

Carp Business Development Strategy in Cirata

Randytio Samasta¹, Yandra Arkeman², Budhi Hascaryo Iskandar³

¹School of Business, Bogor Agricultural University (IPB), Jl. Raya Pajajaran Bogor, Indonesia 16151, West Java, Indonesia

²Department of Agroindustrial Technology, Faculty of Agricultural Technology, Bogor Agricultural University (IPB), Jl. Raya Darmaga Kampus IPB Darmaga Bogor 16680 West Java, Indonesia

³Department of Fisheries Resources Utilization, Faculty of Fisheries and Marine Science, Bogor Agricultural University (IPB), Jl. Raya Darmaga Kampus IPB Darmaga Bogor 16680 West Java, Indonesia

Abstract: *This study is a business development analysis at one fishery company in Cirata, West Java. It is measured by matrix strategies including Internal Factors Evaluation (IFE), External Factors Evaluation (EFE), Strategic Position and Action Evaluation (SPACE), and Quantitative Strategic Planning Matrix (QSPM). This study will provides necessary information of critical success factors and serve as the basis for company's strategy. Based on the result, the company are needs to implementing market penetration as priority strategy. Other strategies that can be implemented by priority is market development, product development, and concentric diversification*

Keywords: Business Development, Strategy Priority, Critical Success Factors, Matrix Strategies.

1. Introduction

Activities related to fishery products, particularly farming, in which there are certainly those who play a role in distributing such products from producers to consumers. The parties are business people who act as wholesalers and retailers. Retail traders get a supply of products from wholesalers, while wholesalers obtain supplies of products from local collectors and some are getting supplies products of this type partnership is intentionally set. Intensification of investments for the partnership program involving the private sector is required to specifically reach small-scale fish farmers who make up most in Indonesia, especially in the Cirata area. The private parties involved in the partnership program is one of small scale fishery company that is operating in Cirata [1].

Cirata is divided into several fish landing sites. Especially in Mande, Cianjur Sub District, there are three landing sites namely Calingcing, Leuwi Orok, and Jangari. The company is engaged in the field of carp farming by using floating net cage technique that located in Jangari, so using Jangari landings or the surrounding community usually call it Jangari Cirata. The thing that drives the company to do business is the economic potential resulting from the carp farming in Jangari Cirata. The average sales of carp in Jangari Cirata in 2013 - 2015 amounted to 3,213 tons per year, while the company's average sales of 91 tons per year. Thus, the company's sales capability in 2013 - 2015 has an average percentage of 2.78% of total sales of carp in Jangari Cirata [2].

Company sales data from 2013 - 2015 showed a positive trend. On the other hand, forecasting sales of carp in Jangari Cirata in 2016 increased by 300 tons to 3,700 tons. The company saw the condition as an opportunity, so the company plans to increase the percentage of fulfillment to 4.3% in 2016, the fulfillment by adding the capacity of seven units. One unit has an optimal harvesting capacity of 4.5 tons per year. The company experienced constraints when the

implementation of the 2016 plan is the percentage of fulfillment of total sales of carp in Jangari Cirata did not reach the target, thus decreasing to 3.58%. Actualization of sales of the company only amounted to 129 tons, while total sales in Jangari Cirata increased to 3,600 tons. This indicates that the company in utilizing the existing production capacity has not been successful, and it has created new problems such as over production and slowing inventory turnover.

2. Data

There are two types of data used are primary data and secondary data. Primary data was collected through depth interview. While secondary data retrieved from the archive, database, and corporate reports. The research instrument used for primary data collection is a semi-enclosed questionnaire.

Retrieval of research data using direct observation and interviews. An observation method was used to observe the business processes, the conditions of human resources, and activities related to business continuity. Interview method used for information relating to the notions, ideas, feelings, and thoughts informants in accordance with the purpose of research. While the questionnaire given to respondents to obtain information on the company profile. The sample in this study were determined using non-probability sampling approach through purposive sampling techniques, which have as many as 5-10 respondent on the basis that the respondent is an expert or competent in the field that will be studied and had role of the object to be examined. This analysis to determine the respondent no minimum amount required, all respondents have an expert in his field. Criteria respondents based on knowledge, ability, experience, and understanding this company.

