

BUSINESS DEVELOPMENT STRATEGY PLANNING AT PT TUNAS ABADI INDOAGRO (CASE STUDY AT PT TUNAS ABADI INDIAGRO)

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Abstract-Business development in the agricultural sector is an effort to develop and increase agricultural products as an effort to meet the food needs of the community, the area of agricultural land is a potential natural resource owned by Indonesia so that a good agricultural sector development will increase economic growth in Indonesia. PT Tunas Abadi Indoagro serves distribution of fertilizers and pesticides in East Java and Bali with different needs according to the commodities grown in the background. the last year due to home-made products and also the long dry season caused the company's sales turnover to decrease compared to before. The method used in this study was a qualitative method, data collection was carried out by means of interviews and resource persons consisted of the internal parties of Pt Tunas Abadi Indoagro consist of the owner to the staff. The variables used in this study are PEST (political, economic, social and technology) as well as five porter analysis, after that the result are being analyzed using SWOT method (strength, weakness, opportunity and threat) analysis. that leads to the conclusion that there are several things that need to be considered in business development planning such as the buyer making price comparisons, many new competitors, high competition Products have the same function, on the other hand the company still has strengths such as being able to choose fertilizer and pesticide products Experienced in business agriculture, supplier trust the number of products sold is a lot that the company PT Tunas Abadi Indoagro must maintain.

Keywords: Political, economy, social, technology, SWOT, Five Porter Analysis, Agriculture

1. Introduction

The agriculture sector supported the increase in Indonesia's GDP in 2011 by Rp 1,058,254 until 2015 of Rp 1,600,399 based on (BPS, 2016). One of the supporting agricultural commodities is fertilizers and pesticides. PT Tunas Abadi Indoagro serves the distribution of fertilizers and pesticides in East Java and Bali according to various needs. The presence of competitors and small industries causes cheaper prices and the emergence of imitation products in the market, especially the presence of seasonal crops that make the turnover of PT Tunas Abadi Indoagro decrease. In 2010 the company's turnover was 10 billion and in 2020 it was 7 billion. The decline requires this research to focus on the planning of business strategies at PT Tunas Abadi Indoagro, which is expected to have a change in business development.

2. Literature Review

2.1 Previous Research

Research by Malik (2020) the results of the SWOT analysis are on the diagram Strength weakness opportunity threat is in the first quadrant, by taking advantage of existing opportunities. Therefore, this study uses the same analysis, namely SWOT analysis. Research by Kambili (2019) shows that, analysis of the comparative macroenvironment of country by country versus the assessment of rigorous resources and capabilities of enterprises. Thorough understanding of how the company and its resources and capabilities can be adapted to the Asian country context and compared to frameworks such as *Porter's five forces* and their application among many entry models.

2.2 Theoretical Foundations

2.2.1 Business Development and Strategy

According to Mathis, development means all a pattern to improve the performance of the team, this is determined by improvements made in the present and future. Based on Chandler in Siregar (2018) strategy means setting targets as well as directing actions and allocation of resources expected to achieve goals. Some types of strategies in organizations or businesses are: (1) Expansion; (2) Rentrenbment; (3) Combination Strategic.

2.2.2 SWOT Analysis

SWOT is a method used to create a strategic plan to evaluate the strengths, weaknesses of opportunities and threats of a project. Analysis SWOT is required Internal Factor Analysis Strategy (IFAS) and External Factor Analysis Strategy (EFAS). EFAS analysis was performed with PEST analysis, while IFAS analysis was performed with 5' Forces Porter Analysis.

2.2.3 PEST Analysis

According to Abdullah (in Paramadita, 2020) describing PEST analysis as a tool to understand the big picture of an environment in which the company operates consists of: (1) Politics; (2) Economy; (3) Social; (4) Technology.

