

Business Model Canvas (BMC) in Developing Micro, Small, Medium Enterprises (MSMES) in Padang City

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ABSTRAK: Micro, Small and Medium Enterprise (MSMEs) have been through a lot of difficultness while pandemic covid-19 exist. Along with willingness to develop the MSMEs itself and seek for solutions of the problems that were founded, this research used Business Model Canvas (BMC). BMC is an methode using in analyzing a business that looks like a canvas to be painted from which we could see a drawing of the whole aspects of an business, which are; key partners, key activities, key resources, value propositions, customer relationships, channels, customer segments, cost structure, and revenue streams. In this research we use descriptive qualitative analysis with amount of sample population is 40 (fourty) MMSEs that spread in several districts in Padang City. Result showed that the main problem of the MMSEs is they didn't have a cash book, didn't digitalize their business, and still need funding to recover their business after the long pandemic. For the next research, we suggest, to discuss about digitalization of micro and small business so that they will have an significant growth in sales, profit, and run their business effectively and MSMEs to learn making a simple financial record of their own.

Keywords: business model canva, micro, small, and medium enterprises (msmes), entrepreneurship, swot

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INTRODUCTION

Covid-19 pandemic has given implication in economic, social, and politic in all over the world, including Indonesia (Pakpakan, 2020). World Trade Organization (WTO) also claimed that volume of trade will fall into 32% globally (Islam, 2020).

The efforts and regulations that are made in 2020-2021, such as restriction of socialization in big scale or known as PSBB has resulted in economic loss and decrease the citizen's income significantly.

Pandemic has a very big impact on sectors: transportation, tourism, trade, health, and others. But the most getting impacted in economic is, the household sector (Susilawati, 2020). The household sector is reverse to the micro and small business, which is famously called UMKM.

Padang is the capital city of West Sumatera Province. It provides biggest amount of micro and small business among all the cities and regions in West Sumatera. Most of the micro and small business were getting infected by the pandemic. Around 10.468 to be exact, the amount of UMKM that are getting infected by this pandemic (Padang Ekspress, 2020).

This, for sure, is a rough time for the micro and small business during the pandemic. They got only 30-50% from their normal omzet. Some of them are forced to be closed in temporary until unknown period because the lack of fund that they can use to rebuild their business.

In this research is aimed to help MSMEs to seek the factors that they can use in developing their business again using the Business Model Canvas (BMC). Since the pandemic has gotten any better, we could say that we need some acceleration steps in order to make them get back stronger to the business.

There were many research that has been explore about BMC before, such as: (Hutamy, E.T, 2021) whose research is about analysing BMC in Gen-Z Micro Enterprises (ME). They found out that as 83% of Gen-Z was getting along well with BMC. The Gen-Z respond was good. BMC contributed in setting the goals that the ME want to achieve. Choosing an appropriate tools for business is really necessary so in the future the ME could survive in highly explosive competition. (Sunendar, 2020) conclude that the MSMEs (melinjo to be exact) have a wide segmented market, both local or international, the key point of the MSMEs is their skills of communication, value proposition is to upgrade MSMEs performance, key activities are production and marketing, key partners are packaging company, handmade crafter, and distributor, the cost they spent are fix and variable cost, and the revenue streams was from selling the melinjo chip.

BMC on this research are built after we make SWOT analysis, after that we pouring the results in BMC in order to make an map the MSMEs, finding their problems, give solutions for the future, and making conclusions for the average problems that the MSMEs face in Padang City.

The result showed that 70% of the revenue streams of the MSMEs still depends on direct selling and not expand it to other stream, such as: an aggressive and online marketing, reseller scheme, and so on. We also found that the MSMEs need to take financial notes to their business in order to manage the spend that they could cut off.

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

According to Industrial Ministry and Bank Indonesia (1990) define MSMEs based on asset value which the amount is below IDR 600.000.000 (not include land and building).

According to Trade Ministry define Small Enterprises as an enterprise which have assets value below IDR 25.000.000.

According to the Badan Pusat Statistik (BPS), small industry is the business industry that involve 5-19 workers, and home industry is the industry that run by less than 5 workers.

In general definition of MSMEs is the unit that produce goods and services which using nature resources, skills and traditional art of the local area. The characteristic of MSMEs is the source that they use are easy to find, using simple technology, and inherited. They have products, absorb employee, and the chance to expand is open wide both in local and or international. Other characteristic of MSMEs is involving local citizen in running the business and helping to increase their economical level.

