2015). As SMEs expand, they face increasing operational complexity that the founder's direct oversight can no longer effectively manage. This transition, from an organization reliant on a single individual to one driven by robust systems and processes, is a pivotal challenge. Failure to navigate this transition often leads to stagnating or declining performance, even for companies with strong products and initial market acceptance. This phenomenon is particularly pronounced in dynamic sectors like the creative industry, where market trends and consumer preferences shift rapidly.

This research investigates this challenge through an in-depth case study of PT Zenna Home Living, a growing SME in the Indonesian home living industry. Established in 2020, Zenna quickly carved out a niche by offering stylish, functional, and affordable furniture, leading to a significant 40% revenue increase in 2023, reaching IDR 8.49 billion. However, this momentum was not sustained, with revenue declining to IDR 8.14 billion in 2024 despite the absence of major external crises. This fluctuation is a clear indicator of a strategic gap between the company's growth ambitions and its underlying operational capabilities. The core business issue is Zenna's inability to maintain consistent performance, which points towards deep-rooted structural and procedural weaknesses that have become exposed as the company scales.

Previous research on SME resilience has often focused on external factors such as government support (Mahrinasari et al., 2024) or the general adoption of digital marketing (Timotius, 2023). While valuable, these studies do not always delve into the internal "engine" of the firm. The existing literature has generally focused on the "what" of innovation (e.g., new products), but there is a persistent gap in understanding "how" SMEs can develop the internal capacity to innovate and adapt continuously. Research that specifically applies the Dynamic Capabilities framework (Teece, 1997) to diagnose the operational failures hindering the growth of a founder-led SME in the Indonesian creative industry is still limited. Therefore, the novelty of this research lies in its use of the Dynamic Capabilities lens to dissect the root causes of Zenna's strategic gap. The purpose of this research is to move beyond a surface-level diagnosis and design a holistic, actionable strategic innovation model that can build genuine, long-term business resilience.

To achieve this, this study is guided by five key research questions: (1) What is the current state of Zenna Home Living's dynamic capabilities (sensing, seizing, and transforming)? (2) To what extent has the current innovation strategy impacted performance? (3) How can a strategic innovation model be designed to address internal weaknesses? (4) How can this model be realistically implemented? (5) Why is this model a sustainable solution for Zenna?

This article is structured to answer these questions systematically. The following section, Research Method, details the qualitative case study approach, data collection techniques, and analytical framework used. The Result and Discussion section presents the core of the research, beginning with a detailed As-Is analysis of Zenna's processes, followed by a Dynamic Capability Maturity Assessment. It then introduces the "Zenna Adaptive Resilience Model" as the To-Be solution and provides a comprehensive implementation plan. Finally, the Conclusion summarizes the findings, discusses their theoretical and managerial implications, and provides recommendations for the company and for future research.

## Research Method

This study employs a qualitative, single case study design, grounded in a pragmatism research philosophy. This philosophical stance was chosen because it prioritizes the practical application of knowledge to solve tangible, real-world business problems, aligning with the research's objective to develop an actionable strategic model for PT Zenna Home Living. The case study approach allows for an in-depth, holistic exploration of the complex and interconnected issues hindering Zenna's growth, which would be difficult to capture through quantitative methods alone. This research follows a descriptive design, structured to systematically diagnose the as-is condition of the company and subsequently build a to-be solution model.

### *Data Collection*

Data for this research was gathered using two main sources: primary and secondary data, to ensure a comprehensive and triangulated understanding of the phenomenon. Primary data was collected directly from within the operational context of PT Zenna Home Living. The principal method was in-depth, semi-structured interviews conducted with key informants. To ensure a multi-perspective analysis, these informants were selected using a purposive selection technique. The selection process was designed to ensure every informant was a credible and justified source of data. The informants were categorized into three distinct organizational levels: Strategic (the Owner/Founder), Managerial (a Branch Manager), and Operational (a Senior Sales Staff member). This multi-level approach is fundamental to the research design, as it enables the triangulation of data by comparing the strategic vision from the top with the implementation realities at the middle and frontline levels. In addition to interviews, direct observation of daily operational processes, such as store workflows and inventory management practices, was conducted to validate and provide context to the interview data.

