

Business Development Strategy for CV Hadi Corp Convection in the Domestic Market with a Canvas Business Model Approach

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ABSTRACT

The textile manufacturing industry in Indonesia grew 15 percent, but total exports fell 2.87 percent to 12.84 billion dollars in 2019 compared to 2018 of 13.22 billion dollars. The TPT industry can be divided into several sectors, one of which is the apparel sector. The apparel sector also has an important GDP contribution for Indonesia. In textile product commodities, there is competition with imported quality. Textile products find it difficult to compete in the domestic market due to inferior quality to imported products, both in terms of materials, sewing, styles and finishing which are not neat and not standardized and their availability has not met market demand. In dealing with changes in the external and internal environment CV. Hadi Corp needs a business model mapping to determine the company's business conditions to be able to create breakthrough innovations for the company's business development for the domestic market. Hadi Corp needs a business model mapping to determine the company's business conditions to be able to create breakthrough innovations for the company's business development for the domestic market. The research objective is to analyze the current CV Hadi Corp Canvas Business Model, analyze the strengths, weaknesses, opportunities, and threats (SWOT) of CV Hadi Corp currently based on the 9 elements of the Canvas Business Model and Design the CV Hadi Corp Repair Canvas Business Model as an alternative planning future business strategy. Data processing uses the Canvas Business Model and SWOT and the Blue Ocean Strategy. The results showed that

the Improvement of the CV Hadi Corp Canvas Business Model based on alternative strategies resulted in several targets and development for each element including: 1) Business to business customers; 2) product innovation; 3) updating the website to improve online promotion; 4) Conduct site visits to customers and customer assessment of company services through customer satisfaction surveys; 5) Investment in technology or new resources and training; 7) Customers for tool rental and design services, market surveys and manufacturing of innovative products. The target of improving each element in the canvas business model aims to expand the potential value proposition that can be offered by CV Hadi Corp.

Keywords: TPT, SWOT, Business Model Canvas, Blue Ocean Strategy, CV Hadi Corp

INTRODUCTION

Indonesia's textile industry is one of the largest textile industries in the world, in addition to India, Indonesia's textile industry structure is also integrated from the upstream sector, middle sector and downstream sector so that the relationship between other industrial sectors is very close (Ministry of Industry, 2020). In addition, the textile industry has absorbed a workforce of 3.73 million people (Ministry of Industry, 2020). Indonesia's export markets in the textile industry are the United States, Japan, China, South Korea and Germany, with an overall share of 61.47 percent (Kontan.co.id, 2020). There are two

types of making various types of textile products in Indonesia, namely through factories or industries and through small and medium industries (IKM). IKM is a supplier sector for the needs of the textile industry as well as with its own market (Ministry of Industry, 2020). Throughout 2021, the Ministry of Industry has implemented a new entrepreneurial growth and development program through training and technology guidance as well as facilitating business licenses. The number that has been facilitated to obtain business legality is 5,330 WUB in 2021 so that it reaches 163.23% of the target set in the Ministry of Industry's 2021 Performance Agreement of 8,000 new entrepreneurs.

Currently, there are many SMEs that produce and sell their products with various types of apparel, such as dasters, pajamas, shirts, jeans, cotton pants, training packs, jackets and basketball clothes. This business is very mushrooming in various regions in Indonesia, including in the city of Bogor. There are several TPT SMIs centered in Bogor City, one of which is CV Hadi Corp. CV Hadi Corp. has been established since 1996. Producing clothing needs, such as t-shirts, training spacks, jackets and basketball clothes.

Problems in the textile industry, especially in the competition for textile products and textile products, result in competitiveness for textile products is still relatively low when compared to similar products from developed countries. The low competitiveness of national textile products is caused by several factors, including: (a) the materials used are not in accordance with market preferences or are far below standard, (b) the absence of quality assurance, continuity and timeliness of product delivery, product prices that are too high due to production and shipping costs charged to the product, (c) selection of textile materials that have been worn out, At least in recycling, (d) very high transportation costs, (e) unavailability of market intelligent data, (f) less conducive trade regulation, and (g) low promotional

