

## STRATEGIC FORMULATION FOR SMALL BUSINESS DEVELOPMENT CASE : SOTO BENING BU ANIK

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**Abstract** - Every business journey, have to face certain condition to be able to get into the seattlement stage and became a sustainable business. For small business, there are a lot more obstacle to obtained the sustainable business. Due to the lack of resources, and a minimal operational system make the small business sometimes not be able to move into the next stage and potentially cause a bankruptcy if they can not overcome the obstacle. Problem in Soto Bening Bu Anik is used as the case study of this research. The root cause analysis showed that the main problem were : the business can not move into the next stage of the business growth and development., due to the lack of operation and managerial system in the business. The possible solution that have been made are : apply the corporate and functional strategies to be implement in the original store, and prepare for opening the new branch to increase the sales. Purposed solutions were examined through analysis based on internal and external situation of the business which combined the STP and SWOT analysis compare to the competitor analysis.

**Keywords:** Small Business Development, Small Business Growth, Culinary Industry, Strategic Management

### Introduction

Soto Bening Bu Anik is a family restaurant. The business has been running about 3.5 years. Founded in 2010, Soto Bening Bu Anik had stood by using private capital, and runs by owner. The restaurant named after its owner, Ibu Anik Handayani. The company still running the owner based business, which means rans by the owner, managed by the owner, and still using simple organizational structure, which consist of owner and sub-ordinates, and the owner still directly interact with sub-ordinates. With the total number of employee are just twelve workers in their current store.

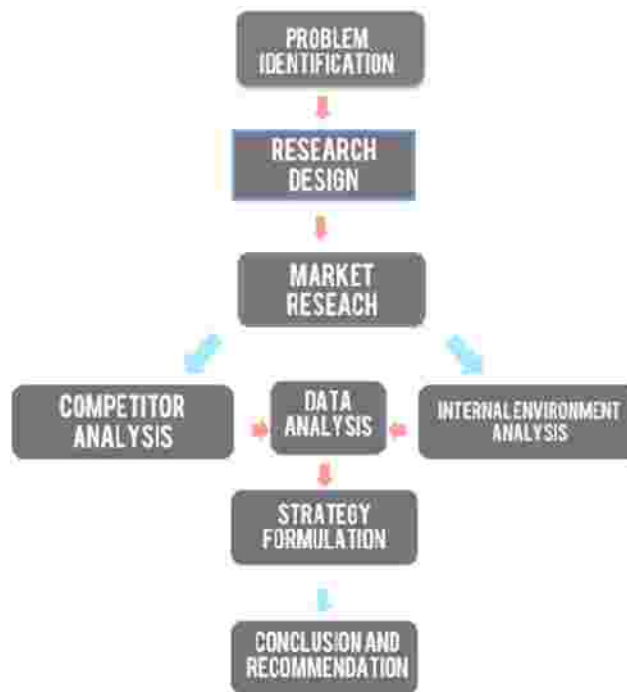
### Methodology

#### Problem Identification

The first step made to start this research is identifying the main problem. In this research the problem is to identify the challenge and opportunity for a small business to grow, design a suitable business strategy for the business to grow into the next stafe and develop the implementation method of the business strategy in Soto Bening Bu Anik.

#### Research Design

Research design explain the flow process executed by the researcher to finish the project. The research method used in this research is descriptive analysis method with a case study approach conduct to represent the real situation that occured in the business world that lead a culinary business with Soto Bening Bu Anik as its main object.



#### Market Research

Market Research is a systematic, objective collection and analysis of data about a particular target market, competition, and/or environment. It always incorporates some form of data collection whether it is secondary research or primary research, which is collected direct from a respondent (Kotler & Keller, 2012)

In this research the market research consist of the competitor analysis and the internal environment analysis of Soto Bening Bu Anik.

#### Competitor Analysis

The Competitor Analysis has been analyzed using the Strength, Weakness, Opportunity and Threats methods (SWOT). This SWOT analysis for the competitor becomes the task environment to determine the industry situation, which can be used as the reference to determine the formulation of the strategy.

