

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

Research methodology explains the steps of conducting the research to reach the research objective. The flowchart of the research methodology is shown in the Figure 3.1. The details are explained in the following section.

#### **3.1. Problem Identification**

This step is aimed to identify the problem through interviewing and brainstorming with the owner based on the problems of Mitra Mart.

##### **3.1.1. Interviewing the Owner**

The information from the owner is very important to know the problems of Mitra Mart. Based on the interview, the information that was collected from the owner is about the operation and business process of Mitra Mart.

##### **3.1.2. Brainstorming with Owner**

Brainstorming is a smart way to generalize new ideas or creative ideas. According to (Widowati, 2013), brainstorming activities were first developed by Alex Osborn in 1963 in New York. Brainstorming is a situation where a group of people gather to generalize new ideas about the specific area of interest. Brainstorming is used to assist in: (1) defining the problems occurred; (2) diagnosing problems; and (3) suggesting an activity to bring solutions.

The brainstorming with the owner in this research begins with making a plan in retailing in order to know the amount of money spent each month to support sales, and to develop retail business in order to compete with other retailers' especially the modern retailers to retain the business. The information is then used as an input to develop the merchandise budgeting.

#### **3.2. Literature Review**

This activity is performed to study previous research related to the merchandise budgeting in the merchandise planning.

#### **3.3. Research Object**

This research was conducted in Mitra Mart. Mitra Mart is located in Rantepao, North Toraja, South Sulawesi. Mitra Mart is a traditional retail based on the characteristics of retail. Mitra Mart is one of the traditional retails that still survive since 2002 until today among many retail businesses including the modern ones I which has already existed.

### **3.4. Point of Sale Data Collection**

This step is conducted to collect secondary data from point of sales data that can support merchandise budgeting process. The period of data collected is eight months from July 2015 until February 2016. The data were retrieved from AlfaPOS4 software. The data are the Sales Data, Purchase Data, Stock Opname Data, and the List of Item Data. These data are used to process the merchandise budgeting to be implemented in this research.

### **3.5. Conducting of Merchandise Budgeting**

The sales data, purchasing data, stock opname data, and list of item data will be used to make, to analyzed, and to obtain the merchandise budgeting. This step is the most important part to get the objective of this research by doing the merchandise budgeting for the Mitra Mart as a traditional retail. The steps of conducting the merchandise budgeting in this research are:

- a. Preparation step
  - i. Collect the Sales Data, Purchase Data, Stock Op-name Data, and list of the item data from last year in the same period.
- b. Process of merchandise budgeting step
  - i. Make the sales figure from the period of last year
  - ii. Make the monthly sales as a percentage
  - iii. Make the projected sales
  - iv. Estimate the stock sales ratio
  - v. Calculate the monthly reduction
  - vi. Calculate the BOM (Begin of Month) stock and the EOM (End of Month) stock requirements.
  - vii. Plan the EOM stock for this month = Plan BOM Stock for the following months
  - viii. Last, calculate for the monthly additional stock.
- c. Analysis and result step
  - i. After calculating the data, the owner gets the monthly additional stock for planning the purchase each month.

The conducting of merchandise budgeting is conducted during in period of April until May 2016.

### 3.6. Conclusion

The final results of this research will be concluded from the data analysis that has been done about the merchandise budgeting in Mitra Mart as the traditional retail to do their business. The conclusion of the research conducted during in period of June 2016.

### 3.7. Flowchart of Research

The research methodology in the form of a flow diagram is shown in the figure 3.1.:

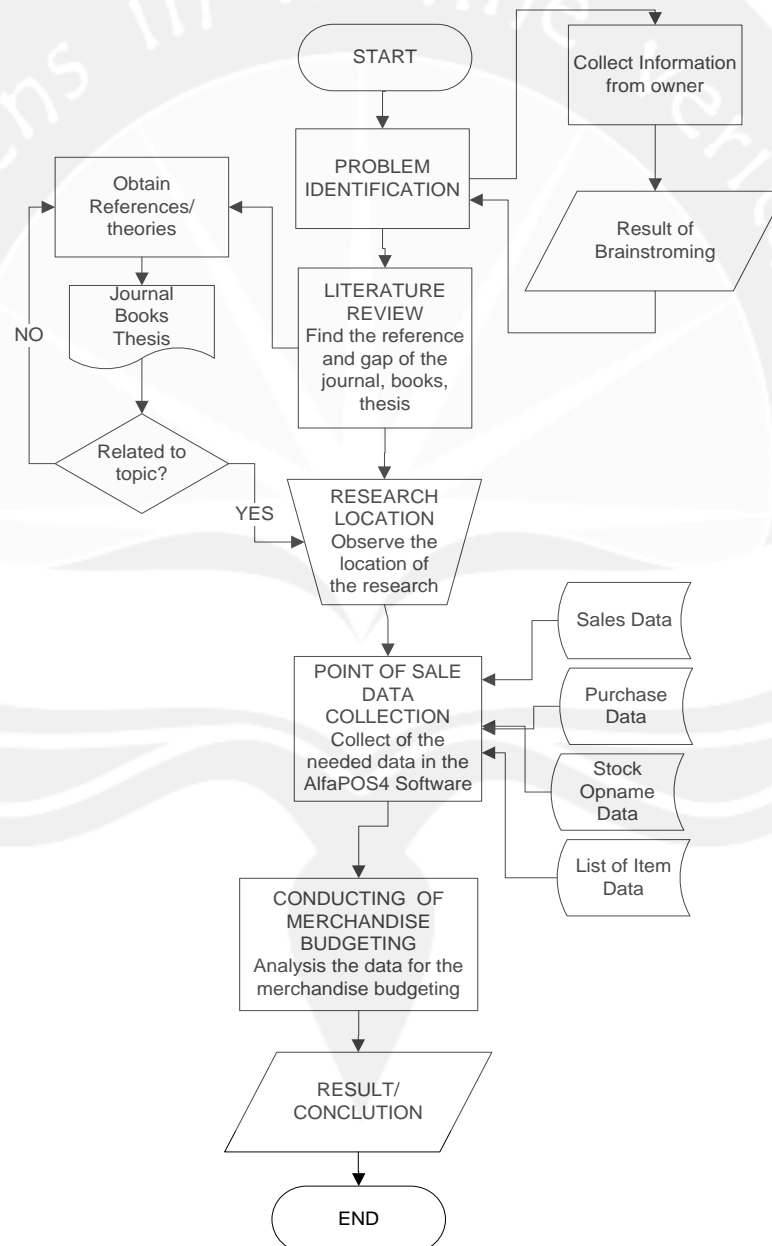


Figure 3.1. Research Methodology