

Business Coaching to Develop Hi Kuliner Production Processes through Business Model Innovation

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ABSTRACT

Small and Medium Enterprises (MSMEs) in the Indonesian economy have been recognized as having a role in both absorbing labor and contributing to the Gross Domestic Product (GDP). However, MSMEs often face challenges in fundamental business aspects, such as planning, management, business models, innovation and business processes. This case study examines MSME assistance in Indonesia using internal VRIO analysis, Market Segmentation, external PEST analysis, Porter's Five Forces, Business Model Canvas, and SWOT to identify business model improvements, especially in key activity blocks. The research results emphasize the importance of developing and updating key activities that are in line with the MSME business.

INTRODUCTION

Micro, Small, and Medium Enterprises (SMEs) are pillars of the Indonesian economy (Marlinah, 2020). The Ministry of Cooperatives and Small and Medium Enterprises noted (Marlinah, 2020) in March 2021 that MSMEs' contribution to the Gross Domestic Product of GDP reached 61.07% or Rp. 8,573.89 trillion. Meanwhile, based on the ASEAN Investment Report 2022 which was released in September 2022, the most significant number of MSMEs in Indonesia is in the ASEAN region, with around 65.46 million units in 2021, with a workforce absorption of 97% of the workforce, and contributing 14.4% of national exports (ASEAN, 2022)

Several researchers have analyzed the factors that affect the performance and sustainability of MSMEs in Indonesia, as well as effective mentoring strategies to address these challenges (Yusnita, Tresiana, & Meutia, 2022). In this context, analytical techniques such as Market Segmentation Analysis, VRIO, PESTEL analysis, Porter's Five Forces, Business Model Canvas, and SWOT analysis have been used to help MSMEs identify their weaknesses, opportunities, threats, and strengths and formulate appropriate strategies. to face these challenges (Helms & Nixon, 2010).

In an increasingly competitive global context, MSMEs need to make improvements and enhancements in various aspects of their business to increase competitiveness and growth. Therefore, a comprehensive and practical analytical approach is needed to identify the weaknesses and opportunities in the MSME business. Several analytical techniques that can be used in this study include VRIO (Kormoker et al., 2022), Porter's Five Forces (Hackett, Schwarzenbach, & Jürgens, 2016), Business Model Canvas (Osterwalder, Pigneur, Oliveira, & Ferreira, 2011), and SWOT (Gürel & Tat, 2017).

This study aimed to analyze by using analytical techniques and formulate the business model of Hi Kuliner, using Business Model Canvas and SWOT analysis of BMC. With this BMC formulation and its implementation, the business process of SMEs is expected to enhance. The formulation of

the business model canvas at Hi Kuliner will also adjust to the conditions of the EdTech market in Indonesia.

METHODS

The data collection method used in this Business coaching activity is a qualitative approach with an interview process and observations of several parties related to Hi Kuliner. Interviews were conducted with SMEs during the business coaching process, which took place face-to-face (offline) and online (online). Observations were made by visiting the location of the Hi Kuliner Office and during the video production processes.

According to (Hackett et al., 2016), in-depth interviews, often called depth interviews, are one-on-one interviews between the interviewer and the interviewee. This type of interview is usually an unstructured interview (where the questions posed to the interviewee have yet to be decided before the meeting, and the interviewee guides the discussion as he or she wants) or a semi-structured interview where the interviewer will provide some leading questions. The interviewee can answer questions, and the discussion continues based on those questions.

Interviews for business coaching were conducted with MSME owners and several parties involved, including business owners who are also commissioners and directors (Herlambang, 2020). With unstructured interviews, you will get an informal, more relaxed impression so that the approach process between coaches and MSME owners will take place more easily.

In this interview activity, detailed information was obtained offline and online regarding the profile of SMEs related to activities carried out in various fields, from marketing, human resource management, operations, and finance (Hanggraeni, Ślusarczyk, Sulung, & Subroto, 2019). During the interviews, problems, and challenges that are being and will be faced by MSMEs in the future are also explored.

RESULTS

From several business coaching sessions conducted, the data collection process was also carried out through observation and interviews (Carmichael & Cunningham, 2017). In the business model canvas analysis, the author uses the previously obtained data to conduct initial business mapping and confirms the truth of the data with the owner and management of Hi Kuliner (Carmichael & Cunningham, 2017). The results of Hi Kuliner's initial business model mapping can be seen in the following figure.