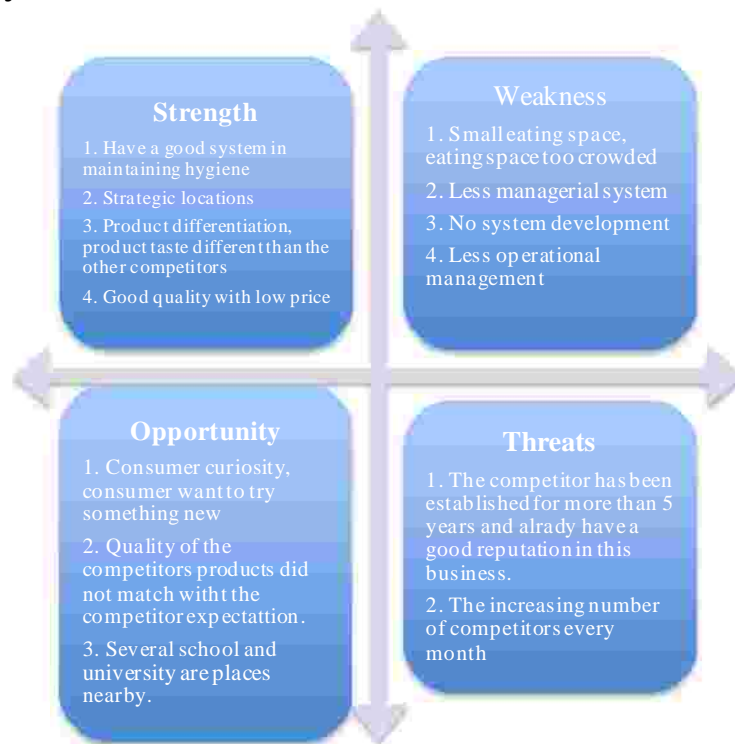
#### Internal Environment Analysis

This analysis contains the Strength and Weakness analysis of the business, the Segmenting, Targeting and Positioning analysis, and consumer lifestyle. To gather the data, a questionnaire was used as a tool. The questionnaire was distributed toward the consumer of Soto Bening Bu Anik in two different times, in Eid holiday in regular day. The purpose of this two different time is to capture the diffence occasional situation and turn it to a possible new strategy opportunity for Soto Bening Bu Anik.

#### Strategy Formulation

In this research, strategy analysis includes analysis of current conditions of Soto Bening Bu Anik and what stage of the business is facing right now, competitor analysis, the consumer lifestyle analysis, and the STP analysis. The analysis is conduct to summarize the suitable strategy that suitable for development of Soto Bening Bu Anik. In this analysis, there are two different approaches that have been used, the corporate strategy to develop the business as a whole, and functional strategy to be applied in functional business unit in Soto Bening Bu Anik.

## Data Analysis SWOT Analysis



### Strength:

1. The strength of Soto Bening Bu Anik are first, they have a good system in maintaining hygiene.
2. The location is near the city center, close to government office, and near a business complex, made Soto Bening Bu Anik have a strategic location.
3. The name of Soto Bening Bu Anik, shows the differentiation of this business, and build their own branding
4. Provide low price food with a good taste and good quality.

### Weakness:

1. The space of Soto Bening Bu Anik is small, due to the location that located in the business complex.
2. Internally, the managerial system of Soto Bening Bu Anik is still minimal.
3. There is no system development, cause all the supervising activities still controlled by the owner.
4. Soto Bening Bu Anik still have less operational management, without any Standard Operating Procedure (SOP).

### Opportunity:

1. Soto Bening Bu Anik still has less operational management.
2. The quality of the competitor branch's product did not same with the product in their origin.
3. There is another potential customer nearby the location of Soto Bening Bu Anik.

### Threats:

1. The direct competitor was already establishing more than 5 years. They already in this market business longer than Soto Bening Bu Anik.
2. The number of competitor is increasing every month due to the good environment business in the culinary business.