Secondary data was used to supplement the primary findings. This included internal company documents, such as annual sales reports and product data from the Corsus system. Quantitative data from these sources, particularly the revenue trend analysis, was used descriptively to illustrate the core business issue and support the qualitative analysis, consistent with the pragmatic philosophy of this research.

### *Data Analysis*

The qualitative data gathered from interviews was analyzed using a thematic analysis approach, facilitated by NVivo software to systematically organize, code, and identify patterns within the textual data. The analytical process followed the interactive, cyclical framework proposed by Miles, Huberman, and Saldaña (2014), which consists of three concurrent flows: Data Reduction, Data Display, and Conclusion Drawing/Verification.

The analysis was specifically structured to answer each of the five research questions. For instance, to answer RQ1 (the current state of dynamic capabilities), interview data was coded against the theoretical constructs of sensing, seizing, and transforming. To answer RQ2 (the impact of the current innovation strategy), themes related to product and process innovation were linked to evidence of operational performance. This structured plan ensured that the analysis remained focused and directly addressed the research objectives. The entire process was guided by the conceptual framework developed in Chapter II, which is built upon the Dynamic Capabilities theory and posits that strategic inputs are mediated by the firm's capabilities to produce business resilience.

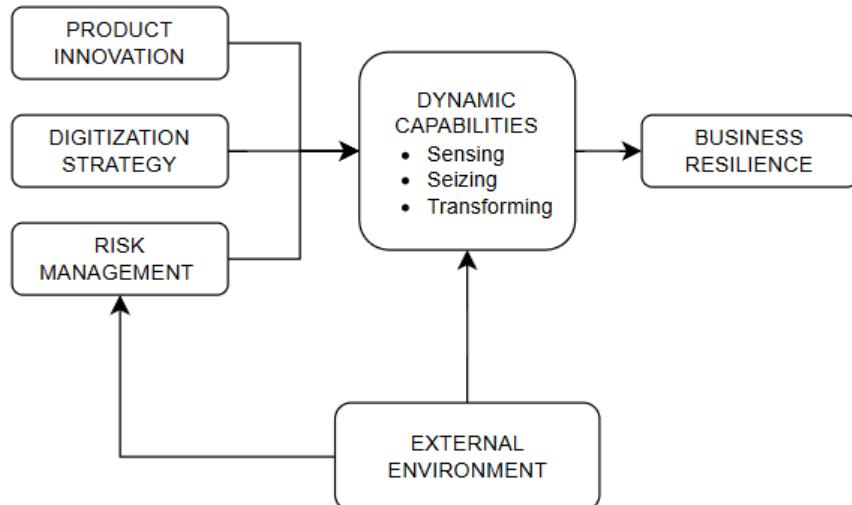


Figure 1. Conceptual Framework

## Result and Discussion

This section presents the core findings of the research, structured to first diagnose the current state of the case study company, PT Zenna Home Living, and then to discuss the implications of these findings and propose a comprehensive solution model. The analysis is built upon the qualitative data gathered from in-depth interviews and direct observations, interpreted through the lens of the Dynamic Capabilities framework.

### *Analysis of Zenna Home Living's Business Processes (As-Is)*

The analysis of Zenna's current (As-Is) business processes revealed a series of interconnected challenges that explain the company's inconsistent growth. These challenges were systematically evaluated by examining the maturity of the company's dynamic capabilities: Sensing, Seizing, and Transforming.

#### *Sensing Capabilities: Insight-Rich, but Data-Poor*

The investigation into Zenna's sensing capabilities found a process rich in qualitative insight but critically poor in systematic data analysis. The primary sensing mechanism is the direct, hands-on observation of the owner, who demonstrates a keen ability to benchmark against competitors and identify macro-level shifts in consumer behaviours, such as the trend towards smaller, more functional furniture for minimalist homes. This is evident in the owner's statement regarding Zenna's value proposition:

"Our strength compared to competitors like Ars Living or Offo Living is that our product range is more complete, and we can offer custom designs. Their items might be cheap, but their staff are less organized, and they cannot do custom work."