intensity. In order to encourage the improvement of the competitiveness of the textile industry, comprehensive improvement efforts are needed in various subsystems related to the development of the textile industry, including subsystems for the provision of production facilities and supporting technologies, production processes, product quality control, post-production, distribution and marketing, capital and investment, international trade regulations, taxation and international airfares (Fathoni, 2016). Efforts are needed to increase competitiveness through various ways to increase productivity, one of which is through innovation applications (BPS 2022). One of the components that make up competitiveness is innovation. Through the creation of innovations, competitiveness can be improved for the continuous expansion of market share. With innovation, it can create a more efficient and effective production process to increase opportunities in market penetration. Improving the production process to increase competitiveness can be done, one of which is through the application of technological innovation in a sustainable manner (Wijaya and Ana, 2018).

On this basis, efforts are needed in creating innovations in the company in order to adapt to changes in the business environment. In order to develop the company's business to expand domestic market opportunities and increase the competitiveness of the national convection industry, it is necessary to map the company's business model in creating value, to find out the company's business conditions and create alternative strategies that can be a reference to achieve the company's expected goals. As well as the existence of the Foresight industry, which is a review that is used to formulate a new view of an industry in the future. Industry Foresight needs to be carried out considering the trend of changes in terms of technology, demographics, regulatory regulations, lifestyle, geopolitics and so on. The Foresight industry provides a new

thinking framework for companies to take strategic steps to deal with changes that may occur in the future. It is necessary to have a mapping using the Business Model Canvas, so that the company's current condition can be known in detail, so that it can make it easier to analyze existing problems and changes and can provide alternative solutions to appropriate strategies. Based on the formulation of the problem, this study aims to Analyze the Canvas Business Model that CV Hadi Corp. is currently running, Analyze the strengths, weaknesses, opportunities, and threats (SWOT) of CV Hadi Corp. currently based on the 9 elements of the Business Model Canvas and Designing a Business Model Canvas for Cv Hadi Corp. Improvement as an alternative to planning future business strategies. The scope of this study discusses the business development of the CV Hadi Corp Convection TPT industry business model for the domestic market. By using the Canvas Business Model approach and SWOT analysis, there are several aspects that will be analyzed, namely formulating the current CV Hadi Corp business model, internal, external aspects, strengths, weaknesses, threats, and opportunities of the business model and designing improvement strategies using the Business Model Canvas. This research is limited to the stage of preparing alternative strategies for the development of the Convection business at CV Hadi Corp, while the implementation is left to the management of CV Hadi Corp.

METHODS

The study was conducted at CV Hadi Corp. The selection of the location was chosen intentionally or purposively on the grounds that the company is one of the longest running convection companies because it was founded in 1996 and has a large scale in the central area of West Java. Meanwhile, the selection of research cases was chosen accidentally based on internal problems that existed at the time of the study. Research and data collection activities are carried out during September-October 2022. Primary

data were obtained through filling out questionnaires (attachments) and in-depth interviews with owners, financial and production managers from CV Hadi Corp, experts, and related agencies. Meanwhile, secondary data is obtained through literature, journals and reports on research results, books, the internet, and data from related agencies such as the Central Statistics Agency, the Ministry of Industry, and others. The method of determining respondents is based on non-probability sampling, namely using a judgement sampling technique where the withdrawal of examples is based on expertise in the business object / industry under study. In addition, internal respondents were chosen because they have authority over the formulation of strategies and the implementation of CV Hadi Corp. Strategies. Internal and external respondents were selected based on the interests of the business model under study. Qualitative descriptive analysis by reviewing and formulating data obtained through direct observation, in-dept interviews with internal parties, questionnaires and documentation studies. An SWOT analysis of the 9 elements on Hadi Corp's current CV Canvas Business Model. The results include the identification of factors that influence the strengths, weaknesses, opportunities and threats in each element of the Business Model Canvas from the internal and external perspective of the company. SWOT analysis was obtained through in-dept interviews and questionnaires to the managerial side of CV Hadi Corp and outside the company. Preparation of an improvement strategy for the 9 elements of the New Canvas Business Model. Design of a new Canvas Business Model as a strategy and managerial implications of CV Hadi Corp. Preparation of an improvement business model based on the results of in-depth interviews, analysis of internal - external factors and questionnaires to the internal parties of CV Hadi Corp. The preparation of the Canvas Business Model is carried out together with the managerial side

of CV Hadi Corp. in accordance with the goals and vision and mission of the company. After the Improvement Canvas Business Model has been formed, the formulation of strategies and managerial implications is carried out which is important and must be carried out related to the Canvas Business Model.

