

## CHAPTER V: BUSINESS PLAN

### 5.1. Company Overview

Chen's is a home-based business that operates in Surabaya, Indonesia. The company is registered as UMKM (Small Micro Medium Enterprises). The figures below shows the company's vision, mission and core values,



Figure 48. Company Overview (Personal Documentation, 2020).

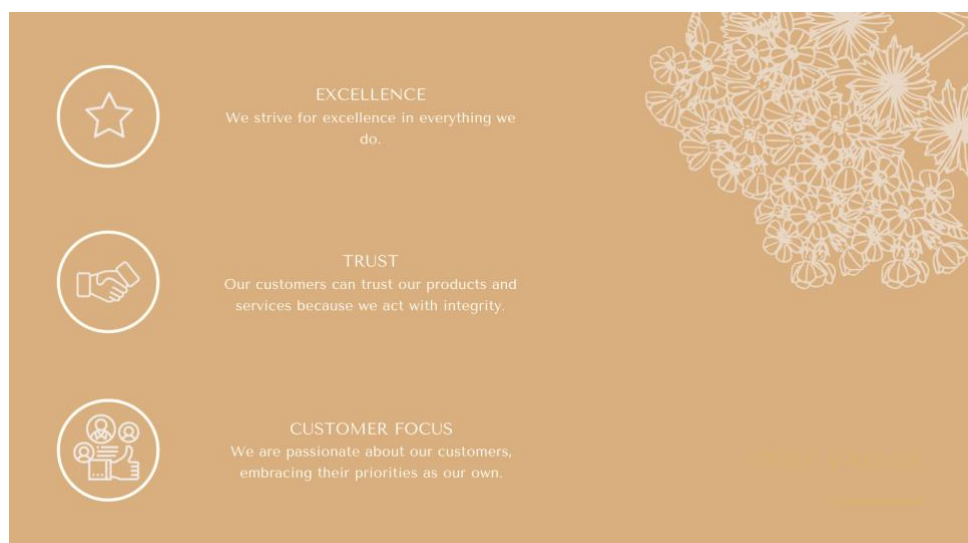
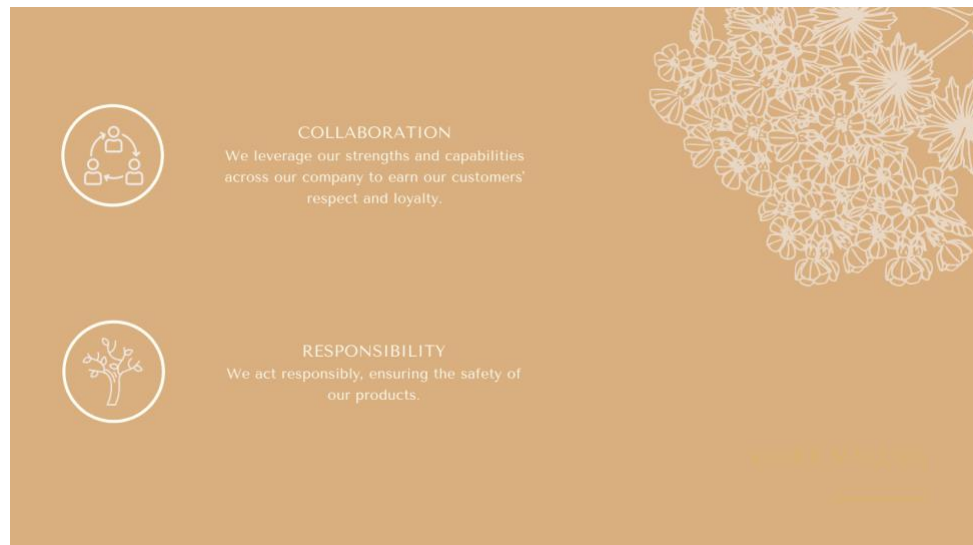


Figure 49. Company Core Values (Personal Documentation, 2020).



*Figure 50. Company Core Values (Personal Documentation, 2020).*

## **5.2. Business Scope**

### **5.2.1. Purchasing Ingredients**

Since most of the ingredients for the product is not locally sourced, we will purchase our ingredients from suppliers and online shops. There are several local supermarkets (i.e. Hokky, Papaya, Ranch) that sell the ingredients we need, however supermarkets tend to sell the ingredients with higher prices, thus we chose to purchase our ingredients from suppliers and online shops that offer lower prices.

