

Business development education using business model canvas (bmc) in the middle of covid-19 pandemic for samarinda muslim entrepreneurs

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Abstract

This program initiated by Community's Economic Empowerment Department of Indonesian Ulema Council (MUI) Kalimantan Timur province, aiming to introduce a business model called Business Model Canvas (BMC) which can be used by Muslim entrepreneurs in Samarinda. During the COVID-19 pandemic period nowadays, entrepreneurs should have business strategy to survive or even grow but this idea yet hasn't understood or applied by the entrepreneurs. Therefore, it is required detail introduction about BMC existence and functional. Simple BMC template can explain main components of operational support succinctly that turned out can simplify entrepreneurs to understand their business. The benefits of this program including able to accept and understand BMC utilization to design new business or improve existing business and also able to create new business model or product.

Key words: Business model canvas (BMC); small and medium enterprises (UMKM)

INTRODUCTION

It has been almost two years the world face COVID-19 pandemic that hampered almost all of life aspects, be it economics, politics, and socials. Many things changed adapting to situation and surviving during this pandemic, which affected to Samarinda muslim entrepreneurs.

“Rasulullah SAW hadith stated that later Muslims will be losing despite their large numbers. There’s no point of having large numbers of Muslims if just like sea foam in the ocean. We must improve ourself to be master of the ocean.” That was a few sentences from Chairul Tanjung when deliver “Muslims Strategic Struggle in Economics” at 8th Plenum of KUII VII. In his presentation he stated that Indonesia is the fourth largest country in the world with 260 million population, which 88% of the population are Muslims. The Muslim population in Indonesia is still the highest in the world, namely 87% of Indonesia's total population of 261 million people. Globally, Indonesian Muslims account for 12.7% of world’s Muslim population. Muslim entrepreneurs nowadays are facing the challenge to survive the current pandemic and must be creative and innovative to strive. This study focuses on the problem of the lack of knowledge of Muslim entrepreneurs in Samarinda to develop their business. It could be that entrepreneurs already have ideas that can be used as new business embryos but do not understand how to start or have a fear of executing because they don’t have a business map as a guide for moving forward.

At the end of 2018, the number of UMKM in East Kalimantan is reported to have reached 314,245 units but the UMKM that have address and registered name only reached 211,548 units. Thus, an increase has been identified from 2018 to 2019 of 45.28 percent. It is estimated that the existing UMKM in 2018 and the addition of 2019 that have not been identified are approximately 7,500 to 8,000 units,” said Head of Industry and Trade Office of Kalimantan Timur province, Mr. Fuad Assadin. He added that just like other province in Indonesia, mostly UMKM in Kalimantan Timur dominated by micro scale business (UM) 94.96% and the remaining 5.03% are coming from small scale business (UK) 4.61% and medium scale business (UM) 0.42%. In 2019, all fields of micro scale business entrepreneurs in East Kalimantan experienced an increase. These micro scale business entrepreneurs mostly engaged in trade by 169,142 units, back to 2018 the numbers are still 119.554 units, 41,48% increase. Then followed by food industry from 60.557 units to 93.996 units which increased to 55,22%. Service industry increased by 61,07% from 17.825 units to 28.711 units.

Processing industry increased by 13,27% from 12.290 units to 13.921 units and handicraft industry increased by 18.99 percent from 1.322 units to 1.573 units,” he said. He also added that at the end of 2019, from 290.760 identified UMKM, 94,6% of these entrepreneurs are spread across three main cities in Kalimantan Timur, namely Samarinda by 158.624 units, Balikpapan by 105.060 units and Bontang 27.076 units. “While the remaining 16.583 units (5,40%) are spread across other 7 cities,” he stated.

Fuad Assadin said the role of UMKM are very strategic, to encourage equity and improve people's welfare. This is due to UMKM are the majority of business entrepreneurs that contributed to to Gross Regional Domestic Product (PDRB) by 12,48% and provide jobs by approximately 97%. This indicates that the market has big prospect for UMKM products.

