

EXECUTIVE SUMMARY

Consumer demand for packaged chips in Indonesia has increased. It is proven by the sales increase of savoury snack products which includes packaged chips reached IDR 26.1 trillion in 2019, and predicted to continue to increase with 8% of CAGR in 2019-2024.

The increased demand has a positive impact on the producers of packaged chips growth, including the Micro, Small, and Medium Enterprises (MSMEs). Based on data and interviews, the company estimated that there are 648 packaged chips MSMEs across Jakarta, Bogor, Depok, Tangerang, and Bekasi city, with growth at 98.7% per year for Micro Enterprises and 1.2% per year for Small Enterprises. In order to develop their businesses, MSMEs will need to continuously develop their production quantities. In addition, MSMEs will also need to get food safety certification for their products in order to sell through bigger retail distribution and penetrate even larger markets. However, based on interviews with several of the MSMEs community, both of these factors require large capital and access to modern technology, which most MSMEs are not capable of having, and thus becoming a challenge for MSMEs in developing their business.

To overcome this challenge, PT Krispindo aims to provide services to produce packaged chips for MSMEs, within the category of macaroni chips, cassava chips, potato chips, and tempeh chips. Equipped with a manufacturing facility that is BPOM standardized, Good Manufacturing Practices (GMP) certified, Hazard Analysis and Critical Control Points (HACCP) certified, and also Sistem Jaminan Halal (SJH) certified, PT Krispindo allows MSMEs to increase their number of products as well as getting food certification for their products. Therefore, MSMEs will not need to invest a large amount of capital for production facilities or certifications.

The company also provides other supporting facilities including certification, design, packaging, and product warehousing through collaboration with partners. This allows MSMEs to fulfill other needs in regards to developing their business. From the facilities and services offered, PT Krispindo is striving to become a business partner for MSMEs to improve competitiveness and advance its business.

PT Krispindo uses cost focus strategy as the company's competitive strategy. The company implements the cost focus strategy mainly throughout the company's operation, human resources, and marketing activities. The operation division of the company aims for daily optimal and efficient production planning which will allow the

company to avoid idling capacity and reduce production costs. To ensure the product quality and suitability, the company has hired an experienced research & development and quality control team. Moreover, by having experienced and trained machine operators for the production process, PT Krispindo will be able to produce several categories of chips from consumers simultaneously at one time. By employing experienced people, thus it will minimize the number of workers and the company's costs. In addition, through marketing activities, the company will also seek the retention of old customers to reduce the cost of acquiring new customers. By implementing cost focus strategy in the company's activities allows the company to offer competitive prices for the target consumer.

Based on interviews with several numbers of packaged chips MSMEs, it can be concluded that they are interested in purchasing services offered by the company. By having a contract manufacture with PT Krispindo, MSMEs will be able to produce qualified products according to their specifications, as well as product volume that is greater than their capability. According to the demand of the company's 10 potential consumers in the first year, the business potential is measured by the average number of production from a single Micro Enterprises for 184,2 kg per month and Small Enterprises for 2975 kg per month, which resulted in average revenue from Micro Enterprises for Rp15.301.907,00 per month and Small Enterprises for Rp165.743.000,00 per month. As for revenue from supporting facilities including certification, design, packaging and product warehousing, the company will be able to earn commission fee for Rp64.977.823,00 in the first year.

The initial investment for this business is Rp8.496.884.899,00. The first-year sales revenue target is Rp7.457.505.600,00 and is expected to reach Rp30.453.106.598,00 in the fifth year with an average sales growth of 42.16%. The payback period is expected to succeed in 2 years 11 months, with a positive NPV value of Rp6.305.009.584,00 The company will also generate an IRR value of 25% and ROE value of 13% at the end of the year 5.