Investment decision based on insourcing/outsourcing analysis in middle-size printing company (Case of CV. REF Graphika)

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Abstrak

The market growth of printing industry in Indonesia is followed by the emerging of new companies in this business. This phenomenon forces Ref Graphika, as incumbcnts in a middle-size company in Jakarta, to create strategy that not only to make them survive, but also to gain more pieoes of the market cake. In 2006, the company applies new strategy in the marketing section to focus on the targeted markets that still grow. Those new market are corporate and publisher. Apparently, the strategic changes that the company's brought in 2006 somehow are not only increase their profit, but also increase its cost, especially in outsourcing cost This company is outsourcing some of their processes to the suppliers. One way to decrease the outsourcing cost is by recalculating the possibility of this process to outsource or to insource. Just before, the decision to outsource or insource a production process is only based on the machine existence in the workshop. The company invests machines one by one as they gain the Capital. Along the way, they reduce the number of process outsourced. And the question will be, is the investment decision at that time is really the best strategy? This question arose because the decision of insourcing in will lead to a long-term investment. For a growth company that has only owner's wealth equity, the miscalculation regarding this decision might be a boomerang attack the company itself. Because once the decision of making investment has been made; those investments are hardly be liquid back. Even though there is possibility to liquid the investment, there will be lost that cannot be refundable. This thesis is try to bring up on how the decision of investments should be made through insourcing/outsourcing decision. The methods that will be bringing up in this thesis is not only specific on cost calculation, but also will consider the qualitative methods. As the cost calculation will use the relevant cost on comparing the cost different among these two altematives, the qualitative methods will include the analyzing the company's strategy combined with other risk consideration regarding to outsourcing/insourcing consideration, such as of quality, delivery, and continuity of the process.