### 5.2.2. Production Process

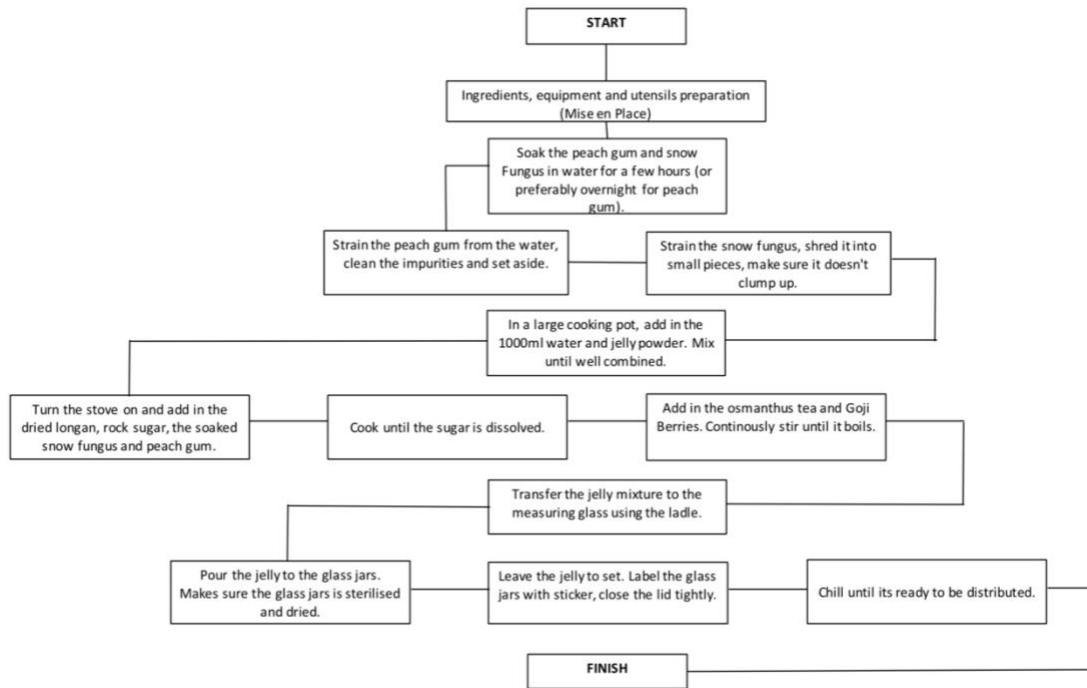


Figure 51. Production Process (Personal Documentation, 2020).

### 5.2.3. Marketing and Sales

To classify the balance of production and demand, we need to learn, research and define the target market and marketing strategies effectively.

Customers play a very important role in every business aspects, thus we need to figure out who our target market is. At Chen's, generally we are targeting the middle class, but our main target market are people who are health conscious. These people usually tend to go their extra mile to research and consume products with great health benefits.

There will be various marketing strategies that we will implement. One of the main marketing strategies will be through social medias. We will create our own social media platforms to keep in touch and promote the product to potential customers. Aside from that, we will also contact a few food bloggers and social media influencers to promote or endorse our product. Other ways of promotional strategies will include having special promotions and joining seasonal events like bazaars and food festivals.

### **5.3. Stakeholder**

#### **5.3.1. Consumer**

Consumers play a very important role in the business' economic system, as they are the one who pays to consume our product produced.

#### **5.3.2. Government**

Our company hires people to produce and distribute our product, thus by doing so we are trying to help the government to decrease the unemployment rate of the country. We also participate in paying taxes as UMKM (Small Micro Medium Enterprises).

#### **5.3.3. Investor**

The role of investor in this business is to help us in funding our company, so we can produce and distribute the product. Since Chen's is starting as a home based business, the funds come from the owner herself, Felicia.

### **5.3.4. Supplier**

Suppliers are essential for the business, they are the sources that help us supply our ingredients.

## **5.4. SWOT Analysis**

### **5.4.1. Strengths**

- a. Healthier Option for Dessert.

Compared to the jelly products that are sold in the market currently, Chen's Peach Gum Osmanthus Jelly is packed with ingredients that have a lot of health benefits and nutritious properties.