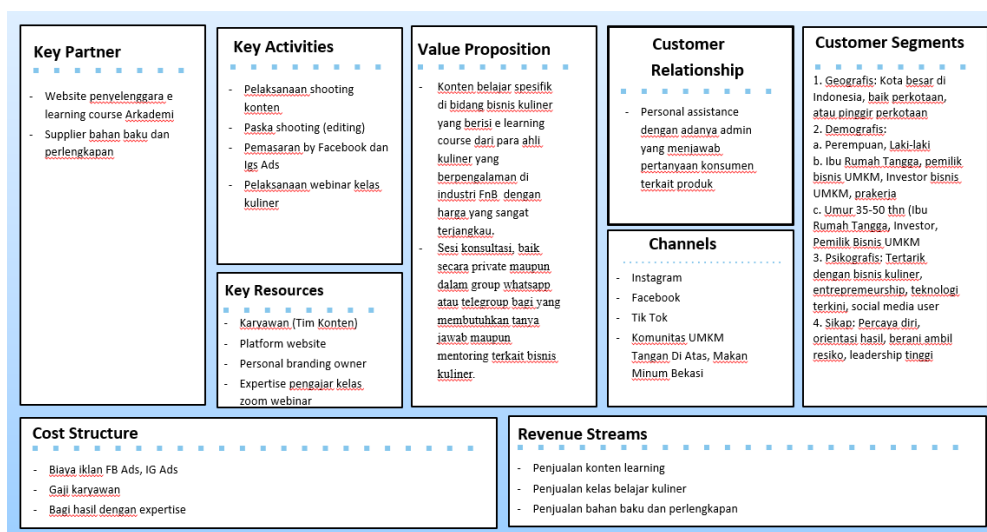


Figure 1. Image of Initial Condition Mapping of Nine Building Blocks
(Source: Processed Data, 2023)

a. Customer Segments

In terms of customer segments, Hi Kuliner divides the segments into four, namely demographic, geographic, sociographic, and psychographic. In detail, Hi Kuliner's customer

segmentation has been explained in the previous chapter. But mainly, the customers targeted by Hi Kuliner in the initial mapping are housewives who are interested in opening a culinary business, investors in the culinary field, MSME business owners, especially in the culinary field, and pre-employment card users, namely unemployed productive age (aged 18-27 years).

b. Value Propositions

At Hi Kuliner, the owner explains that the added value he wants to offer customers is knowledge, experience, and learning in the field of culinary business that can be accessed either in the form of online learning content or with live Zoom webinar classes. In addition, the price of the products offered is still very affordable compared to other similar products. Another added value offered is consultation sessions, both privately and in WhatsApp groups or filegroups, for those who need questions and answers or mentoring related to the culinary business.

c. Channels

Regarding channels to deliver goods and services to customers following the specified segment, Hi Kuliner uses several official company platforms in the form of company social media, namely Facebook, Instagram, and TikTok.

d. Customer Relationships

Hi Kuliner, in establishing relationships with its consumers, provides an admin ready to guide if there are questions related to product technicalities or other non-technical questions. In addition, Hi Kuliner also builds a reasonably good community with the MSME community, especially the MSME community in Bekasi.

e. Revenue Streams

In the revenue stream component, Hi Kuliner earns corporate profits derived mainly from selling Zoom webinar classes related to the culinary business and providing e-learning content. In addition, Hi Kuliner also benefits from selling raw materials in certain classes, such as the fried chicken class.

f. Key Resources

In the key resources component, there are several intangible resources, such as employees, expertise, and relationships with MSME owners that are essential for long-term sustainability in the future.

g. Key Activities

In the key activities component, the main activities carried out by Hi Kuliner to be able to convey value propositions to consumers are:

- Implementation of shooting for learning content;
- Post-shooting (editing);
- Marketing with advertisements on Instagram and Facebook;
- Implementation of culinary class webinars.

h. Key Partnerships

The primary partnerships currently owned by Hi Kuliner are the website that organizes the e-learning course and suppliers of raw materials and equipment.

i. Cost Structure

This block consists of several main components that contain the following costs:

- Facebook and Instagram advertising costs;
- Employee salaries;
- Production shooting operational costs;
- Revenue sharing with expertise

| No | Blocks | Strength | | Weakness | | Opportunity | | Threat | |
|----------------|-----------------------|--------------|-------------|--------------|-------------|--------------|-------------|--------------|-------------|
| | | % | Score | % | Score | % | Score | % | Score |
| 1 | Customer Segmentation | 86.7 | 4.3 | 46.7 | 2.3 | 80 | 4 | 50 | 2.5 |
| 2 | Value Proposition | 75 | 3.8 | 40 | 2 | 64 | 3.2 | 90 | 4.5 |
| 3 | Channels | 51.4 | 2.6 | 71.4 | 3.6 | 68 | 3.4 | 40 | 2 |
| 4 | Customer Relationship | 45 | 2.3 | 75 | 3.75 | 70 | 3.5 | 20 | 1 |
| 5 | Revenue Stream | 60 | 3 | 57.5 | 2.9 | 76 | 3.8 | 60 | 3 |
| 6 | Key Resources | 73.3 | 3.7 | 46.7 | 2.3 | 60 | 3 | 60 | 3 |
| 7 | Key Activities | 40 | 2 | 80 | 4 | 100 | 5 | 60 | 3 |
| 8 | Key Partnership | 80 | 4 | 40 | 2 | 80 | 4 | 33.3 | 1.7 |
| 9 | Cost Structure | 45 | 2.25 | 75 | 3.75 | 80 | 4 | 30 | 1.5 |
| Average | | 61.83 | 3.09 | 59.14 | 2.96 | 75.33 | 3.77 | 49.26 | 2.46 |

Figure 2. Hi Kuliner Business Model Canvas SWOT Evaluation Result Table
(Before Business coaching)
(Source: Processed Data, 2023)

The table above shows that the average number of strengths added to opportunities only reaches 68 percent, while the number of weaknesses added to threats reaches an average of 54 percent.

