

STRATEGY OF CONCENTRATE FEED BUSINESS DEVELOPMENT AT CV. MULTI NISSA KENCANA IN STABAT DISTRICT, LANGKAT REGENCY, NORTH SUMATERA PROVINCE

Shyfa Maudia¹, Jamilah², Sakral Hasby Puarada³, Barmawi⁴, Suryadi⁵.

¹Agribusiness Student, Faculty of Agriculture, Malikussaleh University, North Aceh

^{2,3,4,5}Lecturer of Agribusiness Study Program, Faculty of Agriculture, Malikussaleh University, North Aceh

E-mail: shyfa.200320037.@mhs.unimal.ac.id

Abstract

CV. Multi Nissa Kencana is a company that produces concentrate feed which is located in Stabat District, Langkat Regency, North Sumatra Province. Sales of feed concentrates have experienced a decline in production in the last two years due to limited raw materials and raw material prices which are increasing from year to year. Apart from that, the increasing demand for feed concentrate creates opportunities for CV Multi Nissa Kencana, so a development strategy for the feed concentrate business is needed. This research aims to develop an appropriate development strategy for the feed concentrate business in CV. Multi Nissa Kencana. The research method used is descriptive qualitative. The data analysis used in this research is SWOT analysis. The results of the analysis show that the alternative development strategy is appropriate to be applied to the CV concentrate feed business. Multi Nissa Kencana uses an SO (Strength-Opportunity) strategy, namely by evaluating distribution performance and identifying areas that need to be improved by establishing partnerships with distributors, maintaining the quality of concentrate feed and increasing brand awareness by using various marketing channels.

Keywords: *financial feasibility, concentrate feed, SWOT*

1. INTRODUCTION

Langkat Regency is a regency that is one of the centers of livestock development in North Sumatra (Directorate General of Animal Husbandry and Animal Health, 2019). The large population of livestock has also increased the demand for quality feed. However, the increasingly narrow land along with the increasing population has limited green fodder, especially during the dry season. One way to overcome the problem of feed shortages, especially in the dry season, is to provide additional food in the form of concentrate feed (Rusdy, 2015). Concentrate feed is a highly concentrated feed with low crude fiber content and is easy to digest, the purpose of providing concentrate is as a source of protein (protein content of more than 20%) and a source of energy (Biduri, 2017). This situation is an opportunity for concentrate feed producers because market demand for concentrate feed increases along with limited green fodder.

CV. Multi Nissa Kencana is a company engaged in the production of concentrate feed located in Stabat District, Langkat Regency. CV. Multi Nissa Kencana has been selling concentrate feed from what was initially only in Langkat Regency, now it has spread not only in North Sumatra Province, but has also marketed concentrate feed to the Aceh region since 2010 until now 40% of sales are to Aceh. This is a strength for CV. Multi Nissa Kencana because many people are familiar with the concentrate feed produced.

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Table 1. Concentrated feed production of CV. Multi Nissa Kencana

Year	Production (Tons)	Price (Rp/50kg)
2019	1,800	130,000
2020	1,400	135,000
2021	1,400	135,000
2022	1,050	140,000
2023	1,200	135,000

Source: Processed Primary Data, 2024.

Based on Table 2, it shows that the average production of CV. Multi Nissa Kencana is 1,400 tons/year but experienced a decrease in production in the last two years due to limited raw materials and the price of raw materials that has increased from year to year. The raw materials used include palm kernel cake, cassava pulp, molasses, bran, minerals/premix, dolomite, and salt. Palm kernel cake, pulp and molasses are the three main ingredients that often experience availability constraints. The limited availability and fluctuating price of raw materials are serious obstacles faced by business actors. This makes entrepreneurs have to choose to reduce production or increase the selling price of feed. The feed produced by this company was initially marketed at a selling price of Rp. 85,000/50 kg sack in 2006, then over the years, the increasingly limited availability of raw materials and the increasing price of raw materials have made CV. Multi Nissa Kencana have to continue to increase the selling price until now it is Rp. 135,000/50 kg sack.