RESULTS

CV Hadi Corp. is one of the convection engaged in convection services in the city of Bogor which is located in Pasir Kuda Village. This convection was founded by Mr. ABC on March 9, 1997 based on a notarial deed letter that began with Mr. ABC's initiative when he saw a potential market in the field of service business that had a very wide market share in the city of Bogor, but not many entrepreneurs were interested in pursuing the business, especially in the field of convection at that time. Starting from that, Mr. ABC started this business which is located at Mr. ABC's house on the 1st floor by having several employees and having six sewing machines, two overlock machines, one overdek machine and one border machine as capital in running his business until now.

The intention of the company founded by Mr. ABC were:

1. Running businesses in the field of clothing convection that receive orders from consumers or customers.
2. Running a business in various fields, such as sewing, embroidery and overlock and starting to explore in the field of blocking, ordering uniforms, sportswear and plaques or Souvenir.
3. Receive orders from consumers and are directly responsible for orders received

CV Hadi Corp's customers for the domestic market are spread across Indonesia from the islands of Java, Sumatra, Sulawesi to Papua. The consumer segmentation currently targeted at CV Hadi Corp. is divided into 1) Sports Stores, which is one of the distributors or second hand of CV Hadi Corp that sells to end users; 2) College

students, usually order t-shirts or seminar kits for organizational activities or certain events; and 3) Ministries/Institutions, usually ordering sportswear or jackets in varying quantities, whether ordering for only one division, can also be booking for the entire division. In the process, CV Hadi Corp, serves combined products in the form of T-shirt products and blocking services, both T-shirts (T-Shirts) or Wangky (collared) and also Seminar Kits. However, at this time the customer needs that have been met by CV Hadi Corp. are School Sports T-shirts and the Ministry of Environment and Forestry (KLHK). In delivering efficient products from the aspect of cost or reducing expenses by means of Direct Channels to wholesalers, Direct channels to student stores and Direct channels to Schools, Associations and procurement teams in the ministry / event committee. The company's revenue stream is obtained from T-shirt production services (T-shirts and Wangky) 45%, School and Association Sports Training packs/uniforms (25%), basketball sports shirts supplied to stores/wholesalers (20%), others (10%). Sumber key power in the CV Hadi Corp business consists of HR expertise in designing drawings according to demand with Photoshop and Corel Draw programs, HR expertise Cutter in patterning materials to be cut according to the model and size of the orderer and HR Expertise Sewer in sewing materials that have been cut according to the drawing and pattern that suits the orderer. one of CV Hadi Corp's key activities includes activities The production process goes on if there is no order to make stock to be supplied to stores/wholesalers, especially basketball uniforms. In the business activities of CV Hadi Corp, which has an important influence in the company's business processes are tailor groups in Cinangneng, screen printing groups in Ciomas and Dekopinda, PKPRI, KPWN, Ministries/Institutions especially the scope of Environment and Forestry. In CV Hadi Corp's expense fee structure, there are

variable costs and fixed costs incurred by the company in its business operations. The

current canvas business model of CV Hadi Corp. can be seen in Figure 2.