2.2.4 Five's Porter Analysis

Porter's Five Forces is a corporate development strategy. The competitiveness strategy incorporated from five strengths is: (1) Rivalry among existing competitors; (2) Threat of new entrants; (3) Threat of substitutes; (4) Bargaining power of suppliers; (5) Bargaining power of buyers. (Elias, 2018)

2.2.5 EFAS (External Factor Analysis Summary)

According to (Rangkuti, 2017) before forming the matrix of factors of the art of external management, it is necessary to first know EFAS. The stages of EFAS are:

1. Arrange them in column 1 (5 to 10 opportunities and threats).
2. Weight each factor, from 1.0 (very important) to 0.0 (not crucial).
3. Multiply the weights in column two using the rating in column 3, to get the weights in the columns. The result is a weighting score for each factor.

2.2.6 IFAS (Internal Faactor Analysis Summary)

Based on (Rangkuti, 2017) after compiling the Efas, the next steps are carried out in the preparation of IFAS, namely:

1. Determine the factors that are the strengths and weaknesses of the company in column 1.
2. Weighting the factor with a scale ranging from 1.0 (most crucial) to 0.0 (not crucial),
3. Calculate the rating for each factor using gives a scale ranging from originating 4 extraordinary to using 1 ugly,
4. Multiply the weights in column two by the rating in column three, to obtain the weighting factor in column 4.
5. Sum up the weighting score (in column 4), to obtain the total weighting score for the company in question.

3. Research Framework

3.1 Analysis Models

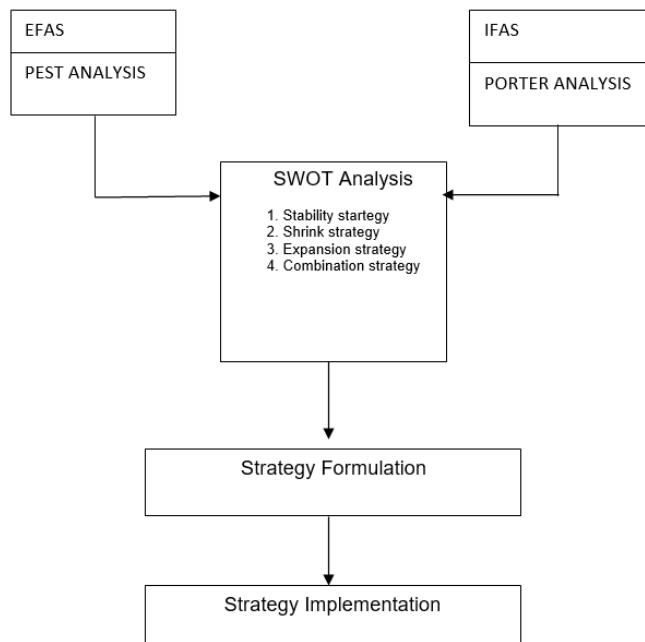


Figure 3.1 Analysis Model

Source: Data processed

4. Research Methods

4.1 Types of Research, Samples, and Data Collection

This research was conducted at the location of PT Tunas Abadi Indoagro, Banyuwangi. The study time is in September-November, 2021. This research is descriptive and data collection through interviews of objects, namely Employees and Owners. This study sample used purposive sampling with the following criteria:

1. Already worked > 5 years.
2. Staff and Owner.

Table 4.1 Research Informants

	Informant Code	Information
1	Sw	Owner
2	AS	Manager
3	Id	Finance
4	Ls	Sales

The validity of the data using the triangulation method. Data analysis using EFAS (External Factor Analysis Strategic) and IFAS (Internal Factor Analysis Strategic) weighting on SWOT with reference to PEST and Five's Porter analysis.

5. Analysis and Discussion

5.1 Analysis

5.1.1 PEST Analysis

1. Politics

Based on the interview results, it was concluded that the fertilizer and pesticide industry is supported by the government, so that distribution has no obstacles (BA 42; Sw 43), (BA 23; AS 24), (BA 17; LS 18), (BA 14; ID 15).

2. Economics

Based on the results of the interview, it was concluded that, the pandemic had a major impact on fertilizer and pesticide prices but was not significant, some sales areas decreased and some were still stable (BA 44; SW 45), BA 25; AS 26), (BA 19; LS 20), (BA 16; ID 17).