Therefore, the author provides education to Muslim entrepreneurs in Samarinda to create business roadmap using Business Model Canvas (BMC) in designing business, read opportunities and execute business in accordance with elements that have been analyzed.

Literature Review

Business Model Canvas (BMC)

Business Model Canvas (BMC) is a management strategy in form of visual chart consisting of 9 elements. As for the education contents to the Muslim entrepreneurs by Community’s Economic Empowerment Department of Indonesian Ulema Council (MUI) are as follows:

This business model was first introduced by Alexander Osterwalder in his book entitled Business Model Generation. In his book, Alexander tried to explain a simple framework to present the important elements contained in a business model.

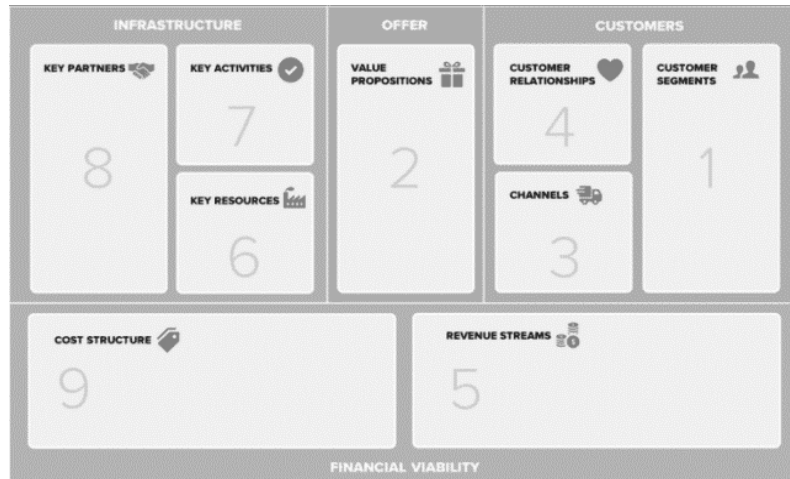


Figure 1.
Business Model Canvas

Value Proposition

Simply put, the value proposition is selling value of products/services so that consumers choose our company over competitors. Before determining other aspects, the value proposition is very crucial to master so our business sells what consumers really need and ascertain whether our company sells solutions to their problems.

Here are some questions that can help:

What caused the problem to occur?

Why do consumers want the problem to disappear?

What are the benefits of our business for consumers?

Customer Segments

Value proposition is closely related to consumer segmentation. Target consumers can be classified into various segments according to their needs, for example, based on age, gender, hobbies and level of consumerism. Then, how do we know specifically our target consumers? Several questions below can be used to determine target consumers:

To whom did your solution have the most positive impact?

Is your solution suitable for other individuals or businesses?

What is the character of the individual or business itself?

Is your solution suitable for men or women? Or both?

How old are the consumers?

Customer Relationship

After determining the Value Proposition and segmentation of consumers, the next step is to understand the consumers and "approach" them. There are many ways to approach consumers, by direct personal approach, by phone, etc. In customer relationships, we can find out what is the most effective way to interact with consumers and potential customers. For example when having an online business that sells hair accessory products with target age of 18-25 years, of course the target consumers are women who like to dress up or look neat. Then how to persuade them willing to buy hair accessories products? By providing information about hair care, hair tying tips, and so on. The easiest way to reach millennial consumers is by interacting through channels that are 'often visited by target consumers' and communicate according to their language (a la millennial for example) and provide content relevant to their interests.

Channels

In the customer relationship section, we have discussed how to "love bombing" consumers relevant to their language and interests. Now is the time for you to actually meet and talk to them. It can be said that the channel is a meeting place with consumers. The following questions can help identify the ideal place to meet them.

Where are consumers located?

Are they actively using social media?

Do they like listening to the radio or music apps?

