

CHAPTER 5

Business Plan

5.1 MARKETING STRATEGY

5.1.1 Business analysis

1. Introduction of industry

Lemon skin chips is a home industry which produce the delicious of snack made by lemon skin. Our product have the unique ingredients from the wasted part of the lemon it's the skin. In that case we have the vision and mission on this product which is :

Vision :

- reducing the wasted of lemon skin.
- Becoming well known as home made snack.

Mission :

- Always use the best quality ingredients.
- Soon will become international snack.

2. Short term objective

Our product the lemon skin chips can be consumed by all ages and it is guarantee perfect for people who loved to eating snacks, because its homemade and give vitamin that body needs. Our product can be found in supermarket. Our product might be expensive at this short term because of our raw materials itself already expensive. This is just the beginning of our product.

3. Long term objective

In the short term objective we belive that our product quite expensive, but in the long term objective we will calculate and we will issue a larger size. Our product can be accepted by people from domestic and also from international region, so this product can be acceptable by people around the world.

4. Opportunity

Nowadays people always excited for a new product, and people will also excited to heard a unique ingredients of snacks. The lemon skin chips is a new idea of unique ingredients of snacks. Because we using 100% lemon skin to make a snack, as we can see lemon skin also bring a lot of good benefits for example it prevent cancer and improve the heart working.

Our product ingredients is easily found in supermarket, because we only use basic ingredients but bring the premium quality of product. Besides we don't use any kind of chemical product so people can accept our product without worried, and also our product can be consume by all ages.

5.1.2 Market environment analysis

Nowadays life healthy is really difficult, as we can see there are a lot of junk food in the streets that can bring a lot of disease easily. And there are a lot of snacks which not bring a good benefit for healthy life. In this case we want to show the world by eating a good and beneficially snack can give you a good life.

Our product Lemon skin chips is a good quality and beneficially snack that contains a good substance and a lot of vitamin, so people really safe to eat as much as they want.

We all know Porter's five forces is good for our industrial analysis, so we use it to make our business work properly and have good situation.

1. Threat of new entry

Our product ingredients are very easy to find in supermarket and very easy for competitor copied our product, so in this case we still have our confident that our product are superior, and our product is new and the first product as a lemon skin chips. And we also develop our product every 2 month to make the customer satisfied.

2. Supplier power

We really confident for the supplier power, because our ingredients can be find in traditional market, and we also choose the best quality even in traditional market. We store the lemon in fridge, in case if in traditional market doesn't have the lemon. We will find a supplier from people who don't need the lemon skin, from people who throw away the lemon skin. For example we will have a partnership with producer of lemon juice, because they don't need the skin. And also our product is use lemon juice, in that case we will easily to find partnership with producer of lemon juice.

3. Buyer power

Our product the Lemon skin chips is a new product, which is we have to get a loyal customer. So in that case we are using the social media to get what customer want and needs.

4. Threat of substitute

My product is a snack which have a unique part of fruit. But our product is not sweetened and have the crispy texture not like candied snack. There are a lot of skin fruit chips and fruit chips, which they are already mainstream for example apple skin chips, mango skin chips. Our product is the only skin chips which using the skin from citrus fruit. But this is sure challenged us to be able to compete with many other skin chips, because there are a lot variety of fruit skin chips. We will always promote our product by joining bazaar, or event.

5. Competitive rivalry

Our product Lemon skin chips is not well known by people yet because our product is a new product. And its really hard to compare with many other fruit skin snacks, because of our product little bit expensive but we are not worry at all.our product will contain a lot of vitamin from lemon skin, so where there is a quality, there always a fair price. Its quite challenging to get attention from consumer, but

we really confident of our unique ingredients and we believe that we still can compete in the market.

5.1.3 Marketing strategies

At this time our product is not yet on the market, so this is our opportunity to sell our product. And our confident by using the good quality ingredients and contain rich of nutrients and vitamins.

1) Targeting, Segmentation, positioning

Target market of Lemon skin chips is 25 years old and over. For people who always curious on new viral snacks, and having healthy life they deserve it.

Our product will be pack on sealed packaging (zip lock packaging) so people who consume our product can be easily to open and closed the pack.

2) Marketing mix

1. Product

Our product lemon skin chips is bring the healthy snacks concept, our product is reduce the level of sugar which is good for people who get diabetes disease. However our product also good to prevent people from cancer, Vitamin C in the lemon skin is a powerful antioxidant that helps the body block free radicals. And we will develop and update our new taste and variant to make the customer loyal to us.

