

Analysis of Small Business Development Strategy for Vicky's Cakery and Catering in Beji, Depok, West Java

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Abstract

This research aims to develop a strategy for developing the small business for Vicky's Cakery and Catering in Beji, Depok, West Java. The instrument used is SWOT analysis (Strengths, Weaknesses, Opportunities, Threats). The results of the analysis show that the main strengths of Vicky's Cakery and Catering are: having expertise in and cake and catering food production and having business experience of more than 15 years. The weaknesses are: the lack of advertising and business capital. The external opportunity factors that can influence the business are: more social events and gatherings and the availability of low interest people's business credit (KUR) for small businesses. Meanwhile, the external threat factors are: more business competitors. Business development strategies that can be arranged are: a) Developing relationships with various social event and gathering organizers to gain market share; b) Increasing business capital through low interest people's business credit (KUR) based on the guarantee of expertise and long business experience; c) Utilizing social media for product advertisings; and d) Improving product quality with competitive prices to face the threats of competition.

Keywords: SWOT, business development strategy, small business, cakery and catering

INTRODUCTION

Micro, small and medium enterprises (MSMEs) have developed rapidly in Indonesia. According to the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM), there are 64.2 million MSME units in Indonesia in 2021. These MSMEs are dominated by micro businesses, with a maximum-turnover criteria of IDR 2 billion, with a total of 63,955,369 units in 2021, which contribute to 99.62% of the total business units in Indonesia. According to the Ministry of Finance (Kemenkeu), most MSMEs are still experiencing various challenges, such as growing difficulties, minimal access to the digitalization and global market as well as the lack of financial services. However, Indonesian MSMEs are able to absorb 97% of the workforce, contribute to 57% of Gross Domestic Production (GDP) and contribute to 15% of national exports.

The food and beverage industry in Indonesia experienced an increase from 2020 to 2021 by 2.54%, becoming IDR 775.1 trillion. The Central Statistics Agency (BPS, 2021) reported the GDP for the national food and beverage industry based on the current price of IDR 1.12 quadrillion in 2021. This value accounts for 38.05 % of the non-oil and gas production industry or 6.61 % of the national GDP which reached IDR 16.97 quadrillion. Food and beverage production is one of the most mature industries in Indonesia, with a large number of

businesses competing for sales. Most of them are small or micro businesses, although a small number of large companies dominate the market.

One of the Indonesian food production micro businesses is Vicky's Cake and Catering which is located on Jalan Kopi, Beji, Depok. This business mainly provides food catering services and the production of various cakes and pastries to meet consumer demands. This business has been running for decades and has had ups and downs, especially during the period of Covid 19. This business has a permanent workforce of three people and a temporary workforce of five to ten people. Temporary workers are necessary, especially in catering services in wedding events. This business has large-scale cooking equipment and capable of preparing more than 500 portions. It also provides dinnerware and cutlery such as various plates, glasses, spoons, forks and even furnitures such as tables, huts, decorations, and others.

After the Covid-19, businesses experienced a decline in demands, which was thought to be due to a decrease in social events, as well as an increase in business competition. To overcome this problem, this research aims to develop a business strategy to regrow the small business of Vicky's Cakery and Catering.

THEORETICAL BASIS

SWOT is an abbreviation for the internal Strengths and Weaknesses as well as the external Opportunities and Threats faced by the business world. SWOT analysis compares the external factors (Opportunities and Threats) with the internal factors (Strengths and Weaknesses) (Rangkuti, 2018). SWOT analysis is an instrument for identifying various factors that are formed systematically which are used to formulate company strategy. SWOT analysis is used as a model for analyzing profit- and non-profit-oriented organizations with the main aim of knowing the condition of an organization more comprehensively (Nur'aini, 2016).

Opportunities are the conditions in general environment which help an organization to compete. On the other hand, threats are the general environmental conditions which disrupt an organization's efforts to compete. The aim of an external audit is to develop elements of opportunities which the company can exploit and also the analyze the threats which must be avoided. Strengths consist of resource strengths, skills or other advantages compared to the competitors and also the needs of the community provided by the company. Weaknesses are limitations or deficiencies in resources, skills and abilities which disturb the company's effective performance Michael et al (2001).

Competitive strategy is a business strategy that focuses on improving the competitive position of a company's products and services in a particular industry or market segment, served by the company and overcoming company problems to be able to compete in the industry (Wheelen and Hunger, 2001). Competitive advantage is more of a dynamic process rather than an end result. This process consists of sources of advantage, positional advantage, and achievement of the final results of profit investment to maintain excellence. Sources of competitive advantages are: superior skills, resources and supreme control (Cravens, 2008).

Companies can develop strategies to overcome external threats and take advantage of the existing opportunities. The process of analyzing, formulating and evaluating strategies is called strategic planning. The main objective of strategic planning is for the company to objectively view internal and external conditions, so that the company can anticipate changes in the external environment Rangkuti (2008).

The strategic management process consists of three stages: Strategic formulation, strategic implementation and strategic evaluation. Strategic formulation includes developing a business mission, identifying external opportunities and threats, establishing internal strengths and weaknesses, setting long-term goals, generating alternative strategies, and selecting specific strategies to implement. Strategic Implementation is required by companies to set annual goals, equip them with policies, motivate employees and allocate resources so that the formulated strategies can be implemented. Strategic implementation includes developing a culture of strategic support, creating an organizational structure, changing marketing direction, preparing budgets, developing and utilizing information systems and linking employee compensation to organizational performance (Rickerson, 2009).

