

Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

Research Horizon

Volume: 04

Issue: 04

Year: 2024

Page: 261-266

Implementation of a Business Model in a Broiler Chicken Partnership Company: A Case Study of PT Mustika Jaya Lestari

Anggi Hanggiani^{1*}, Alva Lashyadi¹, Mirwan Surya Perdhana¹, Amie Kusumawardhani¹

¹ Universitas Diponegoro, Semarang, Indonesia

* Corresponding author: Anggi Hanggiani (anggihanggiani06@gmail.com)

Abstract

The form of partnership between breeders and core companies is a mutually beneficial relationship, however, this is a collaboration that needs to be accompanied by monitoring and guidance. This collaboration of course requires a business model that is accepted by both parties. This research aims to create a sustainable and mutually beneficial broiler chicken partnership company strategy through the Business Model Canvas approach. This research uses qualitative analysis. The sample in this study were the head of head office divisions and the branch heads of partnership companies. Meanwhile, the partner sample is from some partners who use closed houses and open houses. This study uses business model canvas analysis and SWOT analysis. The results of the study show that the strategies formed from the SWOT matrix are increasing the number of branches in Indonesia, developing integrated applications for farmers, strengthening brands for personal, business and services, establishing Chicken Slaughterhouses, partnering with saponak companies, loyalty programs for employees, cascading monitoring with new technology, online recruitment and the use of professional management.

Keywords

Business Model, Broiler Chicken, Implementation, Partnership

1. Introduction

Broiler meat consumption in Indonesia in 2023 is around 7.46 kg/capita/year, where each year has increased quite well seen from the last four years 2019-2022 successively 5.7kg/capita/year, 6.04 kg/capita/year, 6.55 kg/capita/year, 7.15 kg/capita/year (Mičičeta et al., 2020; Utari, 2023; Ahdiat, 2024). The increase in chicken population and production occurred due to 1) strong development in the upstream livestock industry sector, such as feed factories, nurseries as well as the pharmaceutical industry to the downstream industry, namely slaughterhouses, restaurants, and other needs; 2) speedy capital turnover because the production cycle period is relatively short; 3) labor that can be absorbed quite a lot; 4) potential export commodities (Pakage et al., 2018; Wulandari et al., 2019; Hastutik & Novitaningtyas, 2021).

Despite the promising growth of the broiler meat industry, independent farmers face significant challenges (Ningsih et al., 2023). These farmers, who often operate with low business capacity, are at risk of threatening the sustainability of the broiler farming business (Pasaribu et al., 2023). This situation underscores the need for support and innovative solutions in the industry. The challenges faced by these farmers are evident in the common problems that arise in this business, such as the need for cultivation skills (Pakage et al., 2018; Rani & Subhadra., 2009).

In response to the challenges faced by independent farmers, broiler partnership companies have emerged as a viable solution. In this contract system, the core company collaborates with farmers, sharing certain obligations and responsibilities (Namugenyi et al., 2019; Pinem et al., 2023). In running the business process, partnership companies need specific business strategies because of the high competitiveness among partnership companies and how the company attracts breeders to work together (Salvador et al., 2020; Geissdoerfer al. 2020). As stated by Bhattu et al. (2015) and Azzaria et al. (2023), companies must establish a business model innovation strategy to win global competition and build new value propositions, market segmentation, and key partners, all of which are important components in global market competition so that they can thrive in globalization (Ati et al., 2019; Verhagen et al., 2021). In addition, for its success, the company needs to identify a good business model to achieve its goals (Fendria et al., 2019; Boimah et al., 2022; Segarwati t al., 2022).

The Business Model Canvas (BMC) is a crucial tool for partnership companies in the broiler meat industry. This strategic framework allows companies to understand the relationship between each business element, providing value to both companies and consumers. The nine elements of the BMC, including Customer Segment, Value Proposition, Channels, Customer Relationship, Revenue Streams, Key Activities, Key Resources, Key Partnerships, and Cost Structure, are all essential components of a successful business model.