Do they like to attend events or seminars?

Do they watch TV?

These are can determine where we should put the advertisement. Whether on billboards, on Instagram, in newspapers etc.

Key Activities

Key activities are business activities that are carried out daily in order to achieve the value proposition. Here are some guide questions that need to be answered:

What kind of business activities can be implemented within the company to help us keep our customers satisfied?

How about the distribution of your product/service?

Do you have experts to manage daily company activities?

Key Resources

To remain competitive in the business industry we're involved, we need the right resources because these are assets owned to support the company's activities. Some simple examples of key resources are computers, workspaces, employees, vehicles, electricity, etc.

Key Partners

In a business, we need work partner who supports our business. If until now we have not found the differentiation of the product/service due to lack of networking, means that we need work partners who can help achieve the value proposition. If we open a bakery, we need a supplier of cake ingredients nearby so that the ingredients sent are always fresh. The supplier is the key partner in doing business to maintain the quality of the bread sold.

Another example is running a social media management agency, possibly the key partner is a graphic design service agency to ensure good quality social media feed designs to provide to the clients.

Cost Structures

Cost structure is a financial scheme that finances our company's operations. How much money should be spent to manage the company's activities per day? How much does it cost for the resources used? How much is the marketing price of the product?

Revenue Streams

Every company needs a revenue stream to keep it running its daily activities. Revenue stream is source of company income from various sources, such as sales proceeds, dividends and so on. Business Model Canvas is an effective method to apply within the company because it can help map your business in a structured way. You can use this business model to turn your ideas into concrete things.

METHOD

The implementation of the Business Model Canvas introduction program began with discussions with several entrepreneurs. From the discussion results, it can be identified occurring problems. As for the next steps performed are:

Listing, identify, and classify all products from Muslim entrepreneurs in Samarinda;

Creating a Business Model Canvas design from each each similar sample product from entrepreneurs;

Aid in creating Business Model Canvas;

Discuss with entrepreneurs to create new types of businesses; and

Publish a Business Model Canvas design template that has been agreed with entrepreneurs and begin the implementation.

RESULT AND DISCUSSION

Data that presented by Head of Industry and Trade Office of Kalimantan Timur regarding the number of UMKM, in this ongoing 2021 there are there are several businesses that obtained the Productive Presidential Assistance for Micro Enterprises (BPUM). BPUM Assistance is issued by the government through the Ministry of Cooperatives and Small and Medium Enterprises. Selected participants or those who are already registered with BPUM can get assistance of Rp 2.400.000, -. This assistance is expected to be able to help entrepreneurs survive, even more able to develop their businesses especially during the current COVID-19 pandemic.