## Business Growth Stage Model

The current stage of Business Growth for Soto Bening Bu Anik is Survival. The characteristic of the survival stage is :

- The management style is still supervised supervision. While in Soto Bening Bu Anik, there is a sales manager, but the owner still supervised the sales manager, cause the highest authority still taken by the owner.
- The organization system still simple. In Soto Bening Bu Anik, still have a few employees and the organization systems are based on the owner and sub-ordinates.
- System Development still minimal, which means there is a few system development, but all the supervising activities within Soto Bening Bu Anik still directly from the owner, without any SOP.
- Strategic Focus is Survival that have a strong focus on cash flow. The main focus for Soto Bening Bu Anik is to maintain the steady income cash flow.

From the characteristic of Small Business Development, Soto Bening Bu Anik is still in the transition phase between the owner-operated to owner-managed. The evident that show Soto Bening Bu Anik still face the transition phase is ;

- The challenge in this phase is to moving from the comfort proven operating skills to do realm of acquiring and exercising management skills. Soto Bening Bu Anik is deliberately moving forward to change the organization from the simple one into the functional organization, by adding some professional help such as supervisor, and sales manager.
- The owner has to share the authority with the new delegation. By adding a supervisor, is proven that the owner of Soto Bening Bu Anik trying to share the authority with the new delegation
- There are internal changers of the organizational structure. From the first organizational structure that is still simple, changed into a product functional organization structure.

#### Competitor Analysis

There are two types of competitor for Soto Bening Bu Anik, direct competitor and indirect competitor.

##### Direct Competitor

Description	Soto Bening Bu Anik	Soto Seger Mbok Giyem	Soto Rumpot
Established	Soto Bening Bu Anik was opened in 2010	Soto Seger Mbok Giyem has been established since 1997	Soto Rumpot was starting their business since 1981
Type of the Soto	Soto with clear broth	Soto with clear broth	Soto with clear broth
Topping choices	Chicken	Chicken and Meat	Meat
Variant of Complements Menu	Any kind of satay, Sate Telur Puyuh, Sate Ayam, Sate Kerang, Sate Paru, Sate Usus, Bakwan , Perkedel and Tempe Crispy	Known with their famous Sate Kikil, Sate Udang, Sate Paru, Otak goreng, Sosis solo, Tahu Bakso, and Jeroan Sapi, Kripik Tempe	Sate Telur Puyuh, Jerohan Sapi, Tahu Isi, Tempe, Mentho, Perkedel.
Another Menu	Gendar Pecel, and Fried Chicken.	-	Sop Bunt ut
Price	For the Soto price range between IDR 5,000 – IDR 7,000 With complements food price IDR 1,000	Soto price range between IDR 6,500 – IDR 9000 The complements food price is between	Soto price Range IDR 6,000 – IDR 10,000 The complements food price range between IDR 1,000 –

	– IDR 8,000	IDR 2000 – IDR 10,000	IDR 10,000.
Branches	No branches yet	Have 4 branches in Boyolali, have branch in Solo, Semarang, and just opened a new branch in Jakarta.	Have 3 branches in Salatiga.
Location	Near the city center, located in strategic location	Located far than city centre, and in less strategic loccation	Very far from City Center, and located in less strategic location.
Parking Space	Medium	Large	Large
Opening Hours	06.30 – 16.00 every day	07.00 – evening, everyday	06.00 – night, everyday

#### Indirect Competitor

Variables	Soto Lamongan Cak Tris	Soto Kudus Pak Warsi	Pecel Madiun Sayur Organik	Bakso Kepala Sapi
Main Menu	Soto Lamongan, with coconut milk broth.	Soto Kudus, with a coconut milk broth	Pecel Madiun	Meatballs.
Price	Rp 8,000 – Rp 10,000	Rp 8,000 – Rp 10,000	Rp 7,500 – Rp 9,000	Rp 10,000 – Rp 15,000
Location	Located about 1 km away from Soto Bening Bu Anik.	About 35 meters away from Soto Bening Bu Anik	About 35 meters away	About 20 meters away from Soto Bening Bu Anik.
Opening Hours	6.30 – 17.00	6.30 – 17.00	7.00 – 16.00	10.00 – 20.00