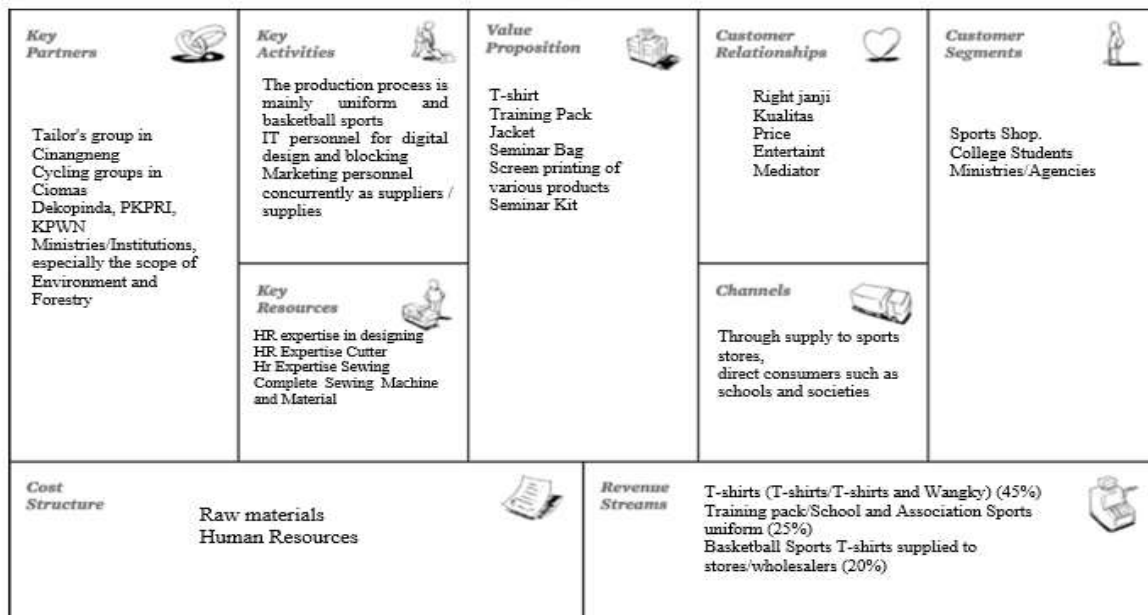


Figure 2 CV Hadi Corp's Curent Business Model Canvas

The improvement business model in the customer segment element has 2 target consumers for the company's business development, namely: a) Customers for the business to business side, b) Customers for sewing machine rental services or design services only. Expansion of customer segment targets in business to business that is wider and more evenly distributed. This is because the inputs and outputs of the textile industry have strong links with other industries and other economic sectors, ranging from raw materials in the form of fiber to consumer goods in the form of apparel and finished goods. Given the large role and contribution, the government spurred the utility of the textile industry to return to the pre-pandemic utilization rate, which is between 60-80% so that it can support national exports.

Model business improvement for the value proposition element is product and service innovation. The improvement business model in the form of product innovation can be realized through product diversification based on booming or developing fashion trends, besides that value innovation can be applied by using existing resources to create

new products or even provide something different from others by recycling products. The improvement business model for the channels element is to increase the effectiveness of marketing by updating the website to increase online promotion, promotion on partner channels, and promoting in business district areas such as the SCBD area or the ministry and service environment and reduce less effective exhibition costs and increase promotional costs such as endorsements or digital marketing.

The improvement business model for the customer relationship element is to conduct site visits to customers and customer assessments of company services through customer satisfaction surveys. The improvement strategy aims to improve customer relationships through improved services. As well as, creating a database of customers and business sectors that are run, knowing the B2B market that customers run as a promotional medium to expand the market.

Customers for the business-to-business side and customers of sewing machine rental services or design services alone will affect

the increase in company revenue streams. In this case, the addition of customer segments and value propositions has an impact on increasing the company's revenue. The improvement business model for key resources elements is to improve R&D skills and invest in technology or new resources. Strategies to improve R&D skills can be done by providing training or training to improve quality. The improvement business model for key activities elements is investment in quality improvement through R&D and new resource technologies. The strategy is carried out to open up new

revenue streams. Meanwhile, market surveys can be conducted by relying on the resources of the marketing team and market intelligence to see trends in convection demand. The improvement business model for the key partnership element is to work with new partners to minimize unwanted things. The strategy of working with new partners benefits the company in obtaining quality competition both from partners who are already partners of CV Hadi Corp as well as competitors and key resources efficiency.