Furthermore, the company demonstrates a capacity for organizational learning from past strategic errors. A previous attempt to penetrate the mid-to-high market segment was correctly diagnosed as a failure due to a misalignment with Zenna's established brand identity of affordability. This shows a reflective, experience-based learning process at the strategic level. However, these strengths in informal sensing are not supported by a robust, data-driven

framework. Business health is primarily monitored through high-level lagging indicators like overall revenue, with the owner confirming:

"To check the 'health' of the business, I currently only look at the revenue and the marketing KPIs."

This "insight-rich, data-poor" condition creates a reactive posture. The company excels at understanding what has already happened but is ill-equipped to proactively anticipate future demand, which is a foundational cause of its inventory management and forecasting challenges.

#### *Seizing Capabilities: A Proactive Vision Constrained by a Centralized Bottleneck*

The analysis of Zenna's seizing capability—its capacity to mobilize resources to act on opportunities—reveals a significant paradox. The owner possesses a strong, proactive vision for seizing strategic opportunities, evidenced by a clear plan to launch a new brand for a different market segment based on past learnings. This strategic intent is supported by a defined R&D process for new products, involving professional designers and 1:1 scale mock-up to ensure quality.

However, the ability to execute these initiatives is fundamentally constrained by a highly centralized decision-making structure. The owner candidly identifies this as the company's core weakness, describing it as having "only one brain, which is me. This has become a barrier that slows many things down." This bottleneck is not arbitrary; it is rooted in the owner's perception of the management team's current capabilities, which he assesses as "C-grade". This creates a "delegation paradox": the owner's reluctance to delegate prevents the managers from developing the very strategic capacity that he seeks. Consequently, while the company can plan for major strategic moves, it lacks the agility to seize smaller, more immediate opportunities that could be acted upon by an empowered managerial team.

#### *Transforming Capabilities: The Vicious Cycle of Inefficiency*

The transforming capability, which involves reconfiguring internal assets and processes, is Zenna's most deficient area. The analysis revealed a "vicious cycle of inefficiency" where systemic, human, and cultural barriers are deeply intertwined.

The most tangible barrier is systemic. The inadequate Corsus POS system, which requires creating new SKUs for out-of-stock items, creates a cascade of operational problems, including data integrity decay and forecasting difficulties. This systemic failure forces staff to rely on manual workarounds, such as using personal notebooks to track customer demand, as confirmed by the Senior Sales informant.

This systemic issue is directly linked to underdeveloped human resources. The owner acknowledges a workforce that is "not yet competent", a situation perpetuated by the absence of Standard Operating Procedures (SOPs). Without clear standards, training is ad-hoc, and performance evaluations are subjective and verbal, as the Branch Manager confirmed:

"We need to create KPIs for each staff member, because right now, performance evaluations are only done verbally."

Finally, these issues foster a cultural barrier characterized by a lack of proactive responsibility. The owner observed that frontline staff require constant supervision, with performance fluctuating based on store traffic. The manager's belief that there is "no friction" because he handles everything manually is a powerful indicator that the organization functions not because of efficient processes, but despite them, relying on an unsustainable model of direct intervention.

#### *Dynamic Capability Maturity Assessment*

To crystallize these qualitative findings, a maturity assessment was conducted, rating each capability on a 5-level scale (from Level 1: Ad-Hoc to Level 5: Optimized). The assessment concludes that Zenna's Sensing capability is at Level 2 (Reactive), while both its Seizing and Transforming capabilities are at Level 1 (Ad-Hoc). This quantitatively confirms that Zenna's foundational capabilities for execution and internal change are critically underdeveloped, providing an urgent mandate for the strategic interventions proposed next.