2. Methods

This research employs a qualitative approach, utilizing descriptive data in the form of recorded words from journalists and observable attitudes related to the creation of reality. The information sources for this study are respondents from PT Mustika Jaya Lestari (PT MJL) and local breeders. The research involves comparing the results of interviews or focus group discussions (FGDs) conducted with the company to those conducted with partners. This comparative analysis helps evaluate the business model and perform a SWOT analysis for each element. Additionally, interviews with partners are conducted to clarify and delve deeper into ways to strengthen partnerships. This method aims to identify areas of improvement and strategic alignment between PT MJL and its partners, ensuring that both sides are

working towards mutually beneficial outcomes. By triangulating data from various stakeholders, the study seeks to provide a comprehensive understanding of the partnership dynamics, focusing on enhancing collaboration and optimizing business practices to benefit both the company and its partners.

3. Results and Discussion

In this case study, the business model canvas was used to identify PT. MJL's management strategy. The business model canvas examines the interactions between nine key elements: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. The following is the identification using the nine BMC elements:

1. **Customer Segment**
PT Mustika Jaya Lestari determines its market segment is the mass market where PT Mustika Jaya Lestari needs to differentiate its customer segments because it takes the same product. An important target market for PT MJL is plasma (breeders), which has a large capacity with CH cages, and bakul (chicken distributor), which has the best price deal. The need to differentiate its customers is because, with a more significant take-up, PT MJL will also have a more significant income.
2. **Value Proposition**
PT MJL always provides services to plasma in escorting the production process, providing a competent field team, and making it easier for Plasma to digitally monitor the distribution of sapronak and harvested chickens so they can be accessed anytime, anywhere. Services are good enough in terms of Saproanak and Continue. Mechanism in identifying customer needs and demands PT. MJL
3. **Channel**
The channels that PT Mustika Jaya Lestari uses are WhatsApp and Instagram via direct message (DM). The media that PT Mustika Jaya Lestari uses the most to communicate with customers is WhatsApp. Consumers who make Instagram direct messages to PT Mustika Jaya Lestari are directed to WhatsApp.
4. **Customer Relationship**
PT. MJL maintains customers by providing various services, including tax consultation, bookkeeping assistance, and skills upgrading. PT MJL strives to offer the best service, respond quickly to customer needs, and communicate its company's benefits to consumers.
5. **Revenue Stream**
PT MJL's revenue stream is derived from the sale of livebirds and vendor fees after reaching a certain tonnage. Livebirds are sold directly to bakuls, with the margin determined by the amount of sapronak and livebird and the associated costs. Additionally, vendor sapronak is sold to plasma through contracts. This diversified revenue mechanism ensures a steady income for the company.
6. **Key Resources**
PT MJL's key resources to run its business operations are human resources and technology because a business can generate large profits depending on the competence of its human resources, which is supported by technological sophistication. Thus, all information can be obtained quickly, and decision-making is timely and keeps the moment.
7. **Key Activities**
PT MJL's core operations include collaborating with sapronak suppliers to deliver high-quality live chickens to farmers, then they sell them to vendors

(bakul). Trade is the primary focus of MJL's activities. When the harvest is ready, PT MJL buy back the live birds and sells them to Bakul. The company acquires raw materials from suppliers before distributing them to plasma farmers. Furthermore, PT MJL facilitates officer visits, offers assistance, and provides updated information. Key activities include caring for and preparing chickens from hatch to harvest, as well as ensuring quality and service standards for vendors, plasma farmers, and bakuls in collaboration with PT MJL partners

8. Key Partnership

PT MJL's key partners are the broiler input vendors. The suppliers of resources and raw materials required by PT MJL are Cp, Japfa, Cj, Sreeya, Malindo, Cargill, Mulia Harvest, and New Hope. PT Mustika Jaya Lestari maintains its business partners by consistently placing repeat orders with the same partners, never asking for excessive discounts, and paying in cash for every purchase

9. Cost Structure

PT MJL's cost structure is cost-driven. It aims to create and maintain a lean cost structure to produce products with efficient cost of goods. PT MJL's expenses include the purchase of sapronak, employee salaries, maintenance, and livebird maintenance. The most significant cost is the cost of employees, which includes labor costs, training, and employee incentives. PT MJL also invests in technology, which is crucial for its operations and contributes to its cost efficiency.

