

## Executive Summary

Protease is a variety of enzymes which are commonly used in the tanneries industry. In Indonesia, these enzymes were mostly imported from abroad with varied price range. Based on the Five Porter's analysis, the level of competition in this industry are not considered firm because to doing business in this industry does not only require a high level of expertise in the field of enzymes, but also sustain financial capital as well. However, we are interested in entering this industry because of the enormous gap between the demand and supply of protease enzyme in Indonesia.

PT. Prima Enzim Indonesia (PT. PEI) is the first company in Indonesia which manufacture protease enzyme with a brand name "Procillus". Procillus is a protease enzyme developed and patented by BPPT (Badan Pengkajian dan Penerapan Teknologi). In order to compete in this industry, PT. PEI applies a differentiation strategy of which main advantage is its simplicity of the product's utilization. Unlike other common protease enzymes, Procillus can be used in two tanning processes which are soaking and unhairing stage without the bating process, which leads to a reduction of consumption of other chemicals in fact Procillus itself can be used as the bating agent. In addition, Procillus can be used without mixing it with other substances.

We also aim to educate the market to take the advantage of the new product, to create brand awareness, to build a relationship with the clients, as well as to boost sales. Since PT. PEI is a new player in the industry, PT. PEI will adapt an offensive strategy to push sales, build company's image and product development, as well as optimize the distribution and create market advantages. PT. PEI's target markets are the medium to large scale tanneries in Java, with the initial price of Rp.21,142 per liter of enzyme. PT. PEI will distribute the products directly to the customers in East Java, the distribution of the products of the customers outside East Java will be managed by merchant commission and cooperation. In communicating Procillus, the marketing Department will focus on direct selling, while sales supervisor will directly engage with customers. The Marketing Department aims 27.3% of sales growth each year.

The responsibility of the Operation Department is producing of Procillus from the assortment of raw materials and manufacturing of the finished goods. Since we will use a high technology production machine that includes automatic sensory, we could reduce cost for operators. Based on our location analysis, the ideal location for the factory will be in Pasuruan, East Java

with the headquarter office located in Surabaya. PT. PEI will be the one handling the freight of any raw materials and finished goods in order to minimize the costs as well as to reduce the dependency on other parties. The time needed to prepare and build the manufacturing facilities is approximately 38 weeks.

The Human Resources Department will recruit employees that are well-matched to meet the require criteria. Operators will be recruited from the *Akademi Kulit* in Yogyakarta because they expert in leather production. However the recruitment of the other departments (Marketing, Finance, and Human Resource) will be organized from the area of East Java where the factory and headquarter office are located.

Lastly, the Finance Department is responsible for maintaining the company's earnings and expenditures. Based on the financial analysis projection, the payback period of the company is 4 years with an NPV 1.1 billion rupiahs and 34% Return on Investment. The investment needed to establish the company is 9 billion which consist of 70% equity and 30% debt.