3. Social

Based on the results of the interview, it was concluded that sharply increasing prices made sales decrease in some areas because people's purchasing power tended to decrease (BA 47; SW 48), (BA 27; AS 28), (BA 21; LS 22), (BA 18; ID 19).

4. Technology

Based on the results of the interview, it was concluded that technology has a positive impact on companies that can increase sales so that companies must continue to follow technological developments (BA 50; SW 51-52), (BA 29; AS 30), (BA 23; LS 24), (BA 20-21; PT 22-23).

5. External Environment/PEST Analysis

The results of the analysis show the opportunities and threats for PT Tunas Abadi Indoagro, namely:

1. Opportunity: (a) The government supports the agricultural industry to increase agricultural yields; (b) Maximizing technology for sales
2. Threats: (a) Price increase up to 100%; (b) Purchasing power tends to decrease

5.1.2 Analytics Porter

1. Bargaining Power of Supplier

Based on the interview results, it was concluded that, bargaining power of suppliers is low, PT Tunas Abadi Indoagro's position is strong because it does not depend on one supplier (BA 27; SW 28), (BA 15; AS 16), (BA 11; LS 12), (BA 9; PT 10).

2. Bargaining Power of Buyer

Based on the results of the interview it was concluded that, bargaining power of buyers is very high (BA 39; SW 40-41), (BA 21; SW 22), (BA 13; LS 14), BA 11; IDs 12-13).

3. Threat of New Entry

Based on the results of the interview it was concluded that, the threat of new entry is high, due to many new competitors (BA 7; SW 8-9), (BA 3; AS4).

4. Threat of Substitution

Based on the results of the interview, it was concluded that the threat of substitution is low, because the substitute product has little effect (BA 22; SW 23-24), (BA 11; AS 12), (BA 7; LS 8), (BA 5; ID6).

5. Competitive Rivalry

Based on the results of the interview it was concluded that competitive rivalry is high, because the competition continues to get tougher (BA 5; SW 6), (BA 1; AS 2), (BA 1; LS2), (BA 1; ID 2).

6. Five Forces Analysis

The results of the analysis show the strength and weakness for PT Tunas Abadi Indoagro, namely:

- Strength: (a) Can select fertilizer and pesticide products; (b) Experience in the agricultural business; (c) Supplier trust; (d) The number of products sold is large
- Weakness: (a) The buyer conducts a price comparison; (b) Many new competitors; (c) High competition; (d) Products have similar functions

5.1.3 EFAS (External Factor Analysis Strategic)

Table 5.1 EFAS

EFAS factor	Weight	Rating	Weighting Score (weights x rating)
Opportunities/O			
a. Government supports agricultural industry to increase agricultural output	0,35	3,5	1,23
b. Maximizing technology	0,225	2,75	0,62
Number of O	0,575		1,85
Threats/T			
a. Price increases up to 100%	0,225	2,75	0,62
b. Purchasing power tends to decrease	0,2	2	0,40
T amount	0,425		1,02
Total	1		2,87

The highest weight with a value of 0.35 is that the government supports the agricultural industry to increase agricultural yields with a rating of 3.5. The lowest is purchasing power tends to decrease with a value of 0.2 and a rank of 2.

5.1.4 IFAS (Internal Factor Analysis Strategic)

Table 5.2 IFAS

IFAS factor	Weight	Rating	Weighting score (weight x rating)
Strength/S			
1. Can choose fertilizer and pesticide products	0,167	3,5	0,58
2. Experience in agricultural business	0,201	4	0,81
3. Supplier trust.	0,132	3,75	0,49
4. The number of products sold is large	0,146	3	0,44
Number S	0,55		2,32
Weakness/W			

1. Buyers make price comparisons	0,139	2,75	0,38
2. Many new competitors	0,056	2,25	0,13
3. High competition	0,118	2,75	0,32
4. Products have a common function	0,042	2,25	0,13
Number of W	0,45		0,92
Total	1		3,24

The highest weight with a value of 0.201 is experienced in the agricultural business with a rating of 4. The lowest is a product having a similar function with a value of 0.042 and a rating of 2.25.

