

APPLICATION OF BUSINESS MODEL CANVAS AND SWOT ANALYSIS AS A TOOL FOR FORMULATING STRATEGIC STEPS FOR PALM OIL MILL SUPPLIER COMPANIES (CASE PT. TCM)

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Abstract: Indonesia as the largest CPO producing country in the world has more than 850 palm oil mills that directly require a good maintenance system to ensure the smooth processing process. PT. TCM is one of the suppliers engaged in the palm oil industry. This paper discusses the marketing strategy used by PT. TCM, the potential and opportunities that arise to increase revenue and adding value to the company. The purpose of this paper is to provide input on changes in company strategy and can also be used by other players in the palm oil processing industry.

Keyword: PT. TCM, Palm Oil Mill, Business Model Canvass, SWOT Analysis, Palm Oil Mill Maintenance, Spare Parts Sales

INTRODUCTION

Indonesia is the largest CPO producing country in the world. Indonesia also has the largest oil palm land in the world and has the largest number of palm oil mills in the world. Quoted from the 2021 Indonesian Palm Oil Statistics, the Area of Indonesian Palm Oil by Province and Plantation Status in 2021 is 1,683,985 Hectares. There were around 850 Palm Oil Mills in Indonesia in 2021. Palm Oil business has an important value in the Indonesian economy, because according to data from the Ministry of Agriculture of the Republic of Indonesia there are 4.42 million workers working in this sector. (Direktorat Statistik Tanaman Pangan, Hortikultura, 2022); (Safitri, 2021). The largest increase in plantation commodity exports in 2022 was contributed by palm oil commodities with a value of IDR 468.64 trillion or 75.30 percent of the Total Contribution of the Plantation Sector (Hidranto, n.d.).

To support the Indonesian economy, the operation of factories must be in a smooth condition, so a good factory maintenance system is needed. One important aspect in plant maintenance is the availability of spare parts. PT. TCM is one of the companies engaged in the supply of machinery and spare parts for Palm Oil Mills in Indonesia. Actually PT. TCM is also a supplier in paper mills in Indonesia. But in this paper, attention is directed to Palm Oil Mills.

PT. TCM is a supplier for Boilers, Hydraulic Equipment, Power Plant Generators and Wheel Loaders. PT. TCM is headquartered in Medan with branches

located in Pekanbaru, Jambi, Palembang, Jakarta, Pontianak and Samarinda. In running its business PT. TCM divides its market segment into two, namely New Projects (Installation or Sales of New Units) and Spare Parts Sales. New Projects are coordinated directly by the Head Office in Medan and Spare Parts Sales are carried out by all marketers, both in the Head Office and in Branch offices.

Some Basic Theories

SWOT analysis is a simple structured approach to evaluating a company's strategic position when planning a strategy, to identify an organization's strengths and weaknesses and compare them to the opportunities and threats that exist in the environment. (Nigel & William, 1989)

Figure.1 SWOT Analysis Example

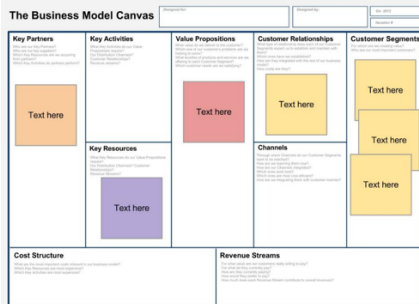
SWOT ANALYSIS	
Strengths Strengths are factors which the company holds expertise in and contribute to the continued success of the organization. These are the basis for the continued success of the organization and will assist in gaining the organization's mission.	Weaknesses Weaknesses are factors that prevent an organization from meeting its mission and achieving full potential. These weaknesses hamper the organizational success and growth.
Opportunities The environment within which our organization operates offers opportunities. An organization can identify such opportunities and enjoy benefit arising from them by planning and executing required strategies.	Threats Threats are factors existing in the external environment that jeopardize the profitability and reliability of the organization. Such threats are uncontrollable and prove to be a risk to the stability and survival of the organizations.

