

## EXECUTIVE SUMMARY

The business plan is prepared as a contribution to meet the needs of spinning and yarning companies with international standard quality of wool fiber originated from crossbreed Indonesian sheep offered with lower prices. Indonesia downstream textile industry still relies heavily on imported raw materials such as natural fibers and man-made fibers. The biggest cost component issued by the yarning and spinning companies is raw materials. The inability of upstream textile industry in Indonesia to manufacture textile raw materials force the spinning and yarning company in Indonesia facing the risk of cost uncertainty. This will make Indonesian domestic products uncompetitive compared to similar products produced by other countries. This condition creates a business opportunity to open a wool processing company to produce wool fibers produced by domestic sheep.

BWFI (Batur Wool Fiber Indonesia) has a vision to be the top choice in processing, collecting and distributing wool fiber from Indonesia. BWFI product output is wool fibers with medium quality derived from crossbreed Merino sheep that is widely available in Banjarnegara district, Central Java. BWFI has a processing plant in Batur village and wool fiber collection depots will be scattered around village in Banjarnegara area. Farmers as key partners have a central role in supplying raw materials wool and support the production process. The finished product will be distributed to the wool fiber spinning and yarning companies in Greater Jakarta, West Java, Central Java and East Java.

The company use low cost focus generic strategy to achieve their goals. Low cost focus reflected in the marketing strategy through its value proposition, namely (1)

target market, the market will focus only on textile and wool spinning companies. (2) Lower price range compare to market price. The strategy begins by introducing BWFI products positioning “*best value for money*” to buyers with medium to large scale business. At the expected level, BWFI product offers differentiation in terms of service to provides a fast service purchases and ensure the timely delivery and quality products in accordance with the order. Marketing mix strategies include communications to farmers as business partners, potential buyers, governments and local communities.

To support the marketing mix above, operating strategy emphasizes on production costs, quality and dependability. The implementation of the automation system on production process can be done due to least product variety and high volume production, so it will be able to reduce production cost per unit. *Demand lag capacity* strategy is applied to support the production process so it will be enable to support targeted growth by marketing strategy.

Low cost focus strategy also requires an emphasis on productivity and efficiency in the human resources management. Application of mechanistic organizational structure on the production, finance and human resources division with high departmentalization, bureaucratic chain of command, slim structure and highly standardized procedures are expected to create high productivity with rapid decision making. On the other hand the company's market share that focus on business-to-business segment force marketing department to adapt well by applying organic structure. The blend of these two structures hopefully can make the company achieve its goals.

Finally, all of the above consolidated strategic planning is synergized to create added value for the shareholders. The initial investment required is Rp. 20 billion were obtained from 3 sources, namely: owner capital, bank loans and from investors. Investment from owner capital and investors will be used to buy land and build a factory which will be used as collateral to get a loan from a bank with a competitive interest rate from bank refinancing program. The results of the financial projections are as follows: (1) Net Present Value = Rp. 2.537973 billion, (2) Internal Rate of Return = 19.86%, (3) Payback Period = 3.04 years.. The third indicator shows that the business plan is deserve to be executed.