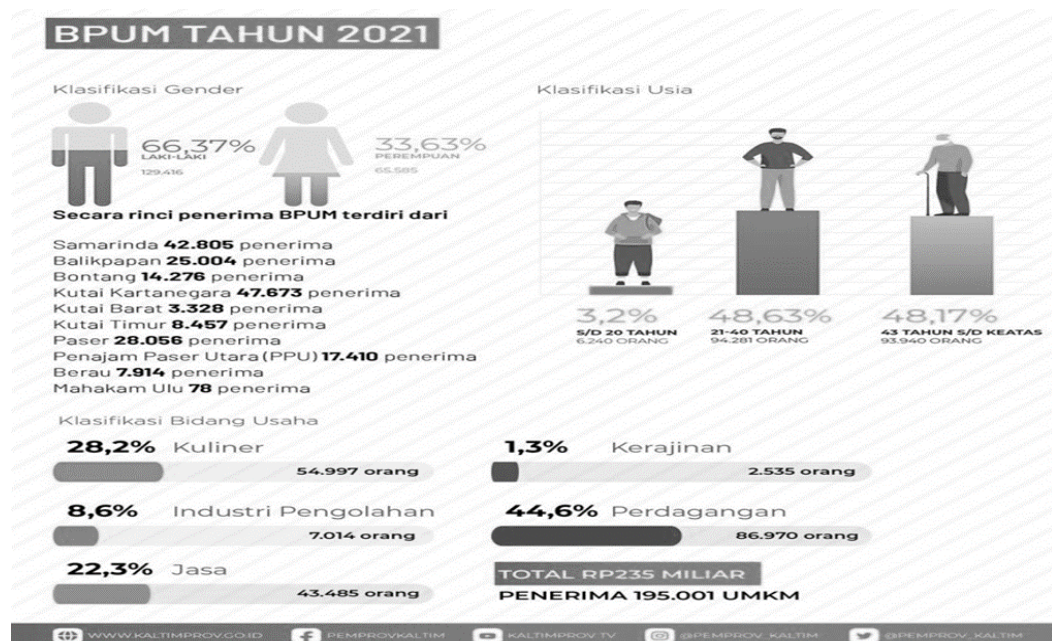


Figure 2.
BPUM 2021

From the attached data, a sample of two entrepreneurs from each Regency/City is taken by probability sampling method to be given Business Model Canvas educational materials. The samples of entrepreneurs are as follows:

Table 1.
Entrepreneurs Sample

Regency/City	Entreprise Name	Business Field
Samarinda city	Sambal Gami Mama Alif	Culinary
	Yenni Collection	Clothing
Balikpapan city	Regina Cireng	Culinary
	Suci Hampers	Hampers
Bontang city	Nisa Zahra	Online Clothing
	Batik Kuntul Perak	Special Batik Bontang
Kutai Timur regency	Kimaz Sangatta	Scarves
	Raja Unik	Foam bed
Paser regency	Pizza Lazizah	Culinary
	Uya Caem	Fresh Mango Beverages
Penajam Paser Utara regency	Pisang Keju Penajam	Culinary
Berau regency	Dosuka Beraneka	Culinary
Mahakam Ulu regency	Toko Tani Alzara	Fertilizers
Kutai Barat regency	Fatimah	Groceries
Kutai Kartanegara regency	Sambal Cumi Najah	Culinary

After discussed with entrepreneurs, many problems and obstacles were encountered, such as an inadequate internet network, entrepreneurs lack of technology update (technologically backward), and entrepreneurs lack of knowledge regarding market share so missed the target and does not seem effective and efficient. Therefore, Business Model Canvas education is very helpful to open insight into important elements in product marketing. Here is an example of a sample of BMC entrepreneurs who have been educated:

Tabel 2.
BMC Sambal gami mama alif Samarinda

Key partner	Key activity	Value proposition	Consumer Segment
Local chilli farmer	Collecting ingredients	Processed products are always fresh, such as squid, shrimp and sea shell	10-14 years old children
Local fisherman	Processing semi-finished ingredients Processing ready-to-eat chilli sauce products	Non-reservative products Guaranteed flavors differ from others Variety of flavors	15-20 years old teenagers 21-55 years old adult Spicy food enthusiasts Local tourists
Customer Relationship	Key Resources	Channels	
Promo and discounts	Local chillis and tomatoes	Facebook	
Giveaway	Production equipment	Instagram	
		Whatsapp	
Cost Stucture	Revenue streams		
Raw ingredients cost	Product sales proceeds		
Promotion cost	Government's assistance		
Packaging cost	Company's Corporate Social Responsibility (CSR)		

CONCLUSIONS

The utilization of Business Model Canvas program for Muslim entrepreneurs initiated by Community's Economic Empowerment Department of Indonesian Ulema Council (MUI) Kalimantan Timur province the initial stages of introduction, data collection, exposure to publishing went smoothly. Entrepreneurs are very enthusiastic to collaborate to advance their business which will have a positive impact on business survival and development amid the current wave of the COVID-19 pandemic. With the introduction of a new business model, it can foster sense of enthusiasm and creativity for the entrepreneurs to create new products or new kind of business.

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