5.1.5 Internal-External (IE) Matrix

Internal and external analysis after PEST and Five Forces is as follows:

1. Strength: (a) Can select fertilizer and pesticide products; (b) Experience in the agricultural business; (c) Supplier trust; (d) The number of products sold is large
2. Weakness: (a) The buyer conducts a price comparison; (b) Many new competitors; (c) High competition; (d) Products have similar functions
3. Opportunity: (a) The government supports the agricultural industry to increase agricultural output; (b) Maximizing technology
4. Threats: (a) Price increase up to 100%; (b) Purchasing power tends to decrease

Table 5.3 Internal and External Matrices

Strength	Strength (S) of PT Tunas Abadi Indoagro	Weakness (W) of PT Tunas Abadi Indoagro
Internal Strength		
External		
Opportunity / Opportunity (O) PT Tunas Abadi Inddoagro	<p>1.a Company can choose fertilizer and pesticide products that have good quality to provide a satisfactory agricultural product impact</p> <p>2.a. Utilizing experience to support government programs, especially in agriculture.</p> <p>3.a. Ask suppliers to produce quality products to maximize agricultural yields</p> <p>4.a. Providing flexibility to consumers to choose the desired product</p> <p>1.b. Products are selected and have good quality worthy of being marketed as widely as possible with technology</p> <p>2.b. Collaborating experience with technology to be applied in the company</p> <p>3.b. Providing transparent information to factories by utilizing technology</p> <p>4.b. Maximize technology to sell multiple products on available platforms</p>	<p>5.a. Provide education on the importance of fertilizer and pesticide availability to retail stores</p> <p>6.a. Maximizing company performance</p> <p>7.a. Increase loyalty</p> <p>8.a. Providing education for products of good quality all.</p> <p>5.b. Create a web/platform to provide the best pricing information</p> <p>6.b. Creating technological innovations to anticipate new competitors</p> <p>7.b. Keep up with the latest technological developments to be able to compete</p> <p>8.b. Providing education to consumers regarding products that both have quality with the use of social media</p>

Threats (T)	<p>1.c. Choosing fertilizer and pesticide products that can be reached by consumers 2.c. Forcasting to determine the purchase of the product 3.c. Requesting to extend TOP so that the market can adapt to new prices 4.c. Reduce the purchase of large amounts of fertilizers and pesticides 1.d. Buying fertilizers and pesticides from factories that have stable marketability 2.d. Creating the right strategy when the market is declining with existing experience 3.d. Creating a gathering event with factories attended by retail to increase purchasing power again 4.d. Create a sales strategy so that purchasing power increases again</p> <p>5.c. Provide information that the price is already high throughout 6.c. Providing special prices for markets that have high loyalty 7.c. Establishing Fostered Retail Stores with Different Price Values 8.c. Buying fertilizers and pesticides is limited and does not have the same function 5.d. provide bonuses for the purchase of certain amounts of fertilizers and pesticides 6.d. Creating profitable programs to increase purchasing power and anticipate new competitors 7.d. Make an agenda for the board of directors' visit to get closer to retail and ask for orders for goods 8.d. Give cashback to retail if you buy products with the same active ingredients</p>
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5.1.6 SWOT Analysis

Based on the results of internal and external analysis summarized as follows:

1. Total Strength Score= 2.32
2. Total Weakness Score= 0.92
3. Total Opportunity Score= 1.85
4. Total Threat Score= 1.02

The position of PT Tunas Abadi Indoagro in the SWOT quadrant is as follows:

$$\text{Strengths - Weaknesses} = 2.32 - 0.92 = 1.4$$

$$\text{Opportunity - Threat} = 1.85 - 1.02 = 0.83$$

Based on the calculations above, the SWOT growth quadrant analysis is in the coordinate (1.4; 0.83). Therefore, the following coordinates are created:

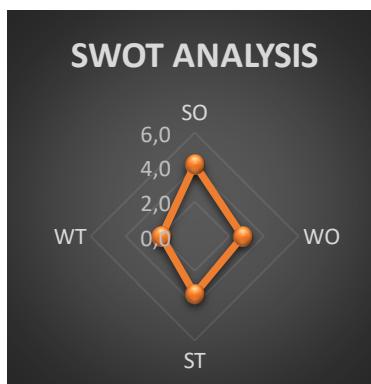


Figure 5.1 SWOT Analysis Coordinates

Source: Processed

So, the right strategy to set by PT Tunas Abadi Indoagro is on the strategy (SO) in quadrant I.

5.1.7 Strategy Setting

Table 5. 4 Strategy Setting

Internal Strength Strength External	Strength (S) PT. Indoagro perennial shoots	Weakness (W) PT Tunas Abadi Indoagro
Opportunity/ <i>Opportunity</i> (O) PT. Indoagro perennial shoots	<ol style="list-style-type: none"> 1. Fluctuating sales can be overcome by leveraging experience to support government programs, especially in agriculture, to sell more fertilizers and pesticides 2. Competitive, the Company can choose fertilizer and pesticide products that have good quality in order to provide a satisfactory agricultural yield impact and competitive advantage 3. Multiple products, maximizing technology to sell multiple products on available platforms 	<p>Educate retail stores that compare prices. Maximizing technology for the company in the future</p>
Threats (T)	Choosing fertilizer and pesticide products from factories that have the cheapest prices	Providing special prices for retailers who have high loyalty and form fostered chains with lower price value

Based on the results, the SO Strategy at PT Tunas Abadi Indoagro is:

1. Fluctuating sales can be overcome by leveraging experience to support government programs, especially in agriculture, to sell more fertilizers and pesticides
2. Competitive, companies can choose fertilizer and pesticide products that have good quality in order to provide a satisfactory agricultural yield impact and competitive advantage
3. Multiple products, maximize technology to sell multiple products on available platforms.

5.2 Discussion

5.2.1 PEST

1. Politics

PT Tunas Abadi Indoagro will increase cooperation with the Banyuwangi district agricultural office and private companies to increase the volume of subsidized and non-subsidized fertilizers, with the availability of fertilizers PT Tunas Abadi Indoagro can compete.

2. Economics

The importance of the role of the agricultural service, especially East Java and Bali, is to maintain the stability of agricultural products by creating dams and irrigation to anticipate the dry season, so that PT Tunas Abadi Indoagro can increase sales of chemical fertilizers and pesticides.

3. Social

PT Tunas Abadi Indoagro as a distributor of fertilizers and pesticides in the East Java and Bali regions, experienced problems during the Covid-19 pandemic, namely the availability of imported chemical active ingredients was difficult, so the factory increased prices 100% so that retail stores reduced the purchase of chemical fertilizers and pesticides.

4. Technology

PT Tunas Abadi Indoagro needs to utilize technology and the internet such as stocking, ordering, and communication systems so as to encourage supply chain activities and company operations efficiently. The existence of a verticulture technology system in agriculture also increases the demand for chemical fertilizers and pesticides.

5.2.2 Five's Porter Analysis

1. Bargaining Power of Buyer

The results of the study show buyers do price comparisons, so the position is high. However, PT Tunas Abadi Indoagro has many product variants making prices very competitive and also providing a longer term of payment than competitors so as to make consumers more loyal to the business.

2. Bargaining Power of Supplier

PT Tunas Abadi Indoagro has collaborated with 30 chemical fertilizer and pesticide factories. This shows that the Bargaining Power of Suppliers is low because the company is more needed by fertilizer and pesticide factories. PT Tunas Abadi Indoagro can compare prices and choose quality products.

3. Threat of New Substitute

Substitute products are products from natural / organic ingredients. However, due to the impact of organic fertilizers and pesticides longer, so there is still a higher demand for chemical fertilizers and pesticides. Therefore, the threat of new substitutes is low.