The fluctuating prices and limited availability of raw materials are uncertainties and threats that pose quite serious risks to CV. Multi Nissa Kencana. To overcome this, a business feasibility analysis and appropriate business development strategy are needed to maintain the sustainability of this concentrate feed business. If these problems are not resolved properly, it will cause the business to be unfeasible to be continued in the future if production continues to decline and causes losses. For this reason, a financial feasibility analysis and development strategy are needed to determine the feasibility and appropriate development strategy for the CV. Multi Nissa Kencana concentrate feed business in Stabat District, Langkat Regency, North Sumatra Province.

2. LITERATURE AND THEORETICAL REVIEW

Strategy is a plan that is united and connects the advantages of various strategies used by agro-industrial businesses with internal or external environmental challenges and is then made to ensure the main objectives of the business can be achieved through proper implementation by the business being run (Cahyono, 2016). In formulating the strategy, SWOT analysis is used. SWOT is an acronym for strengths, weaknesses, opportunities, and threats. SWOT analysis is carried out by analyzing and sorting out all possibilities that affect these four factors and the purpose of the SWOT analysis is to determine the right strategy based on the market (Leonardo 2021). SWOT analysis can be applied in various ways to improve analysis in strategy-setting efforts that generally use systematic guidelines or frameworks to discuss basic alternatives for company considerations.

Concentrate feed is a highly concentrated feed with low crude fiber content and is easily digested, the purpose of providing concentrate is as a source of protein (protein content of more than 20%) and a source of energy. The function of fortifying feed or concentrate is to increase and enrich the nutritional value of green feed ingredients. Concentrate or fortifying feed is a type of highly nutritious feed with a relatively low crude fiber content, making it easier to digest when compared to greens. When greens are available in sufficient quantities abundant, the provision of concentrate

needs to be considered economically, because providing too high a concentrate is often economically unprofitable (Partama, 2013).

3. IMPLEMENTATION METHOD

The location of this research was conducted at CV. Multi Nissa Kencana which processes concentrate feed in Stabat District, Langkat Regency, North Sumatra Province. This research was conducted intentionally (purposely) with the consideration that CV. Multi Nissa Kencana is the largest concentrate feed producer in Langkat Regency. The object of the research is the concentrate feed business of CV. Multi Nissa Kencana. The scope of this research is limited to formulating a strategy for developing the concentrate feed business of CV. Multi Nissa Kencana in Stabat District, Langkat Regency, North Sumatra Province.

The data sources used in this study are primary data and secondary data. The data analysis method used in this study is a qualitative descriptive method. To see the development strategy of the concentrate feed business, namely using SWOT analysis. In the evaluation of strategic factors, the model used is the Internal Strategy Factor Matrix (IFAS) model, namely analyzing the strengths and weaknesses that come from within the business and the External Strategy Factor Matrix (EFAS) model, namely analyzing opportunities and threats that come from outside the concentrate feed business. Then analyzed using a SWOT analysis based on logic that can maximize strengths (Strengths) and opportunities (Opportunities), but simultaneously minimize weaknesses (Weaknesses) and threats (Threats). The last stage, namely the decision-making stage, a conclusion can be drawn from the SWOT analysis that has been carried out. The conclusion of the data from the results of the SWOT analysis can influence and become the basis for decision making in the final stage.

4. RESULTS AND DISCUSSION

4.1 General Description of CV. Multi Nissa Kencana Concentrated Feed Business

CV. Multi Nissa Kencana is a company engaged in the production of concentrated feed located in Stabat District, Langkat Regency, precisely at Jl. Wampu No. 75 Lingkungan 1. CV. Multi Nissa Kencana has been established since 2006 and has been in the concentrated feed industry for 17 years, founded by Mr. Azmi Elhusni Lubis. CV. Multi Nissa Kencana currently has 12 employees, namely 1 foreman, 2 drivers, and 9 others as grinding workers. Concentrated feed marketed by CV. Multi Nissa Kencana was initially marketed at a price of Rp. 85,000 / 50 kg sack in 2006, and the price has increased from year to year until now reaching Rp. 135,000 / 50 kg sack due to the increasing price of raw materials. CV. Multi Nissa Kencana has been selling concentrate feed from what was initially only in Langkat Regency, now it has spread not only in North Sumatra Province, but also 40% to the Aceh region. In a month, CV. Multi Nissa Kencana is able to produce concentrate feed as much as ± 150 tons or equal to ± 1400 tons/year.