<https://efinancemanagement.com/financial-management/swot-analysis>

The business model canvas is a management strategy used to structure a company's business plan based on the company's value proposition, products, infrastructure, customers, and finances. This strategy was invented by Alexander Osterwalder. Business strategy is visually structured through a chart consisting of

nine elements: Key Partners, Key Activities, Key Resources, Value Propositions, Customer Relationships, Channels, Customer Segments, Cost Structure and Revenue Streams (Osterwalder, 2010).

Figure 2. Business Model Canvas



https://nationalgriefawarenessday.com/23887/business-model-canvas-template-word#business_model_canvas_template_word2

A marketing strategy is where the marketing manager defines the mission, marketing and financial objectives, and the needs of the market to satisfy its competitive position. All of this requires input from other fields, such as purchasing, manufacturing, sales, finance, and Human Resources (Ferrel et al., 2022).

Marketing Mix is the classification of various marketing activities into four broad types, called the four *P*'s of marketing: product, price, place. This concept was invented by McCarthy (Kotler & Keller, 2016).

EN 13306:2010 defines maintenance management as "all management activities that define maintenance objectives, strategies and responsibilities, and implement them in ways such as maintenance planning, maintenance control and supervision, improvement of methods in organizations, including

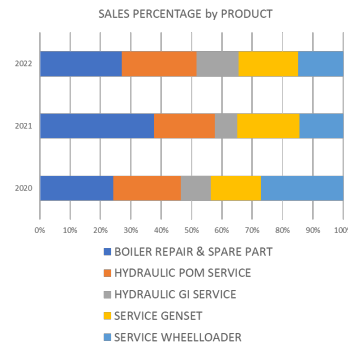
economic, environmental and safety aspects (Galar et al., 2017).

RESEARCH MODEL

Data Analysis

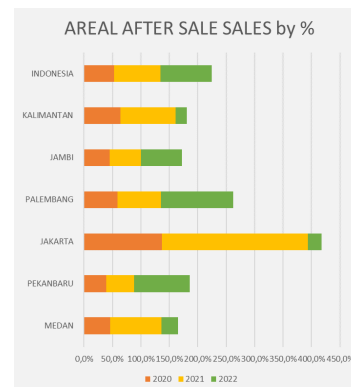
Data obtained from PT. TCM shows some of the following realities:

1. Business Growth showed good performance, even with limitations during the Covid pandemic period from 2020 to 2022. Sales performance of PT. TCM shows growth.

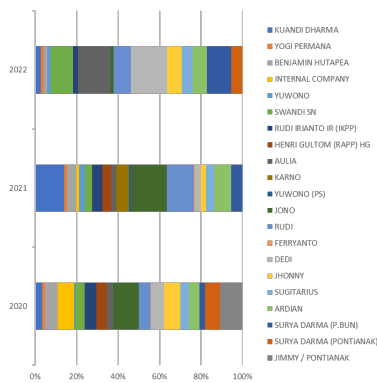


Data from PT. TCM, 2023

2. The largest revenue is obtained through new projects that are directly handled by the Company's Leadership.
3. Some branch offices showed good growth and some experienced decline. According to information, this is inseparable from the existence of seasonal high-value projects.

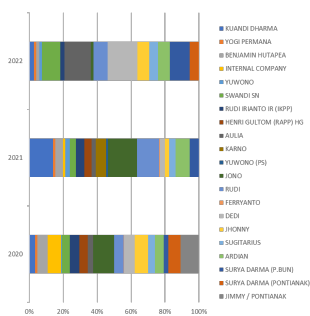


Data from PT. TCM, 2023



Data from PT. TCM, 2023

- The performance of marketers shows the fact that the large number of marketers in one branch office does not guarantee sales performance that is immediately large.



Data from PT. TCM, 2023

- Some marketers in branch offices where many competitors place branch offices tend to be able to move.

Result of Model

From the information received and observed at PT. TCM, then a SWOT strategy is prepared which is being implemented as follows:

Strength

- PT. TCM is the Main Distributor of each Product marketed.
- Has strong relationships with almost all major Palm Oil Mill players in Indonesia.

