

CHAPTER 1

INTRODUCTION

1.1. Background

In this highly developed era, many businesses have sprung up due to rapid population growth. One of the fastest-growing businesses in Indonesia is the culinary business. The large population of Indonesia causes the rapid growth of the culinary business in Indonesia, and food is one of the primary human needs.

Based on the Creative Economic Agency data, the number of culinary businesses in Indonesia in 2018 reached 5.55 million units or 67,665 out of 8.20 million creative economy businesses. It can be seen from the numbers that the food business is one of the fastest-growing businesses and has considerable potential to develop. There have been so many businesses that have made a profit from this culinary business. However, not a few culinary business actors have gone out of business or gone bankrupt.

The number of culinary businesses that are scattered causes competition in this business to be increasingly fierce. Every business owner must be more thorough and careful in carrying out their business. Many businesses are created to win the competition. Therefore, every company must engage in business and achieve optimal profits. Achieving optimal profits in an unspecified time requires a business feasibility study. A business feasibility study is research on a business plan that analyzes whether a business is feasible or not and when it is already operated to achieve optimal profits for an indefinite time. (Sucipto, 2010).

Canteen X is one of the culinary businesses in Indonesia, precisely in the Pekanbaru area, Riau. This canteen is a company canteen with more than 500 employees and was established in 2017. This canteen provides breakfast, lunch, and dinner menus for employees. Because under the company's auspices, this canteen payment system is different from the canteen in general.

Employees do not use cash in making food payments, but they use a fingerprint system. Before they choose the food they want to eat, they have to tap their finger on a fingerprint system. This fingerprint system will then record the number of times employees eat in the canteen, and this record will be accumulated every month. The employees' salaries will be deducted according to the number of times they eat in the canteen.

The Canteen will get payment from their sales every three months, but only one month is paid because this is the company policy which means during the first opening of Canteen X, the owner had to bear the cost for three months before getting the first payment. The owner had to use her savings to cover these costs. To get their payment from the company, Canteen X has to create a canteen payment request letter containing receipts of money that need to be paid by the company with a seal on it and send it to the person in charge. This letter will then be processed before the money is transferred to the owner's bank account.

During the observation in Canteen X, the situation in the storage room was a bit messy. This canteen seems not handling their raw materials properly. Vegetables are not sorted according to their types, and there are rotten vegetables mixed up with vegetables that are still in good condition. These rotten raw materials make the storage room has a terrible smell. Not only vegetables but also happens to eggs. When a worker was interviewed about how he handled the eggs, the worker said he barely cleaned and sorted between good and bad eggs. When the eggs arrive, the worker will immediately store them in the storage room. Because of the unorganized storage room, the workers there sometimes take time to find something that they need. The owner claims that she wanted to fix the storage room so all the raw materials are well organized and in good condition. However, currently, the owner is on a tight budget, and fixing the storage room is quite impossible to be done as it will require the owner to buy racks or kinds of stuff.

Not only facing problems with the storage room, but this canteen also faced problems related to its income. During the first year of opening, Canteen X managed to get the highest profit of Rp.30,000,000.00 per month. However, as time goes by, many competitors show up, and the price of goods increases, making the profit gained by Canteen X decrease. These competitors also operate under the auspices of the company. Now Canteen X can only get a profit of around Rp.7,000,000.00. This canteen spent Hundreds of millions of rupiahs on the cost.

Moreover, this canteen also experienced Rp.6,413,000 lost last September. The highest loss experienced by Canteen X was when they lost Rp.20,000,000.00. Because of this loss, the employees said that they did not get their salaries fully. The owner of the canteen was repeatedly attempting not to continue the business and switching to another business that might be more profitable. But at this time,

the owner has not found another business that can be run and still hopes that this business can still be run.

As stated in the previous paragraphs, this canteen currently faces two problems which are problems with the storage room and the profit of the canteen. An interview with the stakeholders is made to choose the problem that wants to be solved. Based on the interview result, the owner said that the problem about the profit is more important to be solved first. The owner wants this problem can be solved, and the canteen could make a greater profit. Meanwhile, the employees want this canteen can get greater profit too so that their salary can be paid fully every month. However, the employees hope that the solution that will be given to solve the problem does not make it difficult for them. For that, improvement of Canteen X's feasibility to increase its profit will be conducted.

1.2. Problem Formulation

According to the explanation in the background above, Canteen X experienced a decrease in profit because the cost incurred was bigger compared to the revenue. This happens because the price of raw materials increases through the years, but the selling price remains the same, and many competitors show up. Hence, the problem formulation is how to increase the profit of the canteen.

1.3. Research Objectives

The objectives of the research are:

- a. Generating alternative solutions for the problem exists in Canteen X
- b. Choosing the best solution to solve the problem in Canteen X by considering the criteria of the owner
- c. Designing an inventory policy that satisfies the wants of the owner, which is to increase the profit, but still can be easily executed by the employees.
- d. To find out the amount of savings that occurred after implementing the chosen solution in Canteen X.

1.4. Scope of Problem

The limitations of this research are:

- a. The data collection is done from March 2022-April 2022
- b. The problem solving cannot be used for other objects since the condition and situation might be different