- b. The Product Uses High Quality and Premium Ingredients.

Chen's strive to purchase ingredients from the best suppliers and shop that provide high quality and premium ingredients.

- c. Good Hygiene and Sanitation

To maintain the hygiene and sanitation of our product, every employee working in Chen's needs to wear hand gloves and mask to prevent contamination. Before the production process begins, we will sterilize all of the tools and packaging used.

- d. Sustainable Packaging

Chen's uses glass jar for the product packaging. The jar is recycle-able.

### **5.4.2. Weaknesses**

- a. Higher priced rather than the normal sugary jelly.

- b. A new established small business brand.

New established brands are usually looked over, as they don't have the market yet.

c. **The Ingredients are Not Very Accessible**

Since most of the ingredients used is not locally sourced, there will be times when we struggle to get the ingredients, especially when there are difficulties in the export and import industry.

**5.4.3. Opportunities**

- a. With the ever-growing demand for healthier food and lifestyle, we most likely will be able to attract potential customers.
- b. In the future, we hope to expand our brand and innovate new products.

**5.4.4. Threats**

a. **Competitors**

There are a lot of jelly like desserts available that people already love or are familiar with.

b. **Rapid changes of food trends**

Food trends come and go throughout the years.

c. **Not all people are familiar with Peach Gum and its health benefits, despite its recent popularity in Indonesia.**

**5.5. Marketing Aspects**

**5.5.1. Segmentation**

Chen's Peach Gum Osmanthus jelly is suitable to be consumed by all ages. We generally are targeting the middle class, but our main target market are people who are health conscious. These people usually tend to go their extra mile to research and consume products with great health benefits and this product can be a healthier alternative for them.

### **5.5.2. Targeting**

- a. All ages (Kids, Teenagers, Adults, Seniors).
- b. People who are health conscious.
- c. Middle and Middle-Upper class.

### **5.5.3. Positioning**

After setting the target market, we need to research and analysis which type of people is most likely to be a potential customer. This also include when, what and how they would make a future purchase. By looking and observing the customer's buying behaviour, we can predict and control our products and services.

### **5.5.4. Strategy**

#### **a. Product**

- High quality products with premium ingredients.
- Product with healthier benefits.

#### **b. Place**

Chen's will start as a home based business, thus the production will ceased at a house in Western part of Surabaya (Citraland), the product then will be distributed to local supermarkets in Surabaya (i.e. Hokky, Papaya, Ranch). We will start distributing our product to supermarkets in the west area of Surabaya , then further expand the distribution to other areas of Surabaya.

**c. Price**

Chen's Osmanthus Peach Gum Jelly will be priced at IDR. 30.000 / Jar. We will occasionally held promotion and special offers to attract more potential customers.

**d. Promotion**

One of the main promotion strategies will be through social medias. We will create our own social media platforms to keep in touch and promote the product to potential customers. Aside from that, we will also contact a few food bloggers and social media influencers to promote or endorse our product. Other ways of promotional strategies will include having special promotions and joining seasonal events like bazaars and food festivals.



## 5.6. Financial Aspects

### 5.6.1. Variable Cost

Notes:

- a. 1 Recipe = 5 jars
- b. 1 Month = 20 working days
- c. 1 Day = Producing 100 jars
- d. 1 Day = 20 Recipes

*Table 2. Variable Cost (Personal Documentation, 2020)*

	<b>Ingredients</b>	<b>Total Unit/Day</b>	<b>Cost/Unit (R.p.)</b>	<b>Cost/Day (R.p.)</b>
<b>1</b>	Peach Gum	400g	140.000/kg	56.000
<b>2</b>	Osmanthus Tea	80g	1.160.000/kg	92.800
<b>3</b>	Goji Berries	160g	188.000/kg	30.080
<b>4</b>	Snow Fungus	200g	182.000/kg	36.400
<b>5</b>	Dried Longan	300g	235.000/kg	70.500
<b>6</b>	Rock Sugar	1kg	31.250/kg	31.250
<b>7</b>	Jelly Powder	600g	280.000/kg	168.000
<b>8</b>	Mineral Water	20 liters	685/liter	13.700
<b>9</b>	Packaging:			
	Plastic Jar	100 pcs	4.900/pcs	490.000
	Sticker Label	100 pcs	550/pcs	55.000
<b>Total/Day</b>				<b>1.042.930</b>
<b>Total/Month</b>				<b>20.858.600</b>