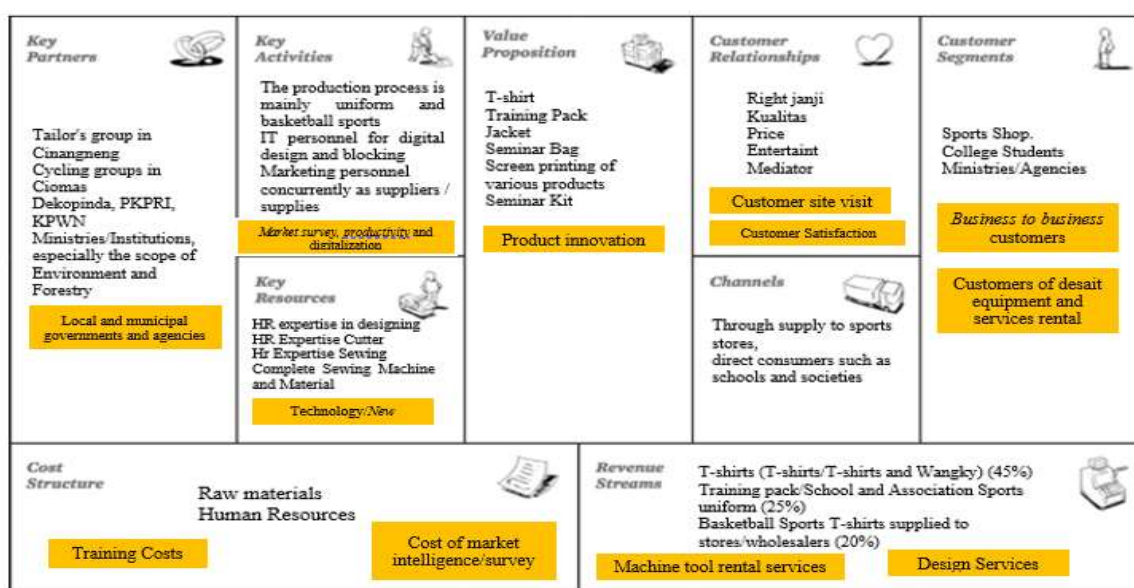


Figure 2 Business Model Canvas Repair CV Hadi Corp

The repair business model for the cost structure elements is the cost of R&D training, the cost of adding production capacity / invest new resources and the cost of market survey / market intelligence. The cost of training for R&D to increase the tip of the tobak key resources in the convection production process, while the cost of increasing production capacity will be in line with the increasing market demand. Market surveys are conducted using the resources of an existing marketing team or by using the services of imarket intelligence. New resources investment strategies are carried out to create value innovation. New resources can be in the form of technology or production efficiency

that can be applied in the company's business model. The strategy of optimizing online promotion can be in the form of updating the company's website for CV Hadi Corp convection so that the branding process can be maximized. In addition, online promotional media such as twitter, Instagram, and Facebook are expected to increase online promotion by endorsing methods or joining the buying and selling community. Business Model Canvas for CV Hadi Corp improvement can be seen in Figure 2 above

CONCLUSION

The results of the research through the Canvas Business Model approach aim to

develop improvement strategies for the achievement of value innovation in achieving competitive advantage in the textile and textile products industry, the emerging convection business. The results of the identification of CV Hadi Corp's Canvas Business Model are currently known to CV Hadi Corp customers for the domestic market spread across Indonesia from the islands of Java, Sumatra, Sulawesi to Papua. In the SWOT analysis in each of the 9 business elements, strengths, weaknesses, opportunities and threats are obtained which will be used to determine the strategy of strengths-opportunities, weaknesses-opportunities, strengths-threats and weaknesses-threats as improvements that must be made by CV Hadi Corp. Improvement of CV Hadi Corp Canvas Business Model based on alternative strategies resulting in several goals and developments on each element including: 1) Business to business customers; 2) product innovation; 3) updating the website to increase online promotion; 4) Conduct site visits to customers and customer assessments of company services through customer satisfaction surveys; 5) Investment in technology or new resources and training; 7) Customer rental tools and design services, market surveys and manufacturing of innovative products. The goal of improving each element of the canvas business model aims to expand the potential value proposition that CV Hadi Corp can offer. The author's suggestion that can be given is that CV Hadi Corp. can coordinate the management to implement a new business development strategy based on the improvement canvas business model that has been compiled in this study, as well as evaluate the results of the implementation of the new business model strategy. Further research can be evaluated on the implementation of the improvement business model to assess the strategy and refine this research.

Declaration by Authors

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