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4.2 Internal-External Strategy Factor Matrix of CV. Multi Nissa Kencana Concentrate Feed Business

Table 1. Internal-external strategy matrix of CV. Multi Nissa Kencana concentrate feed business

Internal Strategy Factors	Weight	Rating	Score (Weight x
Strength			
1. Guaranteed feed quality	0.18	4	0.72
2. Use technology machine production volume 2 tons	0.14	3	0.42
3. Wide market share even outside the province	0.16	4	0.64
4. Good risk management	0.15	3	0.45
Total Strength Score :	0.63		2.23
Weakness			
1. High production costs	0.17	1	0.17
2. Lack of HR management	0.10	3	0.30
Total Weakness Score :	0.37		0.77
Sub-Total :	1.00		3.00
Strength-Weakness Difference:			1.46
Opportunity			
1. High demand for concentrated feed	0.18	4	0.72
2. Have regular customers	0.17	4	0.68
3. Establishing partnerships with suppliers and manufacturers	0.16	4	0.64
Total Score Opportunities :	0.52		2.04
Threats			
1. Fluctuations in raw material prices	0.17	1	0.17
2. Competition between similar businesses	0.08	3	0.24
3. Dependence on weather	0.12	2	0.24
4. Disease attacks on livestock	0.11	2	0.22
Total Threat Score :	0.48		0.87
Sub-Total :	1.00		2.91
Opportunity-Threat Gap:			1.17

Source: Processed Primary Data, 2024

In the opportunity factor, the weighting score value is 0.52 and the total score value is 2.04, while the threat weighting score value is 0.48 and the total score value is 0.87. This shows that the opportunity value is greater than the threat, meaning that the situation or condition faced provides more benefits and positive opportunities than the risks or dangers that may occur. When opportunities are greater than threats, the main focus of CV. Multi Nissa Kencana's concentrate feed business can be directed at how to utilize these opportunities to achieve the desired goals while still managing and minimizing existing threats. The difference in opportunity and threat scores is 1.17, which means positive because the Y value > 0.

4.3 SWOT Analysis of CV. Multi Nissa Kencana Concentrate Feed Business

Table 2. SWOT Matrix of CV. Multi Nissa Kencana's concentrate feed business

Internal Factors	<i>Strength(S)</i> Strength	<i>Weakness(W)</i> Weaknesses
External Factors <i>Opportunity(O)</i> Opportunity	1. Guaranteed feed quality 2. Use of 2 ton production machine technology 3. Wide market share even outside the province 4. Risk management that Good	1. Production cost the high 2. Lack of management HR 3. Waste mixing dust is not good for workers' health
	Strategy (SO)	Strategy (WO)
1. High demand concentrate feed 2. Have regular customers 3. Establishing partnerships with suppliers, other feed producers and livestock farmers	1. Conducting an evaluation on distribution performance and identify areas for improvement by forming partnerships with distributors to expand reach and increase distribution efficiency as well as providing loyalty programs to customers such as discounts or exclusive services. (S4, O2, O3) 2. Maintain quality of concentrate feed and increase brand awareness by using various marketing channels (online and offline) to increase awareness and trust in the product. (S1, S3, O1)	1. Keep improving product quality and innovation amidst high production costs because better products will always have their own appeal even though the price is high. (W1, O1, O2, O3) 2. Providing training to workers on how to handle feed ingredients safely to reduce mixing dust during production due to the high demand for concentrate feed and providing PPE such as masks and protective glasses. (O1, W2, W3)