- Has a network of branch offices located in the distribution locations of palm oil mills in Indonesia.
- In addition to serving Palm Oil Mills, PT. TCM also serves Paper Mills in Indonesia
- Have an adequate number of marketers.
- Is part of a business group, so there is a guarantee of cash flow income to the company.
- Have good financial capabilities, so able to inventory project needs and after-sales components.

Weakness

- Sales are highly dependent on seasonal demand from customers.
- The collection of maintenance data at the customer's factory is highly dependent on the visit of marketers to the customer's factory.
- Placement of Marketing Personnel is fixed according to the location of the branch office.
- Product prices are quite high because of the company's policy that combines product sales with after-sales service.
- For project work, it still uses sub-contractors, so there is the potential for information leakage to competitors.

Threat:

- For the Boiler Sector, many small contractors appear who offer repair services and procurement of components supplied directly by customers
- The unfinished conditions of the Russia and Ukraine War have caused the price of products and components to rise.

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3. The development of Information Technology opens opportunities for customers to get a choice of similar products to replace products previously supplied by PT. TCM

Chance:

1. Adding predictive elements to the after-sales service mix, to help customers feel more helpful.
2. Use the role of Internet and Communication Outreach to prepare maintenance data for customers.
3. Setting up an Information System that combines data from customers and is combined with a Calculation and Prediction System that can provide feedback to customers.

Chance

1. By collecting complete data on the condition of the customer's factory, PT. TCM can compile inventory models of components and parts for customer needs.
2. By taking a proactive approach, through a prediction model, PT. TCM can act faster than competitors who still use the method of waiting for customer calls.
3. By utilizing the collected data, TCM can add other types of spare parts related to units or machines supplied by PT. TCM, thus expanding the business scope and revenue potential.

After compiling the SWOT Analysis of PT. TCM, then the Business Strategy run by PT. TCM can be summarized in a business model as follows:

Key Partner:

1. OEM (Original Equipment Manufacturer)
2. Shareholders

3. Customer
4. Other subsidiaries in the Group
5. Palm Oil Mill Building Contractors
6. Sub contractors
7. Marketers
8. Supply Chain Team: Purchasing, Transporter, Finance, Fabrication and After Sales Service

Key Activities

1. Get information about marketing potential through:
 1. Direct visits to customer offices
 2. Make direct visits to palm oil mills owned by customers
 3. Get information through a network of friends and professionals
2. Conducting promotional activities about the capabilities and capacities of PT. TCM, promotes the development and improvement of marketed products compared to previous models.
3. Consolidate the needs of Projects, Machines and spare parts needed by customers.
4. Marketing cooperation with Palm Oil Mill Development Contractors
5. Coordinate with OEMs to arrange procurement plans for customer needs

Key Resources:

1. Product availability support by OEMs whose products are supervised by PT. TCM
 2. Availability of Funds
 3. Office and Warehouse Facilities
 4. Marketers
 5. Transporter
 6. Supply Chain Team
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Key Prepositions

1. PT. TCM has the availability of raw materials for new boiler projects and major improvements.
2. PT. TCM also has availability of spare parts for Hydraulic Systems, Power Plant Generators and Wheel Loaders
3. PT. TCM has a standby team at the branch office that can immediately reach the customer's factory if there is a need

Customer Relationships

1. Large customers are handled directly by the Board of Directors of PT. TCM
2. The Project segment is handled by dedicated Marketers
3. If there is a need or problem in the customer's factory, then PT. TCM can immediately send a team of inspectors or even take immediate action.

Customer Segment:

1. Major groups of companies that own palm oil mills
2. Palm oil mills owned by state-owned plantation companies
3. Paper Mills in Sumatra
4. Palm Oil Mill Building Contractors

Value Propositions:

1. The products offered are directly from OEM, because PT. TCM is the direct agency holder for every product marketed.
2. Selling with Complete Package (The price offered is not for freelance products, but accompanied by after-sales service)
3. Responsiveness, PT. TCM stores inventory in the Central Warehouse and

also has branch offices that are quite close to the customer's location.

