

## EXECUTIVE SUMMARY

Berkah Bumi Sejahtera (BBS) is a functional food company located in Bogor West Java, Indonesia. BBS's product is rice produced from grain sorghum, branded PuRice. Sorghum itself is a plant similar in appearance with corn and could be grown in marginal land where other crops would fail. BBS's business activities focus on farm coordination, production, and sales promotion.

There are a large and growing number of diabetic people in Indonesia. The prevalence is higher in upper class economic and urban population, because they are more exposed to the unhealthy habit of lack sport activities and high sugar intake. Such condition is an opportunity for PuRice which offers many benefits: no glucose, higher fiber, and high protein content compared to other types of rice. Therefore, sorghum rice is good for people who suffer diabetes or undergo diet. The taste and texture of sorghum rice is very similar to white rice, therefore would easily fit the preference of Indonesian people who accustomed to consume white rice daily in large amount.

BBS is the first company in Indonesia's staple food industry to offer sorghum rice. As a pioneer, BBS will enjoy first-mover advantages of thorough knowledge of sorghum plantation and processing, efficient supply network, and vast distribution channel coverage. Up until year 8, BBS will cater to the consumers in Jakarta, with net sales projected to fulfill 3% consumer's demand at the initial year. Afterwards, BBS will expand its market coverage to other major cities across Indonesia and foreign countries.

BBS will continuously need an increasing amount of farmland to supply its growing demand. Should BBS owns all the farmlands it requires, the invested capital for land would be heavy and over time it would be increasingly difficult to find vast

farmlands concentrated in one area. Thus, BBS will rent the farmland it needs where local farmers will be hired to carry out farming activities of planting, tending, and harvesting. To ensure productivity and quality, BBS will provide seeds, fertilizers, training, and technical guidance. BBS will have both leaner investment and more flexible operational area.

BBS will market its product, PuRice, through 9 retail chains: Ranch Market, Hero, KemChicks, The Food Hall, AllFresh, Total Buah Segar, Lottemart, Hypermart, and Giant. These premium retails are located across Jakarta with customers from middle-high economic class, in line with BBS's target market. BBS will simultaneously put advertisement in health and lifestyle magazines and place promotional booth in retail stores where customers could taste the product. Continuous effort in these activities will build consumer's awareness towards BBS's product and brand. To build familiarity and bonding, BBS will be sponsoring symposium about diabetes and outdoor events held by relevant health organizations like Indonesia Diabetics Association (Persadia).

Estimated net sales projection of BBS is above IDR 20 billion in year 8. BBS will record net loss of IDR 1.1 Billion in year 1, but will gain net profit starting from year 3 and reaching IDR 7 billion in year 8. Net Present Value is positive at IDR 20 billion, with payback period of 5.5 years, and IRR of 44%.

In running its business, along with focus on business growth and profitability, BBS will keep on maintaining the sustainability of surrounding environment and social aspects. All waste from production, in form of dried sorghum stalks and husks, will be supplied to local farmers as the form of company's Corporate Social Responsibility. The waste could be used further for animal feed, thus strengthening the bond between local farmers and BBS.