2. Price

The price for Lemon skin chips is Rp 15.000,- per pack (20g).

3. Place

Based on target market of our product, our product will be sell in the restaurant such as madame chang, and also we sell in supermarket such as (Ranch market, Papaya Supermarket)

4. Promotion

We have our promotion strategy, as we can see nowadays it is impossible if there are nobody have a smartphone. So in that case we use the social media for our promotion, and below the line promotion we also give brochure at the shopping mall and we give free sample.

5. People

Our product is a home based business and our product is a new business then we start with 2 employee, as the title is home based business so we don't need any kind of special skill to be a part of our business. Our employee criteria will have to be diligent, cleanliness, hardworking, loyal and honest.

6. Process

Hygiene is really necessary in every food and beverage business wether it's a home based industry or factory industry. We will make sure the process is under the hygiene control, start from choosing the ingredients until the packaging process.

7. Productivity

The quality of our product no need to be doubt in again because of our quality of ingredients and fresh materials. Just following the procedure that have been made the product will be perfect.

3) TOWS MATRIX

A TOWS analysis is a variant of a SWOT analysis and is an acronym for Threats, Opportunities, Weaknesses and Strengths. Similar to a SWOT, a TOWS analysis will involve the identification of an organisation's strengths, weaknesses, opportunities and threats; however, often a key criticism of a SWOT analysis is that it doesn't show the relationships between the different factors and categories. (Oxford collage,2018)

From this TOWS we can manage our strategy, we can know what should we do to maximize our strength and minimize our weaknesses.

Table 2. TOWS matrix

	Strength <ul style="list-style-type: none"> - Good product quality - Unique ingredients 	Weakness <ul style="list-style-type: none"> - New comer - No display on store
Opportunity <ul style="list-style-type: none"> - New variant of fruit skin - Beneficial snack 	S-O <ul style="list-style-type: none"> - Make new variant taste 	W-O <ul style="list-style-type: none"> - Promotions - Get partnership
Threat <ul style="list-style-type: none"> - Easy to be copied - Economic slowdown 	S-T <ul style="list-style-type: none"> - Become well known product - Minimalize product's cost and maximize product's quantity and quality 	W-T <ul style="list-style-type: none"> - Word of mouth promotion - Market penetration

5.1.4 Human resource management

1. Team

Our product is home based business industry which is business like this may can reduce the employee cost, while the owner will arrange the purchasing, inventory, and marketing.

2. Task breakdown

- Owner :
 - Checking all the incoming ingredients.
 - Buy and measure all ingredients.
 - Make a research about new product.
 - Make a new variant of taste.
- Cooks :
 - Prepare all the preparation.
 - Cook the ingredient product and follow the procedure.
 - Clean all the stuff and equipment after used.
- Distributor :
 - Distribute the product based on the list of procedure.
 - Make a delivery report.

3. System operation

1. Person in charge

Our product is home based business industry which is business like this may can reduce the employee cost, while the owner will arrange the purchasing, inventory, and marketing.

2. Working hour

We have our operational hour for cooks and distributor division, for the cooks division start 8AM – 4PM and for distributor start 9AM – 5AM. And our working time is Monday to Friday, we don't have any working time on the weekend (Saturday and Sunday).

3. Recruiting, selecting, interview

For our industry we have decision to choose external method, because it's the best option for us to recruit an employee by advertising job offer in radio, newspaper, and billboard.

4. Training

For training we don't use any trainer or hire someone to train our employees, to reduce cost the owner will train the employees by himself. We don't need any special techniques, so we can train them while processing production the product.

5. Performance appraisal

Table 3. Performance appraisal

POSITION	TASK BREAKDOWN	STANDART	PUNISH
COOKS	<ul style="list-style-type: none"> • Prepare all ingredients, equipment and utensils. • Make the product by following the SOP. • Cleaning the equipment after used. 	<ul style="list-style-type: none"> • Hygiene and sanitation. • Ontime while working. • Good grooming. • Good personality. 	<ul style="list-style-type: none"> • Come late in working hour. • Dirty production area. • Sexual harassment.
DISTRIBUTOR	<ul style="list-style-type: none"> • Distribute the product. • Always make the delivery report, 	<ul style="list-style-type: none"> • Delivery the product properly. • Good personality. 	<ul style="list-style-type: none"> • Can't reach the delivery target. • Sexual harassment.

