

---

## EVALUATION OF BUSINESS STRATEGY AND PERFORMANCE IN CHEMICAL COMPANIES IN THE MICRO BUSINESS CATEGORY

**Cheryl Marlitta Stefia**

Universitas Kristen Duta Wacana, Indonesia

[cheryl@staff.ukdw.ac.id](mailto:cheryl@staff.ukdw.ac.id)

---

Received: 23-05-2022

Accepted: 10-06-2022

Published: 15-06-2022

---

### **ABSTRACT**

*Micro, small and medium scale industries are one of the pillars of the Indonesian economy. It is proven that during the pandemic, Indonesia can survive the threat of a recession in 2020, not spared from the contribution of the domestic consumption sector, by also taking advantage of the circular economy. Although the turnover of industries engaged in services has decreased, the company can use the pandemic period to increase the capacity of human resources. In the future when the economy improves, the company is ready to compete fairly in the market. Common problems faced by micro, small and medium scale industries are limited human resource capacity and lack of understanding of business fundamentals. This can be concluded from the stagnant performance of micro business. This research was conducted at Isnen Laboratorium. The purpose of this research is to improve business efficiency performance. At the end of the research period, it is hoped that there will be an overhaul of the 4 business pillars so that Isnen Lab will develop optimally.*

**Keyword:** Business Performance, Industry, Isnen Lab.

---

Corresponding Author: [cheryl@staff.ukdw.ac.id](mailto:cheryl@staff.ukdw.ac.id)

E-mail: [cheryl@staff.ukdw.ac.id](mailto:cheryl@staff.ukdw.ac.id)



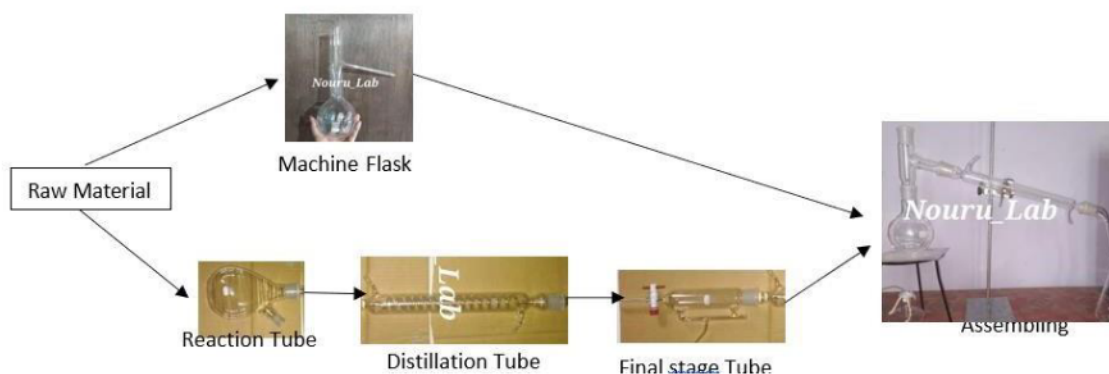
### **INTRODUCTION**

Business operations vary across industries, and are structured according to specific industry requirements. Mastering certain industry operations can help a business achieve success (Gertler et al., 2016). Isnen Lab is categorized into process manufacturing operations business. Manufacturing companies are involved in turning raw materials into physical products, which are then sold to consumers (Meirani Harsasi, 2016). One of the things that a manufacturing company can do to achieve efficiency is to source quality raw materials from credible suppliers. For perishable and edible products, businesses must look at how the raw materials are stored, processed, and delivered to consumers. Companies can also eliminate bottlenecks which increase processing time to save time during manufacturing and shipping. If an ad company struggles with shipping logistics, it can outsource shipping and concentrate on other areas of the business where it excels.

The production process is concerned with converting various inputs into outputs required by the market. It involves two main resource sets—the transforming resources, and the transformed resources. Transformation resources include buildings, machines, computers, and people who perform the transformation process. Converted resources are raw materials and components that are converted into final products (Keough, 1998).