#### *Discussion: Connecting Empirical Findings with Theory and Managerial Implications*

The empirical findings from Zenna strongly validate the Dynamic Capabilities framework as a relevant lens for diagnosing the challenges of a growing SME. The "insight-rich, data-poor" condition at Zenna supports the theoretical argument that effective sensing requires more than just intuition; it demands systematic data analysis. The "visionary bottleneck" demonstrates that seizing opportunities requires an organizational structure capable of mobilizing resources, not just a visionary leader. Finally, the "vicious cycle of inefficiency" is a clear manifestation of a weak transforming capability, confirming the theory that a firm cannot adapt if it is unable to reconfigure its core internal processes.

The key managerial implication from this research is that operational issues like inefficient systems and a lack of SOPs should not be viewed as mere tactical "headaches", but as fundamental strategic barriers that erode efficiency and stifle scalability. Furthermore, the findings reveal a "delegation paradox" where a leader's hesitation to empower a team, due to perceived low capacity, can inadvertently prevent that team from ever developing the necessary skills. This suggests that leaders of growing SMEs must proactively create structured, low-risk opportunities to build their team's strategic capacity.

#### *Business Process Redesign and Strategic Innovation (To-Be)*

Based on this analysis, this study proposes the "Zenna Adaptive Resilience Model," a holistic framework designed to address the identified strategic gaps. The model is built on three foundational pillars:

1. Systemic Digitalization (Implementation of a WMS): To solve the data and inventory issues by replacing the flawed Corsus system and manual processes with a single, integrated platform for real-time data.
2. Process Standardization and Human Capital Development (Development of SOPs and Training): To address inconsistent performance and low competency by establishing clear standards for work and a basis for objective performance evaluation.
3. Structured Innovation and Decentralized Empowerment (Establishment of a Product Innovation Council): To break the decision-making bottleneck and foster a more agile and innovative culture by creating a formal channel for new ideas from all organizational levels.

The implementation of this model is detailed in a phased plan, beginning with a short-term focus on foundational work (SOP design, WMS planning) and moving to long-term execution and continuous improvement. The feasibility of this plan is supported by the owner's stated readiness to invest in technology and training. This transformation aims to shift Zenna from a reactive, personality-dependent operation to a resilient, scalable, and system-driven enterprise.

To address these three gaps, this research proposes the "Zenna Adaptive Resilience Model," a holistic framework summarized in Table 1.

Table 1. Summary of Problems, Proposed Initiatives, and Expected Outcomes

Identified Strategic Gap	Proposed Initiative (Pillar of the To-Be Model)	Expected Key Outcome
1 Reactive Strategy & Data Limitations	Systemic Digitalization (Implementation of a WMS)	Improved data accuracy, enabling data-driven forecasting and a proactive strategy.
2. Execution Bottleneck & Centralized Control	Structured Innovation & Empowerment (Establishment of a Product Innovation Council)	Accelerated innovation cycles and decentralized decision-making, fostering managerial capacity.
3. Systemic & Cultural Barriers to Transformation	Process Standardization & Human Capital Development (Development of SOPs and a training program)	Increased operational efficiency, consistent service quality, and a culture of accountability.

Source: Processed by the Researcher, 2025

The managerial implication of these findings is the urgent need for Zenna to transition from a personality-dependent business model to a system-driven one. Operational issues like inefficient systems and the lack of SOPs must be viewed as strategic barriers that require investment commitment from the highest level.

## Conclusion

This research concludes that the challenge of inconsistent growth at PT Zenna Home Living is caused by an imbalance in its dynamic capabilities, where a critically weak transforming capability hinders the execution of its strategic vision. The existing innovation model, being ad-hoc and centralized, has proven to be unsustainable. To answer this problem, this research produces the "Zenna Adaptive Resilience Model," a practical, evidence-based solution model consisting of three pillars: system digitalization, process standardization, and structured empowerment. The implementation of this model is recommended to be carried out in phases, starting with foundational work (WMS planning and SOP design) in the short term. The theoretical implication of this study is the empirical validation of the Dynamic Capabilities framework within the context of an SME in the Indonesian creative industry. Practically, this research provides a clear roadmap for Zenna and similar SMEs to build a scalable operational foundation and achieve long-term business resilience. A limitation of this research is its single case study nature. Therefore, future research is recommended to conduct a quantitative study to test the generalizability of this model on a larger sample of SMEs in the home living industry.

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