Analyzing PT Mustika Jaya Lestari's business model canvas provides a detailed understanding of its operations and value creation. This framework sets the stage for the SWOT strategy analysis, allowing authors to evaluate the company's strengths, weaknesses, opportunities, and threats, and develop strategic recommendations for enhancing its competitive position in the broiler chicken industry. The following is the SWOT strategy analysis:

1. S-O Strategy Analysis

This strategy uses the company's internal strengths to seize opportunities outside the company. The strategy formulated is to increase the number of branches in Indonesia and develop integrated applications for breeders.

2. W-O Strategy Analysis

This strategy is a proactive approach to minimize the company's internal weaknesses by capitalizing on external opportunities. The strategy is to fortify our brand across personal, business, and service sectors, and to establish a Chicken Slaughterhouse, which could significantly enhance the company's supply chain, ensure better quality control and reduce costs.

3. S-T Strategy Analysis

Through this strategy, the company tries to avoid or reduce the impact of external threats. The strategies formulated are partnering with sapronak companies and loyalty programs for employees.

4. W-T Strategy Analysis

This strategy aims to survive by reducing internal weaknesses and avoiding threats. The strategies formulated are cascading monitoring with new technology, online recruitment, and the use of professional management.

4. Conclusion

This study concluded that the business model canvas of PT Mustika Jaya Lestari includes key partners such as plasma vendors, drug factories, and breeders. Key activities include input distribution and livebird harvesting, with human resources, capital, and technology as key resources. The company's value proposition is speed

of service, competent field teams, production escort, and digital chicken monitoring. Customer relations are managed through consultation and quick response using WhatsApp. Customer segments include large plasma, and feed expeditions. The cost structure is cost-driven, with revenue from livebird sales and vendor targets. SWOT strategies include branch expansion, app development, brand strengthening, RPA establishment, partnerships, loyalty programs, cascading monitoring, online recruitment, and professional management. Furthermore, the study emphasizes the significance of cascading monitoring for comprehensive oversight and early issue detection in plasma poultry farming. Collaboration between partnership companies and sapronak improves poultry production quality by providing high-quality feed, medicine, and other essential resources. Additionally, establishing an in-house poultry slaughterhouse (RPA) is a key strategy to ensure better quality control and reduce costs.