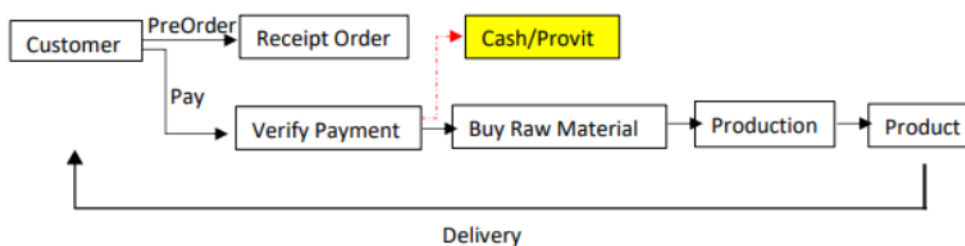
Each production process involves a series of links in the production chain. At each stage value is added in the production process (Hutama, 2008). Adding value involves making a product more

desirable to consumers so they will pay more for it. Therefore, value added is not just about manufacturing, but includes marketing processes including advertising, promotion and distribution that make the final product more desirable. It is critical for businesses to identify value-adding processes, so as to improve these processes for sustainable business advantage (Marisa, 2018). Isnen Lab does not have its own production resources. Production is handled by unprofessional business associates and production is made to order. The problem of the production line is that the business relatives have their own brand to market the same product. Almost every product owned by Isnen Lab is produced by a business relative and has its own brand. The operation and production processes are often late from the promised time because the production process cannot be carried out directly but must be carried out sequentially. The complexity of the product form is one of the factors of delay. It is in several production processes of Isnen's lab.



Businesses can effectively generate cash and how that money is used. As previously mentioned, Isnen lab is a company that has several product variations. The special product they sell is chemical distillation equipment which has a pre-order system. At first, the financial support owned is zero. Customers have to pay in advance, place an order, and then nouru lab will use the payment as working capital to produce orders directly. The advantages faced by Isnen lab are not about money, but what they have are human resources, networks, and knowledge.

Currently, Isnen Lab has more than 20 product variations, including pre-order products or product inventory. The profits that have been generated are divided into 2 aspects. The first aspect is for the founder's salary and the second is for the repair and development of the company, increasing inventory or increasing working capital.



**Picture 2. Isnen Lab workflow**

## **METHOD**

In the research process, using the ABCD method. This method emphasizes that asset extraction is not a problem. That's why this paper contains several assets owned by Isnen Lab. The purpose of the search process or description of existing changes is to explore and identify what will be overhauled and maintained. The definition of the ABCD method itself consists of five main steps, namely:

1. Determining Stage

In the interview stage, the writer asks various questions and determines the priority scope so that this research is expected to be fully useful and effective.

2. Discovery Stage

In a deeper interview, the author found problems within a predetermined scope. Where Isnen Lab is very weak in the Human Resources sector, marketing strategy and business planning.

3. Goal Designing Stage

After the authors found the many weaknesses of Isnen Lab, the authors described similar companies that already have clearer and more concrete visions and goals so that the client can also understand where this assistance will lead.

4. Designing Stage

Meeting after meeting must be held so that after knowing the stage of the goal, the planning of the plan can lead to the intended direction.

5. Stage of doing the plan

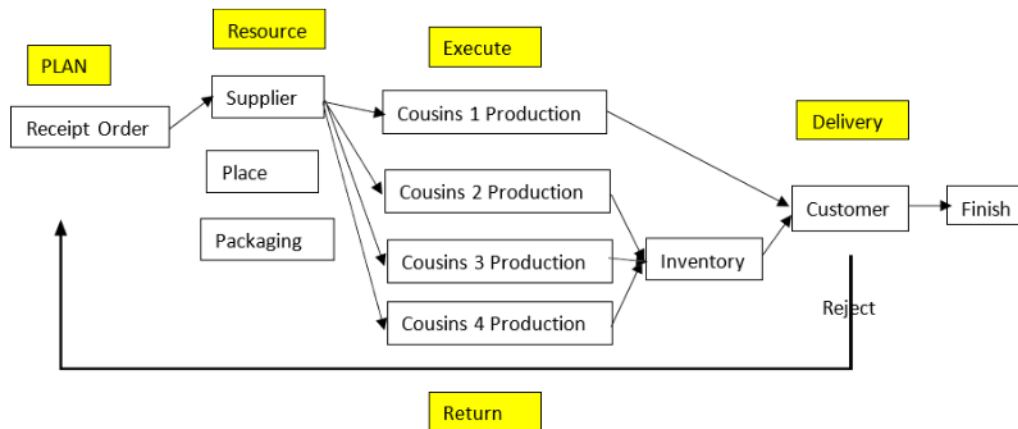
Even though the mentoring has ended, the client must implement the final business plan that has been elaborated together.