#### Market Research

The summary of all the charts above is, there is no age limitation for consumer of Soto Bening Bu Anik. Most of the respondents are married with kid; with the most occupation are employee and entrepreneur. But there is an opportunity for potential target market with range age 17 – 22 years old, single and with an occupation as student or college students. The respondent's income range per month is in range under Rp 9,000,000. The range of dine out expense per month for the respondents at Rp 500,000 – Rp 1,000,000, with the frequency of eating out at 1 – 3 times and more than 5 times per week. Large amount of the respondents are choose to go out eating with their family, at dinner time. Many respondents tend to spend less than an hour in restaurant, and prefer to dine in rather to get a take out meals. The main factor that drives most of the respondents to choose a restaurant is the taste of the food. Cause they want to fulfill their needs with a good food that have a good taste.

#### Segmenting, Targeting, and Positioning

The segmentation for Soto Bening Bu Anik is classified based on some important factor that already collected using questionnaire. The factors are occupation, expenses for dine out per month, eating out frequency per week, and time spent in restaurant.

The potential target markets for Soto Bening Bu Anik are employee and entrepreneur with dine out monthly expense at Rp 500,000 – Rp 1,000,000. The dining out frequency for this target market are more than 5 times per week and 1 – 3 times per week. This target market has a tendency to spend less than one hour in a restaurant.

Positioning for Soto Bening Bu Anik is a traditional fast food restaurant that focused on Soto as their main dish with a lot of complement variety. Provides a cheap price food with a good quality and taste, and located in strategic location.

### Strategic Formulation

#### Mission Statement

The mission statement for Soto Bening Bu Anik is to fulfill the consumer with a delicious and healthy food to be the best Soto Bening branch in Central Java.

#### Objectives

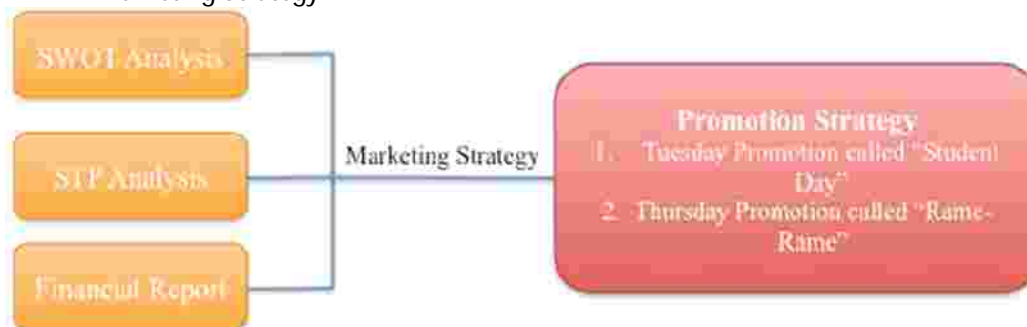
In this research the objectives of Strategic Formulation for Soto Bening Bu Anik is to increase growth. In particularly, to survive the survival stage and move into the Success stage for the business growth based on (Churchill & Lewis, 1983), and then moves from the owner-operated phase to owner-managed phase in the business development phase according to (Mount, Zinger, & Forsyth, 1993). In term of maintaining the stable revenue of the business, and increase the sales.

#### Strategies

To accomplish the objectives, the approach that been used is Business Strategies and Functional Strategies for both of the objectives. To realize the objectives of the business, the formulation strategy that has been created are to maintaining the steady flow of income, and opening a new branch. With the concentration on functional strategy, that more focused on marketing strategy and operation strategy.