3. Methodology

The results of this study were obtained from qualitative and

quantitative analysis. The data obtained is a qualitative data which is then processed and analyzed further quantitatively, so as to provide an overview and explanation of the problems that occur. The stages are analysis of Internal Factor Evaluation (IFE), External Factor Evaluation (EFE), Strategic Position and Action Evaluation (SPACE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

4. Empirical Results and Analysis

The preparation of the IFE matrix is based on internal strategic factors that include the strengths and weaknesses of the company. Assessment of strengths and weaknesses is done by experts who understand the internal condition of the company. The results of IFE matrix analysis can be seen in Table 1.

Table 1: IFE Matrix

| Internal Factors | Weigth | Ranking | Score |
|-------------------------------------|----------|---------|-------------|
| Strengths | | | |
| Farmer experience | 0,08 | 3,25 | 0,25 |
| Market segmentation | 0,08 | 3,25 | 0,25 |
| Competitive price | 0,09 | 3,25 | 0,30 |
| Receivables turnover increase 3% | 0,09 | 3,00 | 0,26 |
| Debt to equity decrease 9% | 0,08 | 3,25 | 0,25 |
| Gross profit margin increase 5% | 0,11 | 3,50 | 0,38 |
| Weaknesses | | | |
| Man power education | 0,07 | 1,75 | 0,12 |
| Website management | 0,08 | 1,50 | 0,12 |
| Distribution efficiency decrease 3% | 0,09 | 1,75 | 0,15 |
| On time delivery decrease 6% | 0,08 | 1,75 | 0,14 |
| Inventory turnover decrease 0,9 | 0,08 | 1,75 | 0,14 |
| Fish return increase 13% | 0,09 | 1,25 | 0,12 |
| Total | 1 | | 2,47 |

Based on IFE analysis it is found that internal condition is quite weak because the company can not utilize its strength to overcome the existing weakness with total IFE value of 2,47 [3]. Based on the results of external factors identification, obtained several factors that can affect the success of the fish farming. The preparation of the EFE matrix is based on external strategic factors that include the opportunities and threats of the company. An assessment of opportunities and threats is made by experts who understand the company's external conditions. The results of EFE matrix analysis can be seen in Table 2. Based on EFE analysis it is known that external conditions are strong enough because companies can take advantage of opportunities from existing threats with total EFE value of 2,53 [3].

Table 2: EFE Matrix

| External Factors | Weigth | Ranking | Score |
|---------------------------------|--------|---------|-------|
| Opportunities | | | |
| Sertification | 0,07 | 2,00 | 0,14 |
| Improved seeds | 0,12 | 3,00 | 0,36 |
| National production targets | 0,09 | 2,50 | 0,22 |
| Auto feeder technology | 0,07 | 2,00 | 0,14 |
| Marine fisheries over exploited | 0,10 | 2,00 | 0,21 |
| Threats | | | |
| Land restrictions | 0,16 | 2,50 | 0,39 |
| Water pollution | 0,12 | 3,00 | 0,36 |
| Weather conditions and diseases | 0,12 | 3,00 | 0,36 |
| Substitution products | 0,09 | 2,50 | 0,22 |

| | | | |
|-------------------------|----------|------|-------------|
| Low interest investment | 0,07 | 2,00 | 0,14 |
| Total | 1 | | 2,53 |

Results from the company's SPACE analysis show that the total Y axis value is 1,00 and the total X-axis value is -0,64 (Table 3).

Table 3: SPACE Matrix

| Internal Strategies Position | | External Strategies Position | |
|-------------------------------------|-------------|---------------------------------|-------------|
| Financial | Ranking | Environmental | Ranking |
| Receivables turnover increase 3% | 4 | Auto feeder technology | -2 |
| Debt to equity decrease 9% | 5 | Land restrictions | -3 |
| Gross profit margin increase 5% | 4 | Weather conditions and diseases | -4 |
| Inventory turnover decrease 0,9 | 3 | Substitution products | -3 |
| Average | 4,0 | Average | -3,0 |
| Total Y = 1,00 | | | |
| Competitive | | Industry | |
| Farmer experience | -2 | Sertification | 2 |
| Market segmentation | -3 | Improved seeds | 3 |
| Man power education | -5 | National production targets | 4 |
| Competitive price | -4 | Marine fisheries over exploited | 2 |
| Website management | -5 | Low interest investment | 1 |
| On time delivery decrease 6% | -4 | Water pollution | 2 |
| Distribution efficiency decrease 3% | -3 | | |
| Fish return increase 13% | -5 | | |
| Average | -3,4 | Average | 2,80 |
| Total X = -0,64 | | | |