## **RESULTS AND DISCUSSION**

The supply chain management process plays an important role in running the main operations for almost every organization. Without a successful supply chain, processes can stall at the bottom level and ultimately lower yields. Over the decades, supply chains have gone through their own journey from the very simple to the newly developed algorithm-based ones. With the supply chain concept constantly evolving, the supply chain management process has become a specialized function. Supply chain managers are given the responsibility to ensure that the supply chain, both external and internal, is efficient and cost effective. The mechanism to be followed for an effective supply chain management process involves five basic stages namely (Soetomo, 2013):

1. Planning is a strategic part of the supply chain management process, to find the best blueprint on how to meet the final needs.
2. Sourcing – at this stage of supply chain management, the emphasis is on ensuring the most reliable supplier of raw materials so that the production process will never be compromised.
3. Execution – this is the stage where a well-designed process is implemented so that an understandable form is given to the existing plans in the form of manufactured products that are ready for testing, packaging and shipping.

4. Deliver – the supply chain when it reaches this stage, the manager has the duty to deliver the right product/service in the right quantity, at the right place and at the right time by hiring the right operator.
5. Return – handling returns is the last step of the supply chain management process. This involves not only reviewing returned products for quality purposes but also managing the Isnen Lab inventory.



**Picture 3. Proposed workflow for Isnen Lab**

Track revenue, expenses and profitability.

Revenue: selling products, custom designs, selling other products at retail.

Expenses: production costs, mobilization, supplier surveys, depreciation of laptops & motorcycles.

Profitability: product sales margin, service design, delivery, costs.

Make predictions based on reliable data. Isnen Lab must make sales and revenue predictions based on historical sales to improve customer satisfaction on timeliness of orders. Isnen Lab has problems because orders are based on projects, sometimes when orders are at the highest level, delivery is often late because production capacity is limited by human resources. As is well known about product complexity, products cannot be manufactured by machine, but products are made by hand and require skill to manufacture them.

Therefore, financial predictions can lead to product availability by using sales and cost forecasting. Plan your Monday Lab budget more effectively. Isnen Lab can make sales predictions, so they can save their financial capital more delivery of their products effectively using the system's production base. However, budgeting of all operating costs, inventory, salaries, and profits can be made to determine sales targets.

Isnen Lab can explain how much it wants to earn, and then the costs to run the business and the costs for marketing. Budgeting can be made using the income statement.

<b>Activity</b>	<b>Money</b>
Sales (price x quantity)5	4
Cogs (cogs x quantity)5	3
<b>Gross provit</b>	
Operation activity	
Salary (2 person)	1
Production cost	1
Transportation	1
Warehouse cost	1
<b>Earning before interest and rate and depreciation</b>	
Interest	-
Tax	-
<b>Net provit</b>	2



Filling  
Order

**CONCLUSION**

Chemical equipment requires special skills to make it. According to interviews with the founders of Isnen Lab, in Bandung there are no schools, institutions, or courses that are willing to teach production skills. In addition, the types of products are complex, no machine can make. The chemical equipment that Isnen's lab sells is a pure product 90% is handmade. Because Isnen lab does not have its own production process, the only way to meet the specific demand for production capacity, Isnen lab must have its own human resources. Research and development must be applied to increase human resources in the field of production. For the current condition, Isnen lab is very dependent on the only cousin who has this skill. The worse case of this dependence is when a business relative stops the business, so with that consequence the business will be lost. Research and development is very cost-oriented, but can be turned into an investment activity for business continuity. Another alternative is that the Isnen lab can be maintained to sell chemical equipment in the retail industry. However, the retail industry requires more capital for inventory storage. The conclusion is Isnen lab must shift from dependent production and maintain it as inventory, rebrand Isnen lab to a high position to get higher margins with higher quality, shift business to retail industry and take products from third parties, or invest in human resources for the production line itself does not depend on the related.

## REFERENCES

Gertler, P. J., Martinez, S., Premand, P., Rawlings, L. B., & Vermeersch, C. M. J. (2016). *Impact evaluation in practice*. World Bank Publications.

Hutama, R. (2008). *Proses produksi program acara mata rantai di ANTV*. UNS (Sebelas Maret University).

Keough, N. (1998). Participatory development principles and practice: Reflections of a western development worker. *Community Development Journal*, 33(3), 187–196. <https://doi.org/10.1093/cdj/33.3.187>.

Marisa, J. (2018). Analisis Strategi Rantai Nilai (Value Chain) Untuk Keunggulan Kompetitif Melalui Pendekatan Manajemen Biaya Pada Industri Pengolahan Ikan. *JASA PADI*, 2(02), 7–17.

Meirani Harsasi, S. E. (2016). *Pengantar Manajemen Rantai Pasokan (Supply Chain Management)*.

Soetomo. (2013). *Strategi-strategi Pembangunan Masyarakat*. Yogyakarta: Pustaka Pelajar.



© 2022 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY SA) license (<https://creativecommons.org/licenses/by-sa/4.0/>).