The main weaknesses of Hi Kuliner are shown in the Key Activity Blocks, Cost Structure, and Channels. In the key activity block, weaknesses are seen in Hi Kuliner's activities that still need to be more efficient, as well as the low quality of implementation. This key activity's high value of weakness is due to the many key activities that Hi Kuliner did not do during the initial business model mapping.

Meanwhile, in terms of strengths owned by Hi Kuliner, based on the table above, they are in the Consumer Segmentation Block, Key Partnership, and Value Proposition. Regarding threats, the blocks to watch out for are the Value Proposition Block, Revenue Stream, and Key Resources. For opportunities, the evaluation results show a pretty good value, where the opportunities in the Key Activities Block are very high, followed by Consumer Segmentation and Cost Structure.

After mapping the new business model, the SWOT analysis was evaluated by answering questions again related to the nine building blocks of the new business model (Regina & Alfanur, 2016). The results of the evaluation are shown in the following figure:

New Business Model SWOT Evaluation Table

| No | Blocks | Strength | | Weakness | | Opportunity | | Threat | |
|----|-----------------------|----------|-------|----------|-------|-------------|-------|--------|-------|
| | | (%) | Score | (%) | Score | (%) | Score | (%) | Score |
| 1 | Customer Segmentation | 86.7 | 4.3 | 20 | 1 | 93.3 | 4.7 | 20 | 1 |
| 2 | Value Proposition | 90 | 4.5 | 20 | 1 | 96 | 4.8 | 20 | 1 |

| | | | | | | | | | |
|----------------|-----------------------|--------------|-------------|-----------|-------------|--------------|-------------|-----------|----------|
| 3 | Channels | 82.9 | 4.1 | 20 | 1 | 96 | 4.8 | 20 | 1 |
| 4 | Customer Relationship | 75 | 3.8 | 20 | 1 | 93.3 | 4.7 | 20 | 1 |
| 5 | Revenue Stream | 82.5 | 4.1 | 20 | 1 | 88 | 4.4 | 20 | 1 |
| 6 | Key Resources | 86.7 | 4.3 | 20 | 1 | 80 | 4 | 20 | 1 |
| 7 | Key Activities | 85 | 4.3 | 20 | 1 | 100 | 5 | 20 | 1 |
| 8 | Key Partnership | 100 | 5.0 | 20 | 1 | 80 | 4 | 20 | 1 |
| 9 | Cost Structure | 80 | 4.0 | 20 | 1.3 | 50 | 2.5 | 20 | 1 |
| Average | | 85.41 | 4.27 | 20 | 1.03 | 86.30 | 4.31 | 20 | 1 |

(Source: Processed Data, 2023)

The evaluation results in the table above show significant improvements, especially in terms of weaknesses and threats, which, when summed up, the evaluation is 20, as well as optimization of strengths and opportunities to a total of 86 (Regina & Alfanur, 2016). On weaknesses in the new business model, it can be seen that key activities have decreased significantly. Additional key activities in the new business model are seen to drive efficiency in the production process and also drive the company's revenue growth.

In terms of strengths, there are improvements in the business model that can be seen in the Key Partner Blocks, Value Proposition, Consumer Segmentation, Key Resources (Clauss, 2017). In terms of threats, there is a decrease in the value of all blocks, while for opportunities, there is an increase in the building blocks of Key Activities, Value Propositions, and channels.

CONCLUSION

The results of innovations made in the new business model can be seen after a SWOT evaluation of the new business model. A comparison of the evaluation of the initial business model and the new business model is shown in the following table:

SWOT Comparison Table of Initial Business Model and New Business Model

| Model Bisnis | Strength+ Opportunity | Weakness+ Threat |
|-------------------|-----------------------|------------------|
| Model Bisnis Awal | 68 | 54 |
| Model Bisnis Baru | 86 | 20 |

(Source: Processed Data, 2023)

The resulting innovations based on the final business model evaluation are mainly on the development of Hi Kuliner's key activities as follows: making a learning curriculum; pre-shooting preparation: making storyboards; shooting content; post-shooting (editing); marketing with IG and FB Ads; marketing with Google Ads; and implementing culinary class webinars.

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