6. Salary and compensation

The salary for the cooks and distributor are the same Rp. 700.000,- , overtime working will receive Rp. 6000,-/ hour. For the compensation employee will have a breaktime holiday by going to Malang for 2 nights with the owner, every year.

5.1.5 Product calculation

5.1.5.1 Variable cost

Table 4. Variable cost

No	Description	Total (unit)	Cost/unit (Rp)	Cost/day (Rp)	Cost/pack (Rp)
1.	Lemon skin	3 kg	10.000	30.000	1.100
2.	Lemon juice	2,5L	30.000	30.000	1.080
3.	Caster sugar	1,5 kg	17.000	25.500	500
4.	Salt	0,195 kg	4.000	780	28
5.	Soda water	13can/4 L	4.000	52.000	1800
6.	Cinnamon powder	0,081 kg	8.000	648	24
7.	Cooking oil	1,5 L	14.000	21.000	875
8.	Water	1,5galoon/27 L	15.000	21.315	789
9.	packaging	27	1.000	27.000	1.000
Total				208.243	7.196

Notes :

1 month : 25 work days

1 days : production 27 pack(s)

Variable Cost/ 1 month =Rp 208.243,- x 25 days

=Rp 5.206.075,-

Variable Cost/ 1 year =Rp 5.206.075,- x 12 month

=Rp 62.472.900,-

Production capacity for (25 workdays) =27 packs x 25 days

=675 (20 g)

5.1.5.2 Overhead Cost

Table 5. Overhead cost

Description	Needs (unit) / month	Cost / unit (Rp)	Cost / month (Rp)
Lpg 12 kg	1 tubes	136.000	136.000
Employee	2 people	700.000	1.400.000
Electricity and water	-	250.000	250.000
Total			1.786.000

Notes :

Employee are in charges in production and distribution division.

5.1.5.3 Fixed Cost

Table 6. Fixed cost

Description	Cost
Plastic bowl	5.000
Knife	17.000
Sauce pan	45.000
Gas stove,regulator,gas tube	500.000
Kitchen scale	50.000
Stainless tray	46.000
Frying pan	18.000
Total	681.000

5.1.5.4 Break Event Point (BEP)

Notes :

Interest rate =15%(investment plant at least 5 years)

Depreciation =20% x Rp 681.000,- = Rp 136.200,-

Cost production / 1 month

$$\begin{aligned} &= \text{Variable Cost} + \text{Overhead Cost} + ((20\% \times \text{Fixed Cost}) : 12) \\ &= \text{Rp } 5.206.075,- + \text{Rp } 1.786.000,- + ((20\% \times \text{Rp } 681.000,-):12) \\ &= \text{Rp } 5.206.075,- + \text{Rp } 1.786.000,- + \text{Rp } 11.350,- \\ &= \text{Rp } 7.003.425,- \end{aligned}$$

Cost production/pack

$$\begin{aligned} &= \text{Rp } 7.003.425,- : 675 \text{ packs} \\ &= \text{Rp } 10.375,- \end{aligned}$$

Selling Price / pack

$$\begin{aligned} &= \text{Rp } 10.375,- + (15\% \times \text{Rp } 10.375,-) \\ &= \text{Rp } 10.375,- + \text{Rp } 1.556,- \\ &= \text{Rp } 11.931,- \\ &= \text{Rp } 15.000,- \end{aligned}$$

Profit / pack

$$\begin{aligned} &= \text{Selling Price} - \text{Cost of Production / pack} \\ &= \text{Rp } 15.000,- - \text{Rp } 10.375,- \\ &= \text{Rp } 4.625,- \end{aligned}$$

Profit Total / day

$$\begin{aligned} &= \text{Rp } 4.625,- \times 27 \text{ pack} \\ &= \text{Rp } 124.875,- \end{aligned}$$

Profit Total/ month

$$\begin{aligned} &= \text{Rp } 124.875,- \times 25 \text{ days} \\ &= \text{Rp } 3.121.875,- \end{aligned}$$

BEP (unit)

= Fixed Cost : (Selling Price – Cost of Production)

=Rp 681.000,- : (Rp 15.000,- - Rp 10.375,-)

= Rp 681.000,- : Rp 4.625,-

=147.243= 148 unit

BEP (Rp)

= Fixed Cost : (1 – (Cost of Production / Selling Price))

= Rp 681.000,- : (1-(Rp 10.375,-/ Rp 15.000,-))

=Rp 2.208.648,-