According to Tambunan (2012:22), MSMEs are productive business unit that stand alone, doing by one single person or by business entity in whole economic field. Principally, the differences in Micro, Small, and Medium in general based in previous assets (not including land and building), omzet and or amount of the workers per year is the same. In Indonesia, definition of MSMEs is based on Undang-undang Republik Indonesia No.20 Year 2008 about Micro, Small, and Medium Enterprises. Definitions of MSMEs is as written below:

Micro Enterprises

Micro enterprises are productive business owned by personal and or business entity that fulfill criteria to Micro Enterprises as mentioned by the rules. Small enterprises are productive economic enterprises that stand alone, run by personal and or business entity that is not owned by a company, not a subsidiary or a branch of a company, not part of middle or big enterprises whether it's directly or non directly. Micro enterprises is a business unit which have assets below IDR 50.000.000 (not including land and building where the business perform) and the biggest omzet is IDR 300.000.000.

Small Enterprises

Small enterprises are expected to offer new employment. If the amount of the workers in large and middle enterprises increase along with the decrease numbers of unemployment happen consistently, then the income of the society could also grow and furthermore Indonesian citizen will be more prosperous than before.

Small enterprises have assets between IDR 50.000.000 – IDR 500.000.000 (not include land and building where the business perform) and the omzet per year between IDR 300.000.000 – IDR 2.500.000.000.

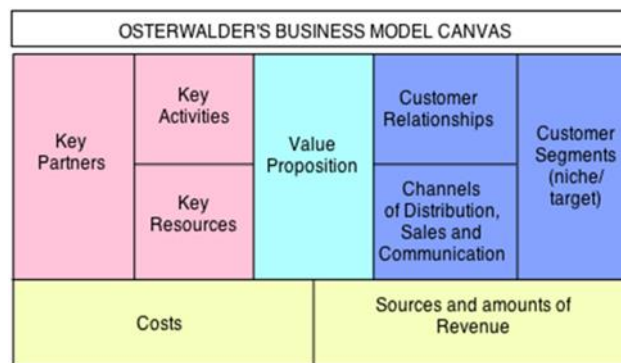
Medium Enterprises

Middle enterprises is a productive economic enterprises that stand alone, run by personal or business entity that is not subsidiary or branch or part of Small or Large Enterprises with the assets value between IDR 500.000.000 – IDR

100.000.000.000 and omzet per year from amount IDR 2.500.000.000.000 to the highest IDR 50.000.000.000.

Business Model Canva

Business Model Canvas (BMC) well known as the maker of business model in enterprises because of its ability in drawing the business core in a canvas.



Picture 1. Alex Osterwalder's Business Model Canvas

Business Model Canvas include of 9 (nine) sectors that we could see below:

Key Partners, is business partner of the MSMEs, such as: supplier, consignment, and whoever take part in helping the sales of the MSMEs, like courier, etc.

Key Activities, is the whole activities that the MSMEs do during their business run from the very beginning until they achieve sales.

Key resources, is the resources that the business have; human resources, computers, system information, and so on.

Value propositions, is the most superior value, additional value, and benefits that the business offer to customers.

Customer relationship, is the way the MSMEs build relationship with their customers.

Channels, is the way that the business getting through to deliver messages of the products and communicate to their customers.

Customer Segments, is the type of customers that are being targeted by the business.

Cost structure, is the financial scheme in business operational.

Revenue stream, is the source of income in the business.

Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis

SWOT analysis is the evaluation to identification situation to decide a condition whether it is the strengths, weaknesses, opportunities, or threats to a business. In this research we use SWOT analysis at the beginning before we pour it into BMC. SWOT analysys is the very basic and common tools that an business run in aim to running their business better. The result of the analysis are recommendations or suggestions to endure the strengths and expand the opportunities as we reduce weaknesses and avoid the threats. Thus, in aim to keep the business on the right track.

Strengths

Strengths is the activities that run well by the organizations or the resources that could be in controlled since it is the internal situation.

Weaknesses

Weaknesses are is the activities that is not run well by the organizations or the resources that being needed by the organizations but they can not provide it.

Opportunities

Opportunities are the outside factors that have positive contribution to the business.

Threats

Threats are the outside factors that have negative impact to the business.

We could see the SWOT matris like shown in picture 2 below.



Picture 2. SWOT (Strength, Weakness, Opportunity, Threat) Matrix

<https://medium.com/@teo.wijayarto/swot-analysis-sebuah-teknik-simple-yang-sering-salah-pemakaian-253d311354d2>

SWOT analysis are considered to be very subjective, In a company, if there are two workers being asked to make SWOT analysis, then the results would be different. So we have to discuss about the SWOT analysis any further and take the average same perception to make it work before we level up to next step, BMC.