### 5.6.2. Overhead Cost

Table 3. Overhead Cost (Personal Documentation, 2020).s

	<b>Description</b>	<b>Cost/Day</b>	<b>Cost/Month</b>
<b>1</b>	Employees (2)	200.000	4.000.000
<b>2</b>	Utilities (Electricity, Gas, Water,)	100.000	2.000.000
<b>3</b>	Delivery Fee	50.000	1.000.000
	<b>Total</b>	<b>300.000</b>	<b>7.000.000</b>

### 5.6.3. Fixed Cost

Table 4. Fixed Cost (Personal Documentation, 2020).

	<b>Material</b>	<b>Price/Unit</b>
<b>1</b>	Bowl (4)	60.000
<b>2</b>	Ladle (1)	55.000
<b>3</b>	Measuring Cup (1)	10.000
<b>4</b>	Electric Scale (1)	75.000
<b>5</b>	Cooking Pot (2)	280.000
<b>6</b>	Stove (1)	251.000
<b>7</b>	Refrigerator (1)	1.599.000
<b>8</b>	Tongs (1)	10.000
<b>9</b>	Knife (1)	20.000
<b>10</b>	Cutting Board (1)	15.000
<b>11</b>	Scissor (2)	12.000
<b>12</b>	Measuring Spoon (1)	20.000
	<b>Total</b>	<b>2.407.000</b>

#### 5.6.4. Total Cost

Table 5. Total Cost (Personal Documentation, 2020).

Type of Cost	Total/Month
Variable Cost	20.858.600
Fixed Cost	2.407.000
Overhead Cost	7.000.000
<b>Total</b>	<b>30.265.600</b>

##### a. Cost of Production

$$\begin{aligned} &= \frac{Rp.30.265.600}{2000 \text{ packs}} \\ &= Rp. 15.1328 \\ &\approx Rp. 15.000 \end{aligned}$$

##### b. Selling Price

$$\begin{aligned} &= Rp. 30.265.600 + (100\% \times Rp. 30.265.600) \\ &= Rp. 60.531.200 \end{aligned}$$

##### c. Selling Price/Unit

$$\begin{aligned} &= \frac{Rp.60.531.200}{2000 \text{ packs}} \\ &= Rp. 30.2656 \\ &\approx Rp. 30.000 \end{aligned}$$

##### d. Profit

$$\begin{aligned} &= Rp. 30.000 - Rp. 15.000 \\ &= Rp. 15.000 \end{aligned}$$

$$\begin{aligned}
 \text{e. BEP} &= \frac{\text{Fixed Cost}}{\text{Profit}} \\
 &= \frac{\text{R.p.2.407.000}}{\text{R.p.15.000}} \\
 &= 160,4666667 \\
 &\approx 160 \text{ Unit}
 \end{aligned}$$

$$\begin{aligned}
 \text{BEP} &= \frac{\text{Fixed Cost}}{\left(1 - \frac{\text{Cost of Production}}{\text{Selling Price}}\right)} \\
 &= \frac{\text{R.p.2.407.000}}{\left(1 - \frac{\text{R.p.15.000}}{\text{R.p.30.000}}\right)} \\
 &= \text{R.p. 4.814.000}
 \end{aligned}$$

### **5.7. Technical Aspects**

Chen's Peach Gum Osmanthus Jelly will be produce daily for 5 days in a week. Since the production process is able to be completed by a day, we will be able to produce 100 jars per day. The number of employee that will be needed is only 2 people. Chen's will start as a home-base small business. The product will be sold online and distributed to local supermarkets and eateries.

### **5.8. Legal Aspects**

As for now, Chen's is still a home based business. Thus, we haven't register our product to BPOM (Indonesian Food and Drug Authority) yet. However, since our product is distributed to local supermarkets, we will need a legal business permit from the state. The license we need is the PIRT (Household Food Industry) License. PIRT is a food production permit produced by home industry scale which is determined by BPOM. In the future, when the company grows and have stable production, we will register it to BPOM and SNI (Indonesia National Standard). Chen's will also try to get a Halal certification from the MUI (Indonesian Ulema Council), to assure that everyone can consume the product without worry.