RESEARCH METHODS

This research uses a qualitative descriptive method, that aims to help solve the problems occurred. The descriptive method describes the nature of something that was happening at the time the research was conducted and examines the causes of a particular symptom (Sugiyono, 2011).

Data collection technique

The techniques applied obtain research data consist of interviews, observation and documentation. An interview is done by asking a source about several things that require answers and arguments which support the title of the research. (Arikunto, 2010). Observation is an activity of surveilling the object of research, namely the condition of Vicky's Cakery and Catering business by collecting data through instruments such as observation guides, observation sheets or recording devices (Purhantara, 2010). Documentation is an effort to collect data that generates important notes related to the problems observed to produce valid and complete data.

Data analysis technique

Internal and external environmental analysis is the basis of SWOT analysis. Internal Factor Evaluation (IFE) describes weaknesses and strengths as the internal factors of the company. The analysis of the company's opportunities and threats is described through the External Factor Evaluation (EFE). The formulation of alternative company's business development strategies is analyzed in a SWOT matrix which is based on the company's weaknesses, strengths, opportunities and threats.

Next, a QSPM (Quantitative Strategic Planning Matrix) analysis is carried out to determine business development strategies. The attractiveness score (AS) was analyzed, to describe the relative attractiveness of each strategy. The total attractiveness score (TAS), which is the multiplication of the weight by the AS, is then calculated. The greater the TAS, the more attractive the strategy alternative. The most feasible strategy to implement is the one with the highest TAS.

RESULTS AND DISCUSSION

The results of the internal factor analysis of Vicky's Cakery and Catering's small business, which consist of strengths and weaknesses are presented in Table 1.

Table 1. Vicky's Cakery and Catering IFE Matrix

Strengths	Weight	Rating	Score
Having expertise in catering food and cake production	0.130	4	0.522
Having sufficient workforce	0.087	3	0.261
Having business experience of more than 15 years	0.174	3	0.522
Having consumers who are interested in the food products	0.087	4	0.348
Having complete catering equipment	0.087	3	0.261
Strength Score			1.913
Weaknesses			
Having no advertisings	0.087	2	0.174
Having no marketing personnel	0.130	3	0.391
Having less adaptability to changes in consumer tastes	0.087	2	0.174
Having less business capital	0.130	2	0.261
Weaknesses Score	1		1.000
Internal Factor Score			2.913

Based on the IFE Matrix analysis in Table 1, Vicky's Cakery and Catering's strength factors can be identified as having expertise in managing a catering business, as well as having more than 15 years of business experience, both having a score of 0.522. Meanwhile, the weakness factor is not having marketers with a score of 0.391. This fact reveals that Vicky's Cakery and Catering's main strength is its expertise in managing a catering business and also the fact that the owners have more than 15 years of experience in managing their business, so that they understand the various fluctuations in the business. The basic weakness is that they do not yet have competent marketers to increase the business's market share.

Table 2. Vicky's Cakery and Catering EFE Matrix

Opportunities	Weight	Rating	Score
The economic growth after Covid-19	0.118	2	0.235
The social events and gatherings (mostly wedding) being held	0.235	3	0.706
The availability of low interest people's business credit (KUR) for small businesses	0.176	3	0.529
The access to social media facilities for product advertisings	0.176	2	0.353
Opportunities Score			1.824
Threats			
More business competitors	0.118	2	0.235
The rise of prices of basic food commodities	0.059	2	0.118

The emergence of various new food products	0.118	1	0.118
Threats Score	1		0.471
External Factor score			2.294

Based on the EFE Matrix analysis in Table 2, it can be identified that the opportunity factor for Vicky's Cakery and Catering is the social events and gatherings being held with a score of 0.706, which grow more after the covid-19 period. Thus, this business opportunity needs to be addressed actively through reliable marketers. Meanwhile, the threat factor is the rapid growth business competitors with a score of 0.235. Of course, this needs to be anticipated by improving the quality of products while providing excellent services so that they can have a competitive advantage.

Based on the TAS in each alternative strategy column, the most feasible strategies to implement are:

1. Develop relationships with various social event and gathering (especially wedding) organizers to gain market share.
2. Increase business capital through low interest bank loans (KUR) based on the guarantee of expertise and long business experience.
3. Utilize social media to convey product advertisings.
4. Improve product quality at competitive prices to face potential competitions.

CONCLUSIONS AND RECOMMENDATIONS

The results of the SWOT analysis reveal that the strengths of Vicky's Cakery and Catering's small business consist of: having expertise in catering food and cake production, having sufficient workforce, having business experience of more than 15 years, having consumers who are interested in the food products and having complete catering equipment. The weaknesses consist of: having advertisings, having no marketing staff, having less adaptability to changes in consumer tastes, having less business capital. External factors that can influence this business include: the economic growth after Covid-19, the social events and gatherings being held, the availability of low-interest people's business credit (KUR) for small businesses and the access to social media facilities for product advertisings. Meanwhile, the external threat factors consist of: Increasing number of business competitors, Frequent increases in prices of basic food ingredients and the emergence of various new food products. To develop this business, it is recommended to implement the following strategies: a) develop relationships with various social event and gathering organizers to gain market share; b) increase business capital through low interest bank loans (KUR) based on the guarantee of expertise and long business experience; c) utilize social media to convey product advertisings; and d) improve product quality at competitive prices to face the threat of competitions.

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