References

- Ahdiat, A. (2024). *Konsumsi Daging Ayam per Kapita Indonesia Meningkat pada 2023*. Databoks. Retrieved May 20, 2024, from <https://databoks.katadata.co.id/datapublish/2024/04/22/konsumsi-daging-ayam-per-kapita-indonesia-meningkat-pada-2023>.
- Ati, L., Baga, L. M., & Satria, A. (2019). Business Model Canvas Non Government Organization (NGO)(Case Study: Rimbawan Muda Indonesia). *Indonesian Journal of Business and Entrepreneurship (IJBE)*, 5(1), 32-32.
- Azzaria, T. D., Rohmah, W. G., Deoranto, P., Septifani, R., & Ikasari, D. M. (2023). Analysis of tomato dates business development strategies using business model canvas approach and swot-anp. *Jurnal Teknologi Pertanian*, 51-62.
- Bhattu, B. S., Sharma, A., & Singh, G. (2015). A Study on Constraints of Broiler Farming Entrepreneurship in Mansa District of Punjab. *Int. J. Comput. Appl.*, 975, 8887.
- Boimah, M., Weible, D., Chibanda, C., & Schott, J. (2022). "Value creation pays": a business model canvas approach to improve post-production activities in Senegal's broiler industry. *Proceedings in Food System Dynamics*, 120-131.
- Fendria, Y., Djaja, R. S. U., & Muhammad, R. (2019). Simulating a new business model: a dynamic business model approach study on Pt. Amm poultry partnership company. *Russian Journal of Agricultural and Socio-Economic Sciences*, 92(8), 3-9.
- Geissdoerfer, M., Pieroni, M. P., Pigosso, D. C., & Soufani, K. (2020). Circular business models: A review. *Journal of cleaner production*, 277, 123741.
- Hastutik, T. P., & Novitaningtyas, I. (2021). Ana Batik Magelang's business development strategy based on SWOT and business model canvas. *International Journal of Marketing & Human Resource Research*, 2(4), 224-235.
- Mičieta, B., Biňasová, V., Kasajová, M., & Howaniec, H. (2020). Business model canvas as a tool of manager 4.0. *Humanitas University's Research Papers Management*, 21(1), 51-64.
- Namugenyi, C., Nimmagadda, S. L., & Reiners, T. (2019). Design of a SWOT analysis model and its evaluation in diverse digital business ecosystem contexts. *Procedia Computer Science*, 159, 1145-1154.
- Ningsih, R., Wijaya, F., & Herlinawati, E. (2023). Analysis of business development using a business model canvas approach. *Journal of Management Science (JMAS)*, 6(1), 117-124.
- Pakage, S., Hartono, B., Nugroho, B. A., & Iyai, D. A. (2018). Analisis struktur biaya dan pendapatan usaha peternakan ayam pedaging dengan menggunakan closed house system dan open house system. *Jurnal Peternakan Indonesia*, 20(3), 193-200.
- Pasaribu, R. D., Shalsabila, D., & Djatmiko, T. (2023). Revamping business strategy using Business Model Canvas (BMC), SWOT analysis, and TOWS matrix. *Heritage and Sustainable Development*, 5(1), 1-18.
- Pinem, N. A., Sulistyawati, F., & Gulo, E. N. P. (2023). Analysis Of Business Implementation on ShopeePAY Digital Wallet using Business Model Canvas (BMC) and Swot Analysis. *Jurnal Impresi Indonesia*, 2(1), 71-82.
- Rani, V. D., & Subhadra, M. R. A. (2009). Problems related to farm operations in poultry farming as perceived by farm women. *Veterinary World* 2(5):191-92.

- Salvador, R., Barros, M. V., Da Luz, L. M., Piekarski, C. M., & de Francisco, A. C. (2020). Circular business models: Current aspects that influence implementation and unaddressed subjects. *Journal of Cleaner Production*, 250, 119555.
- Segarwati, Y., Nurhayati, N., Nurkania, T., Yuniarti, Y., & Jamaludin, M. (2022). Implementation of supply chain management using the ERP system at XYZ Company Indonesia. *Research Horizon*, 2(6), 561-567.
- Utari, N. K. M. T. (2023). Implementation of the Business Model Canvas (bmc) and projection of financial analysis as a solution for the continuity of home industry activities. *Jurnal Ekonomi & Bisnis Jagaditha*, 10(1), 98-103.
- Verhagen, M., de Reuver, M., & Bouwman, H. (2021). Implementing business models into operations: Impact of business model implementation on performance. *IEEE Transactions on Engineering Management*, 70(1), 173-183.
- Wulandari, S., Rendra, M., Alam, P. F., Kusumasari, T. F., Dewi, A. S., & Gustyana, T. T. (2019). The development of Pantiku application business strategy using business model canvas approach. *Indonesian Journal of Business and Entrepreneurship*. DOI: <https://doi.org/10.17358/ijbe.5.231>.



Copyright: © 2024 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution-ShareAlike 4.0 International License (<https://creativecommons.org/licenses/by-sa/4.0/>).