



EXECUTIVE SUMMARY

Health is the right of all people. People are willing to do anything to ensure they are healthy. Recent finding of WHO, in 2010, discovered that rate of death in Indonesia caused by un-contagious diseases are continue to increase, especially in big cities. One of the deadly un-contagious causes of death in Indonesia is degenerative illness, which is the illness that caused by the degeneration of human body cell.

There are five main functions as the backbone of the company, which is Company Strategy, Marketing, Operation, Human Resources, and Finance Department.

Company Strategy

Based on above problem, people need to maintain healthy lifestyle, but due to the limitation of time they had, they can not fulfill all their healthy needs. PT AAS will provide Java Herb, a healthy herbal drink made from 17 herbal with high anti-oxidant with standard IC50 for 56.70, which clinically proven can help to reduce the risk of degenerative illness, and also fit with the practical lifestyle that urban communities need.

The potential demand for supplement industry keeps growing every year which is 15.3% CAGR within 5 years, this will give Java Herb the opportunity to grow and expand the market. PT. AAS will use focus cost strategy to face the competition in industry. PT AAS will select customer with SES A and B as strategic market and implement low cost production as strategic advantages.

Marketing

Marketing objectives are to introduce and enhance the awareness of Java Herb, being the leader in herbal supplementary nutrition and creating customer's loyalty.

With a target market in major cities in Java and Bali Island, Java Herb will be sold at around Rp 7,632 per bottle and specifically aimed at premium market with range of age 30 years above, hard worker, active in organization and doing sport. The main positioning of the product is as standardized herbal supplementary nutrition with IC50 anti-oxidant to



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reduce the risk of degenerative illness. Promotional medias used for the marketing will be specific to target market than mass media under reason to pursue a high effectiveness during market penetration. Our targets are sales growth 26% every year (on average), ROS increasing from 28% to 70% within 10 years. Our strategy is offensive strategy.

Operation

Operation will provide required product to be distributed to the intended market. Aligned with the company generic strategy, the objectives of operation are to continuously increase operational margin through enhancing production efficiency thus will be lowering production cost, to fulfill targeted distribution channel which cover Java Island and Bali, to provide standardized product quality with 56.70 IC50 and natural ingredients, to reach effective and efficient production plant, and to develop new product variants in accordance with company objective to expand the market. These objectives will be implemented by setting targets for the end of forecast period such as to reduce COGS by 10%, to have more than 3000 distribution outlets, to have minimum complaint rate, to have highly effective and efficient production process by minimize the scrap product to 1% of total production, and to develop three product variants by cooperate with IPB. As an enabler to these objectives PT AAS will implement EOQ to minimize ordering and holding cost, increase production efficiency by implementing suitable layout and work flow design, manage product quality by adopting “kaizen” principle, and establish partnership with distributor that can cover modern retailer in the target area.

Human Resources

Human resources objectives are to ensure that organization is capable of achieving goals and objectives through high quality human resources. The department will ensure good compensation and benefit such as training, salary, bonus and clear career development path.



Finance

The financial department will support the business by collaborating with other function in doing the operation activity, investment activity and also financing activity to achieve added shareholder value and retain & improve the company growth, by designing the short term and long term targets.

The feasibility analysis showing a positive return on NPV (Rp 21.77 Bio), With 5 years and 5 months payback period and IRR 33.21% which is above the Cost of Capital (21.12% on average) in most likely scenario. From that analysis and by developing three possible scenarios, it shows probability more than 88.78% to result positive NPV. Which means this business is a feasible to be developed.