RESEARCH METHODS

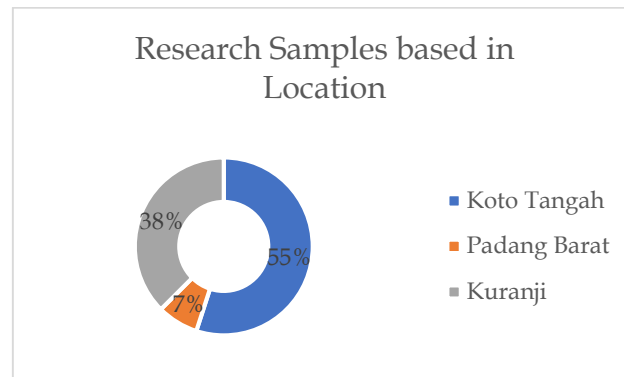
Methode using in this research is descriptive qualitative. The research taking place at Padang City of West Sumatera Province, Indonesia. It held from September – Desember 2021. Subject of this research were the owner of micro and small business in Padang City in some districts such as: Koto Tengah, Padang Barat, and Kuranji. The data were collected by interview and come to the business place of the UMKM. Amount of the data is 40 MSMEs.

The prosedur is making data once the interviews were done. First step was making the SWOT analysis. The instrument that used are: Strength, Weakness, Opportunity, and Threat. The strength and weakness are the factors that come from internal while opportunity and threat are the factors that come from external environment.

Based on what written in SWOT analysis, then we move it into BMC. In this research, we will only talk about the BMC analysis.

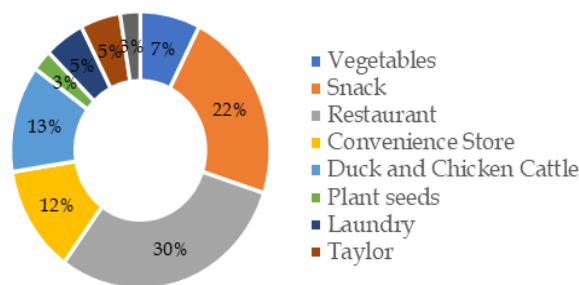
RESULTS

This research took place in three districts in Padang: Koto Tengah, Padang Barat, and Kuranji. The samples are the owner of Micro , Medium, and Small Enterprises (MMSEs). In Koto Tengah there were 22 samples, in Padang Barat 3 samples, and in Kuranji 15 samples. The samples spread to the following locations can be seen in chart below:



Picture 3. Chart Research Sample Based On Location

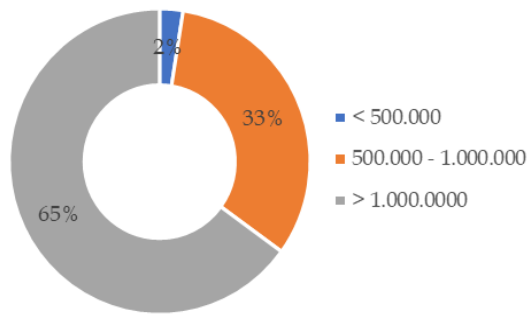
We could see from the table above, that mostly MSMEs are located in Koto Tengah (55%). The rest are in Padang Barat (38%), and the last is Kuranji (7%). Many of these subjects are far from main road and count on people nearby (neighbourhood), so it really need strategies in developing their business to keep growing.



Picture 4. Chart Research Sample Based On Categories

The MSMEs run different business. The order from the sample that take a bigger amount to the lesser: restaurant 30%, snack 22%, duck and chicken kettle 13%, convenience store 12%, vegetables 7%, taylor 5%, laundry 5%, gas 3%, and plant seeds 3%.

Food and beverages still be the top choice for citizen to earn a living. It is shown that there were 30% restaurant, snack 22% - almost a half of the research samples running in food and beverages.



Picture 5. Chart Msmes Based On Omzet

Grouping MSMEs into omzet, they were divided in 3 groups: omzet >1 million as 65%, 500.000-1.000.000 as 33%, and the last is less than 500.000 as 2%.

We visited the MSMEs place three times: first visit is to get to know, had interview with them, and teach them how to make simple cash book, second visit is to evaluate our first visit, and the third visit is to give them solution based on what their problems are.

Here are the question list that we asked the MSMEs on interview:

Table 1. Interview Question List

BMC	Question
Key Partners	Where do you buy your equipments/raw materials/goods for your business?
Key Activities	What kind of activities that you do from the beginning until you get sales? Please mention step by step.
Key Resources	Aside of land and building, what resources do you have in running your business?
Value Proposition	What your customer know you as?
Channels	What kind of distributions channels do your business have?
Customer Relationship	What kind of relationship you build with your customer?
Customer Segments	Who are you to customers?
Cost Structure	Mention every costs you spend during your business.
Revenue Stream	Where do you get sales/profit? Please describe whether it is

direct or indirect
or both.

SWOT Analysis Results

For the first interview, aside of we asked the MSMEs several questions, we also analyse it through their business conditions. Since the analysis were quite same, we can make it into a table from the average answers given by the MSMEs.