Channel

1. The communication channel used is a personal approach by establishing closeness with interested parties
2. Actively involved in activities that are part of the Palm Oil Industry community
3. Actively involved in various Palm Oil Industry Exhibitions and Expos

Cost Structure:

1. Ordering Cost which includes the price of goods and assembly costs
2. Holding Cost which includes cost of capital and storage costs
3. Shipping costs from the Head Office to the customer
4. Costs that include fixed costs and non-fixed costs to maintain office operations

Revenue Stream

1. Advantages of a New Boiler Construction Project
2. Advantages of a Boiler Repair Project
3. Advantages of selling spare parts of Boilers, Hydraulic Systems, Power Plant Generators and Wheel Loaders
4. Good name and reputation as one of the Palm Oil Mill contractors in Indonesia

Changes in Business Strategy proposed in accordance with the SWOT Analysis of PT. TCM

Strategy S-T

1. There is a discourse to build your own workshop that has the ability to bend boiler pipes, this idea should be realized in order to increase responsiveness to customer requests while reducing costs

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- that have been given to other workshops.
2. The escalating war between Russia and Ukraine will not be over, so the policy to store pipe material should be continued with a note that the identification of the diameter and length of the pipe used by the boilers used by customers has been mapped, so that pipe material storage can still be efficient.
 3. In accordance with the performance of the last three years, where there have been fluctuations in the achievement of marketers in several branch offices, discussions should be held with marketers to reach customers who have not been won and make breakthroughs to other types of industries.
 4. Improve the marketing model by adding technical advice to customers to expand information from technical teams in branch offices about problems in customers' factories. The marketers are first given adequate training from OEM technicians. This will potentially obtain other types of spare parts that become complementary products to the Company's main products.
 5. Opening Youtube and Social Media channels to expand the marketing reach of PT. TCM
- so general in nature that it needs to be clarified.
2. Using centralized electronic data, so that it can be used by all interested parties.
 3. The data collected should be made a performance comparison between similar products, made statistical analysis and discussed with the OEM team so that it can be used as a tool to forecast potential demand from customers and prepare appropriate spare parts inventory. Another benefit is that the results of this data processing can be provided to customers to improve the performance of their equipment. This will increase the value of the company for customers.
 4. Inventory of spare parts based on forecasting methods will be able to help reduce holding costs.
 5. Forecasting methods combined with decision-making tools will also be able to improve responsiveness as potential demand mapping will be combined with consignment systems in customer warehouses, thereby reducing transport costs and storage costs in central warehouses.
 6. The assessment of the sub-contractors should be made with a standard size and include the total cost as one of the indicators so that the use of the services of these sub-contractors becomes effective and efficient.

Strategy W-O

1. Collecting complete data about the products used by customers, the data needed are: equipment condition (connection, changes made from initial conditions) and equipment performance (energy use, productivity and quality produced). There is already a visit formular brought by marketers but it is

In accordance with the SWOT Analysis prepared, the new Business Model Canvass prepared for PT. TCM becomes:

Customer Segment:

1. Major groups of companies that own palm oil mills
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2. Palm oil mills owned by state-owned plantation companies
3. Paper Mills in Sumatra
4. Palm Oil Mill Building Contractors
5. Wood factories or other industries in the area around the branch office

Value Propositions:

1. The products offered are directly from OEM, because PT. TCM is the direct agency holder for every product marketed.
2. Selling with Complete Package (The price offered is not for freelance products, but accompanied by after-sales service)
3. Responsiveness, PT. TCM stores inventory in the Central Warehouse and also has branch offices that are quite close to the customer's location.
4. Added value through early information of plant maintenance from prediction results. (Patel, 2021)
5. Reduction of customer factory maintenance costs with quick response of PT. TCM
6. Selling with complementary parts offers making it easier for customers.