The result of SPACE matrix in the form of X and Y is then represented in a direction vector on the coordinate axis (Figure 1). Vector direction indicates that the position is an alternative strategy that can be run by the company. The company direction vector is in the upper left quadrant position in SPACE matrix. The upper left quadrant is a conservative quadrant that implies to stay close to the basic competencies of the company and not take excessive risk. The conservative strategy emphasizes market penetration, market development, product development, and concentric diversification [4].

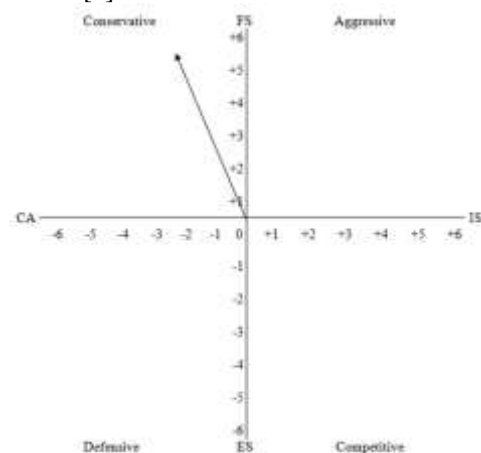


Figure 1: SPACE vector

The selection of company business development strategy using quantitative strategic planning matrix (QSPM). The QSPM method is one method that is able to represent the importance of some alternative strategies or to choose strategic priorities tailored to the company's capabilities. It aims to see which strategies are most appropriate for company business development (Table 4).

Table 4: QSPM

| No | Strategy | Total TAS |
|----|----------------------------|-----------|
| 1. | Market penetration | 3,53 |
| 2. | Market development | 3,00 |
| 3. | Product development | 3,04 |
| 4. | Concentric diversification | 2,87 |

Based on QSPM analysis, the priority strategy is to penetrate the market with Total Attractiveness Score (TAS) value of 3,53. This strategy is very possible done by companies where the market share of carp is still quite large. Some of the things that management needs to do is improve performance in marketing such as promotions, bonuses, and discounts. While the development of information technology today can be maximized for the marketing process [5].

The results of strategy analysis in the form of market penetration is more influenced by internal factors, so that the implementation of strategy is a program related to internal factors company. Programs that companies can do need to be organized on a priority basis.

The company's top priority is to improve employee performance, especially marketing. Owners need to hire employees with higher levels of education and not from family members. The second priority is to maintain customer loyalty. As for the end-of-year bonus or religious holiday and give a fish exchange guarantee if there is a fish sent off when arriving at the location of the consumer, so that consumers will feel appreciated and strive to be loyal to the company. The third priority is promotion through websites, blogs, and social media. The information on the website should always be updated so that customers become more enthusiastic to shop. Blogs and social media to support promotional activities, so the company became better known. The fourth priority is cooperation with government and private parties. This cooperation is related to the participation of the training or the exhibition held by the government and the private sector. Many visitors who come to the exhibition become an opportunity to be better known.

5. Conclusion

Based on the results of the studies presented, it can be concluded as follows:

- 1) The most decisive factor in the development of the carp business is gross profit margin increased by 5,3% from 2015 and existence of local government regulations that limitation of land. While the lowest value of these strategic factors is on the level of human resource education is still low, the absence of website management, and returns increased by 12,5%.

- 2) Based on SPACE analysis results obtained appropriate strategy is a conservative strategy. The conservative strategy emphasizes market penetration, market development, product development, and concentric diversification.
- 3) The selection of the priority strategy business using QSPM shows that the main strategy suitable for the development of the company's business is the market penetration with the value of 3,53%.

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Author Profile



Randytio Samasta received the B.S. degrees in Aquatic Resources Management, Diponegoro University in 2011. During 2011-2013, he worked at PT. Matahari Department Store, Tbk. and then continued his career in PT. Brothersindo, PT. Lintas Sinergi Pratama, and CV. Ikhwan Agri in the field of fishery until now. He is currently continuing his master studies in School of Business, Bogor Agricultural University.