Picture 6. SWOT Analysis Result

From SWOT analysis we can see all the factors from internal and external that are good and not good for business. We ask MSMEs to strengthen their strength and chasing for their opportunities. In this case, we suggest that MSMEs make banner to make their business easy to identified, make an online store either it is using social media or marketplace-to expand the market, do delivery service as their added value, and make an simple financial reports to avoid the leakness of what they have earned and reduce unnecessary costs (if there is any).

BMC Analysis Results

For the second visit, we started in making BMC for each MSMEs. We could see details on the table below:

Table 2. BMC Analysis Results	
BMC	Question
Key Partners	Wholesaler Traditional market Big retail
Key Activities	Buy things in key partners Arrange display products Maintenance Delivery Produce home made products Taking care of the poultry Selling products and services
Key Resources	Storefront Cage Motor cycle
Value Proposition	Snack shop Small retail Direct selling for poultry so the price will be much affordable
Channels	Direct selling to customers Indirecct selling using distributor
Customer Relationship	Good communication
Customer Segments	skills Neighbourhood Family Supplier (restaurant)
Cost Structure	

Revenue Stream	Other people
	that are passing
	by
	Buying
	products/raw
	material cost
	Display cost
	Packaging cost
	Equipment
	tools cost
	Maintenance
	cost

DISCUSSION

Based on SWOT analysis, we could conclude that most of the MSMEs didn't pay attention to strategic to survive their business yet. Our purposes is to make them understand how important plan and strategic are in order to develop themselves. In first visit, we found out that their condition was poor. Location of the business is not at the main road which means that the customer only come from the areas nearby; neighbour and family. Only 5% of the MSMEs who are located at the main road. We also found that they didn't have any sign to make their business are easy to recognize. Only 10% of the MSMEs who have banner. We ask the others to make banner to their business which they could put their contact number, explain products and services that they offer, so it will make people recognize their business place and come if they need the product and services. 100% of the MSMEs didn't have financial reports. So we teach them how to make it on a simple way, write down all of their earnings and expenditurs in a cash book- which we give them for free but actually the books are easy to find everywhere at the stationery shop. They should also pay attention to cleanness and service excellent.

Based on BMC analysis, we see that 80% of the MSMEs didn't to pay house rent for the business place. They live in their inherite house and run business there. All that they need to do now is to expand their market since they must know the areas nearby well. We can say that their communication is quite good. Most of them didn't produce their own products. They bought products from a wholesaler then sale it directly to customers. We could suggest they have their own products and pack it well so they could sell it on social media dan e-market too. They also have to provide an service excellent to make their existing customers stay.

CONCLUSION AND RECOMMENDATION

Business Model Canvas (BMC) is a quite popular methode using in analysing business nowadays. We used it to analyse the MSMEs in Padang City which come from various segments. We could conclude that BMC helped the MSMEs in pouring their business in only one page. We see the problems that the MSMEs face right now and we could probably offer some solutions and innovations to them.

Key Partners of the MSMEs are: wholesaler, traditional market, and big retail that are available near their area. Their key activities are: buying the products, arrange and sell it, taking care of the cattle (giving food and suitable cage), sell it's meat and eggs, do the services (delivery, laundr, and taylor), and produce an home made products (restaurant). MSMEs's customers segments are: neighbourhood, family, supplier, and people who are passing by. Their key resources are: storefront, cage, space for shop and poultry, and motorcycle. Value propositions of the MSMEs are: neighbourhood needs, affordable price, and less cost since buyer don't need to go by vehicle to do transactions. The customer relationship that they offered is the good skills of communication. Their cost structure are: buying the products, plasting packing, display area, poultry food, maintenance, and cooking tools. Most of the MSMEs sell their products directly. Revenue streams that they have are: profit from direct (sell it to customers) and indirect selling (sell to customer using supplier). We also can say from SWOT analysis that the MSMEs need to expand their market (by using online market tools, such as: social media and market place), make their business are easy to recognize (design them an recognizable banner), teach them to make simple financial report (earning and expenditure in a cash book that we gave them).

UPCOMING RESEARCH

We hope the following research will be in more specific MSMEs, not in various segments, in order to get an clearer statement in BMC. In this research we focused only in MSMEs in general. There were several segments of the MSMEs that we analyse: snack shop, daily shop, restaurant, cattle, laundry, taylor, and so on. Next research might be focus on one, for example, in cattle only or restaurant only. And we also suggest to use SWOT (Strength, Weakness, Opportunity, and Threat) analysis before we pour it into BMC in order to make it any simpler and faster.

THANKS TO

We would like to say thanks to all the MSMEs who has corporate well and make it possible for us to collect datas as much as we can, to colleagues at work, teamwork from other Universities, and so on. Thank your for helping us in finishing this research.

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