Key Partner:

1. OEM (Original Equipment Manufacturer)
2. Shareholders
3. Customer
4. Other subsidiaries in the Group
5. Palm Oil Mill Building Contractors
6. Sub contractors
7. Marketers
8. Supply Chain Team: Purchasing, Transporter, Finance, Fabrication and After Sales Service

9. New customers from Wood Industry and other Industries

Key Activities

1. Get information about marketing potential through:
 1. Direct visits to customer offices
 2. Make direct visits to palm oil mills owned by customers
 3. Get information through a network of friends and professionals
2. Conducting promotional activities about the capabilities and capacities of PT. TCM, promotes the development and improvement of marketed products compared to previous models.
3. Consolidate the needs of Projects, Machines and spare parts needed by customers.
4. Marketing cooperation with Palm Oil Mill Development Contractors
5. Coordinate with OEMs to arrange procurement plans for customer needs
6. Collection and processing of equipment condition data from customer factories.
7. Updating technical knowledge and data from customer factory conditions.
8. Regular training to customer's factory maintenance team

Key Resources:

1. Product availability support by OEMs whose products are supervised by PT. TCM
 2. Availability of Funds
 3. Office and Warehouse Facilities
 4. Marketers
 5. Transporter
 6. Supply Chain Team
 7. Information Technology Team
 8. Human Resources Team
-

Key Propositions

1. PT. TCM has the availability of raw materials for new boiler projects and major improvements.
2. PT. TCM also has availability of spare parts for Hydraulic Systems, Power Plant Generators and Wheel Loaders
3. PT. TCM has a standby team at the branch office that can immediately reach the customer's factory if there is a need
4. PT. TCM has comprehensive information about customer needs.
5. PT. TCM offers complete solutions to customer problems.

Customer Relationships

1. Large customers are handled directly by the Board of Directors of PT. TCM
2. The Project segment is handled by dedicated Marketers
3. If there is a need or problem in the customer's factory, then PT. TCM can immediately send a team of inspectors or even take immediate action.
4. Establish communication with OEMs in addition to marketing issues but also obtain technical information to strengthen marketing aspects
5. More intense communication to the technical team at the Customer's Factory to get complete data.
6. Increasing training in a combination of online and offline to get closer to the technical team in the field.

Channel

1. The communication channel used is a personal approach by establishing closeness with interested parties

2. Actively involved in activities that are part of the Palm Oil Industry community
3. Actively involved in various Palm Oil Industry Exhibitions and Expos.
4. Use of internet channels for data communication with customers and as a means of training
5. Opened a company youtube channel to promote the profile and products of PT. TCM to reach potential customers.

Cost Structure:

1. Ordering Cost which includes the price of goods and assembly costs
2. Holding Cost which includes cost of capital and storage costs
3. Shipping costs from the Head Office to the customer
4. Costs that include fixed costs and non-fixed costs to maintain office operations
5. Additional costs to strengthen Information Technology Teams
6. Creation and maintenance of corporate social media channels

Revenue Stream

1. Advantages of a New Boiler Construction Project
 2. Advantages of a Boiler Repair Project
 3. Advantages of selling spare parts of Boilers, Hydraulic Systems, Power Plant Generators and Wheel Loaders
 4. Good name and reputation as one of the Palm Oil Mill contractors in Indonesia
 5. Potential revenue from competitors' market share.
 6. Additional revenue from new customers
 7. Potential inventory cost reduction
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Disadvantages of this Writing:

1. Data from the company's competitors are not obtained so that estimates of potential revenue from the new strategy can not be directly measured, the increase is only measured by the increase in company revenue.
2. Due to technical constraints at PT. TCM sales data before the pandemic cannot be used so the discussion only covers the period during the period 2020-2022

Development of this Paper

1. If data from competitors is supplemented then the data can be used with other decision-making methods to give a better position for the leadership of PT. TCM to consider the Steps in this Business Model Canvas
2. Complete statistical data on industries around the company's branches will also provide a more complete insight into the business development potential of PT. TCM

Acknowledgments

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