CHAPTER 1

INTRODUCTION

The contents on the first chapter are the background of the research, problem formulation, purpose of research and its limitation.

1.1. Background

Sea cucumber is one of sea creatures that has a form like an earth cucumber. There are about 1200 kinds of sea cucumber in the world, but only 66 types can be traded (Sadili, et al., 2015). Sea cucumber can be found either in a temperate or tropical area (Ma, et al., 2015).

Sea cucumber is also known as one of vital marine biological resources for medical purpose and has a good opportunity in global market. Medically speaking, it has at least 50 types of nutrients such as amino acids, vitamins, collagen proteins and much more that are essential for the human body (Qi, et al., 2017). While economically speaking, sea cucumbers could generate $365 million in top five importing nations in 2010 alone. Therefore, this creature has been pursued by many countries especially Asians for consuming and trading purpose since 1000 years ago (Ma, et al., 2015).

Indonesia is one of Asian countries who supplies the sea cucumber in the global market. In 1989, Indonesia was able to produce 4888 ton (dry weight) and in 2000 for 2500 ton of sea cucumbers to be exported (Ma, et al., 2015). This has made Indonesia as one of the major exporters of sea cucumber in the world along with Philippines, Malaysia and Thailand from Southeast Asia (Perez & Brown, 2012). Nearly 50% of the sale goes to Singapore, China, Malaysia, Taiwan, Korea, Japan and the rest goes to United States and some European countries (Sadili, et al., 2015; Ma, et al., 2015).

This trend of exporting Indonesian sea cucumber can be reflected according to its production. It grows annually from 2000 ton in 2003 until more than 5000 ton in 2011. Total production volume comes from the collective weight of 54 types of domestic sea cucumber (Sadili, et al., 2015; Ma, et al., 2015).

Many people see the Indonesian sea cucumber has a potential business in global market. This leads Australian investors to open foreign direct investment (FDI) in a form a company to collect, manage and sell the Indonesian sea cucumber.

The form of the company by Australian investors is PT. Alor Marina Lestari. This company is a private company with an aim to collect, manage and sell the sea cucumber in Indonesia. The focus of the company is sea cucumber in Alor Island, East of Nusa Tenggara.

Since the first day of official operation in 2015 until now, the company has faced some issues regarding its supply chain. These problems have made the company lose financially and trust by the customers. Hence, in this research paper, the case will be about how to increase the efficiency of the supply chain of PT. Alor Marina Lestari (PT. AML) through evaluating its performance.

The issue arises when the customers are not satisfied with the company's service. The customers often receive the box or bag of the un-categorized sea cucumbers without any notifications by the company. This leads the customers to classify the type of sea cucumbers themselves and do complaints eventually. As a side effect, the customers will pay the product with the lowest price that similar to the production cost of the company. This creates the company cannot receive the profit as much as expected and barely to develop.

These problems have to be solved as soon as possible. Otherwise, the company will not only lose financially but also at the same time lose the trust of the customers in the future. Losing the trust represents the failure to satisfy the customers, this will make them not loyal anymore to stay in business with the company (Zhang, et al., 2006).

The issues indicate the inability of the supply chain system of the company to satisfy the customers and give the right value of the final goods. Hence, measuring and evaluating the supply chain performance of the company is necessary. The main idea is to review the business activities from the supplier until the end customers and define which of them has to be improved for a betterment of the business.

1.2. Problem Formulation
The main issue here is the customers are complaining the company due to the wrong packaging of final goods and this leads the company financially lose and lost the trust by the customers.

1.3. Purpose of Research

The aim of this research is to provide an evaluation of the supply chain of the company and give suggestions in order to improve the performance of its supply chain system.

1.4. Problem Limitation

a. The data used to be analyzed are from January 2017 until May 2017.

b. The transportation used by the company to transport the final products to the customer comes from the third party.