4. Threat of New Entrants

The threat of newcomers in agriculture is quite high but it is not easy to run an agricultural business. PT Tunas Abadi Indoagro has a good name in the eyes of buyers and suppliers because of the years of cooperation carried out. PT Tunas Abadi Indoagro is also a large and long-time trader in the agricultural business as, so the threat of new entrants is high.

5. Competitive Rivalry

With the addition of new competitors, the competition is also getting higher. All distributors have the same goods and specifications, so there are often price wars in the distribution area, causing highly competitive rivalry.

5.3 Managerial Implications

Table 5. 5 PEST

Discussion	Before the study	After the study
1. Politic	The existence of government regulations that support the agricultural industry	Collaborating with the Banyuwangi district agriculture office, creating a program for the success of farmers supported by the use of chemical fertilizers and pesticides
2. Economics	Unable to fully identify economic development and its impact on the company	Companies must consider dynamic economic development to be able to take advantage of opportunities and minimize risks
3. Sosial	Due to the impact of covid-19, agricultural products have low economic value and the selling price of chemical fertilizers and pesticides has increased due to difficult imports of raw materials	The company provides support such as educating farmers that crops can be sold through agricultural platforms, so that they can again have a decent economic price.

4. Technology	The use of technology in the early stages, for orders and also for stocking	Since the influence of technology on the agricultural industry is very large, it is necessary to maximize the use of technology, by providing education to farmers such as agriculture with narrow land using verticulture technology
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Table 5. 6 Porter Analysis

Discussion	Before the study	After the study
1.Bargaining power of buyer	Buyers make price comparisons	The company can create promotional programs, provide good service, extend the term of payment so that buyers do not make price comparisons
2.Bargaining power of supplier	The company cooperates with 30 factories that produce fertilizers and pesticides	Companies can add suppliers and can produce their own chemical fertilizers and pesticides
3.Threat of new substitute	Replacement goods do not have a great impact on the company's products	Encouraging factories to innovate products and improve quality to anticipate replacement products
4.Threat of new entrants	Many new competitors in the agricultural industry	Strengthening good relations with factories and retail, ensuring the availability of goods
5.Competitive rivalry	Very high competition in the agricultural industry	Increase retail loyalty with cooperation approaches and contracts

6. Conclusions and Suggestions

6.1 Conclusion

6.1.1 Five's Porter Analysis

PT Tunas Abadi Indoagro has the following strengths and weaknesses:

1. Strengths: Can choose fertilizer and pesticide products, experienced in agricultural business, trust suppliers, the number of products sold is large.
2. Disadvantages: Buyers do price comparison, many new competitors, High competitiveness, Products have similar functions.

6.1.2 PEST analysis

PT Tunas Abadi Indoagro has the following opportunities and threats:

1. Opportunity: The government supports the agricultural industry to increase agricultural yields, Maximize technology.
2. Threat: Price increases up to 100%, Purchasing power tends to decrease.

6.1.3 SWOT analysis

PT Tunas Abadi Indoagro is in quadrant I, namely the SO strategy, so the SO strategy is:

1. Fluctuating sales can be overcome by leveraging experience to support government programs, especially in agriculture, to sell more fertilizers and pesticides.
2. Competitive, the Company can choose fertilizer and pesticide products that have good quality in order to provide a satisfactory agricultural yield impact and competitive advantage
3. Multiple products, maximize technology to sell multiple products on available platforms.

6.2 Suggestion

6.2.1 Advice to PT Tunas Abadi Indoagro

1. PT Tunas Abadi indoagro is advised to carry out a stable and gradual development by understanding the growth of agricultural industry.
2. PT Tunas Abadi Indoagro should cooperate with the agricultural office, especially in Banyuwangi regency.
3. PT tunas abadi Indoagro is more active in approaching retail stores in order to increase loyalty.
4. PT Tunas Abadi Indoagro should create a superior program to attract the attention of retail and farmers.

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