#### 1. Maintaining Steady Flow of Income

- Marketing Strategy



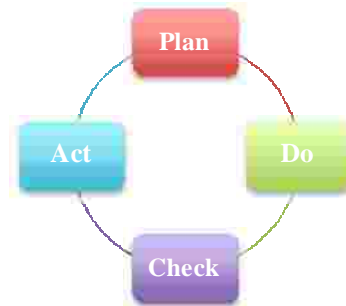
Looking at the SWOT analysis of Soto Bening Bu Anik, the point that can be used to formulate the marketing strategy is the characteristic of the location, the opportunity of the potential customer and the correlation between the potential target market of Soto Bening Bu Anik itself supported with the financial report of average daily revenue to determine which day with the lowest income within a week. Based on that consideration, some promotional strategy has been formulated to be applying in Soto Bening Bu Anik.

For the pricing strategy, Soto Bening Bu Anik have the cheapest price but still maintaining the good quality product. It make Soto Bening Bu Anik can become a price leader among the other competitor.

- Operation Strategy

The goals of operations strategy is to develop a standardize system operational in Soto Bening Bu Anik to maintain the good quality of their service and products. The strategy is to determine the Standard Operating Procedure (SOP) for every activity in the business, maintaining the quality control of the products produce, and maintaining the good relationship with the supplier.

1. Determine the Standard Operating Procedure (SOP)
  - Basic SOP, for the daily basis activity in the store
  - Ordering SOP, the regulation for order in the store
  - Production SOP, regarding the cooking procedure and ingredients
  - Hygiene SOP, the cleaning procedure within the store
  - Financial SOP, book keeping and payment system
  - Human Resource SOP, regarding employees system
2. Maintaining Good Quality



Plan : Making strategic planning for the business

Do : The excution

Check : Controlling th execution performance

Act : The evaluative action after getting the evaluation result

3. Relationship with the Supplier

The output of good supplier relationship can gain a cheaper price for the raw materials. It can lower the cost of goods sold (COGS) which means higher profit margin can be gained.

- Have written contract  
To make the relationship between the supplier and the buyer clear, such as duty, roles and responsibilities of each party.
- Build a mutual trust  
The way to gain a mutual trust is by giving a transparency in vision, mission, objectives and target of Soto Bening Bu Anik.

Moreover, for opening new branch, in the functional strategy is more focused on financial strategy, marketing strategy and operation strategy.

## 2. Opening a New Branch

For opening new branch, in the functional strategy is more focused on financial strategy, marketing strategy and operation strategy.

### Financial Strategy

In the Financial Strategy for opening new branch, there is an approximate calculation to open new branch based on the first financial allocation when opening the first branch, including the store equipment and employment fee. According to the data, Soto Bening Bu Anik has already had the capital to open their second branch. To open the new branch, Soto Bening Bu Anik needs IDR 518,618,333. Whereas the capital that they already had from the profit on 2011 untill 2013 is IDR 1,136,873,713. Thus Soto Bening Bu Anik is ready to open a new branch financially.

### Marketing Strategy

To introduce the new branch, Soto Bening Bu Anik needs to apply some marketing strategy. The effective way to introduce the new branch is put a poster or banner inside the original store. Another effective way is to developing a promotion kit that applied in the original store. For the new branch store, the appropriate marketing strategy is to place a poster or a flower arrangement to congratulate the opening of the new branch. This simple promotion kit will not cost high, but effective enough to attract the potential target market.

#### Operation Strategy

For opening new branch in operation point of view, Soto Bening Bu Anik has to assign the SOP clearly and do supplier selection whether Soto Bening Bu Anik want to contract a current supplier or looking for another supplier. Important factor to choose a supplier are:

1. Location  
The location is determining the scoop of area that reachable by the supplier. It is important because it can save time and cost of the shipping delivery.
2. Cost  
The more supplier offering the competitive price, the more opportunity for Soto Bening Bu Anik to choose the right supplier for the new branch. Of course with several consideration, such as quality, quantity capability, and lead time delivery.
3. Quantity and Quality of the Product  
The quantity and quality of the product that be offered by the supplier also affecting the supplier selection for the new branch

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