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<i>Threats(T)</i> Threat	Strategy (ST)	Strategy (WT)
1. Fluctuations in material prices standard 2. Competition between similar businesses 3. Dependence on weather 4. Disease attacks on livestock	1. Ensuring the source quality and consistent raw materials so that the quality of the feed produced is maintained, which will become a competitive advantage. significant in the market. (S1, S2, S4, T2) 2. CV. Multi Nissa Kencana can diversify raw material suppliers, and increase raw material stock to avoid raw material shortages in certain weather. (S3, T3) 3. Expanding the distribution network to ensure that concentrated feed can still be sold even in areas at risk of being affected by animal diseases. (S4, T4)	1. Enter into a long term contract long relationships with suppliers, diversifying raw material sources, hedging to protect against price fluctuations and improving operational efficiency. (W1, T1, T2, T3)

Source: Processed Primary Data, 2024

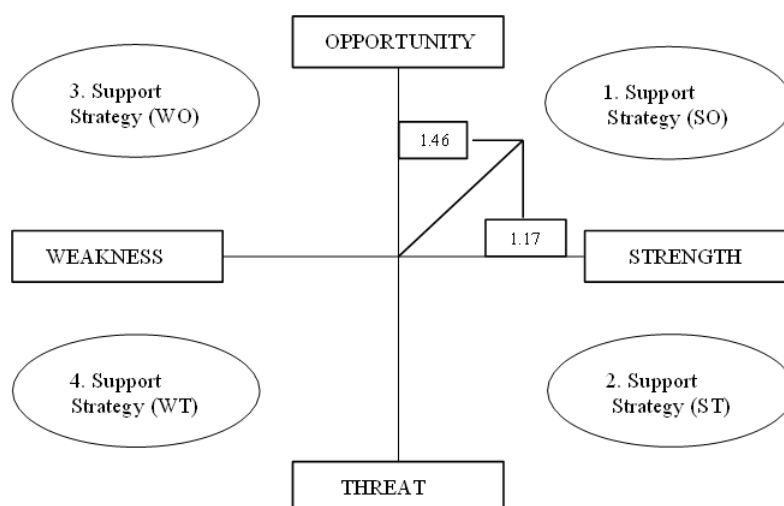


Figure 1. SWOT Position Matrix of CV. Multi Nissa Kencana Concentrate Feed Business

Based on the SWOT position matrix above, CV. Multi Nissa Kencana Concentrate Feed Business is in quadrant I, namely aggressive strategy. Aggressive strategy is a strategy that utilizes strengths in a business to achieve existing opportunities. With the consideration that CV. Multi Nissa Kencana has guaranteed feed quality, in its production uses 2-ton production machine technology, has a wide market share outside the province and manages risks well. Meanwhile, from the opportunity aspect, the high demand for concentrate feed, has regular customers, and partnerships

with suppliers, other feed producers, and farmers. With an aggressive strategy, this situation is considered profitable to increase sales in the CV. Multi Nissa Kencana concentrate feed business.

4.4 Decision Making Stage

The decision-making stage is the final stage of the SWOT analysis with the aim of systematically compiling the planned strategy. Thus, the strategy that has been made can be a reference for developing the CV. Multi Nissa Kencana concentrate feed business. Based on the SWOT position diagram, the strategy that can be applied to CV. Multi Nissa Kencana is the SO (Strength-Opportunity) strategy, a strategy that utilizes the internal strengths of the business to optimize and exploit external opportunities. By way of evaluating distribution performance and identifying areas that need to be improved by forming partnerships with distributors, as well as maintaining the quality of concentrate feed and increasing brand awareness by using various marketing channels (online and offline).

5. CONCLUSION

Based on the results of the study on the financial feasibility and development strategy of the concentrate feed business at CV. Multi Nissa Kencana in Tanjung Pura District, Langkat Regency, North Sumatra Province, several conclusions can be drawn that the formulation of the right development strategy to be applied to the concentrate feed business of CV. Multi Nissa Kencana is to use the SO (Strength-Opportunity) strategy, which is a strategy that utilizes the internal strengths of CV. Multi Nissa Kencana to optimize and exploit external opportunities in the concentrate feed business of CV. Multi Nissa Kencana. The SO (Strength-Opportunity) strategy is in the form of: evaluating distribution performance and identifying areas that need to be improved by forming partnerships with distributors, maintaining the quality of concentrate feed and increasing brand awareness by using various marketing channels (online and offline).

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