CHAPTER I

INTRODUCTION

1.1 Background

In term of having the latest technology in printing industry, Jakarta has always been the leader and barometer for style of designs, materials, trend course as well as the pricing benchmark for other areas surrounding Jakarta such as Bekasi, Depok, Tanggerang and Bogor even more for most areas in Indonesia. Jakarta has been the ground floor for most of modern life activities that other cities nowadays are developing.

The image of Jakarta has displayed overwhelmed Indonesian citizens in all levels of life. The image Jakarta has recently, always been related to the ability of the regional government officers to develop the infrastructure, facilities and the human resources. This image has been socialized to other cities and all levels of community through the power of mass – media and advertising business.

Mass media and advertising businesses have been together growing up in developing images, instilling brands in people's mind, setting up an icon of a product in people's life and making them something that is necessary in daily life.

A product or an image will not be able to be accepted in community when they are being delivered improperly. Words chosen, icons used, theme customized regarding to the image should be supported by printing technology that is always up to dated to the latest trend. This eventually will be expected to give output to its best as the company or a product has set.

Big's Images learns these criteria to serve the customers better. Nevertheless location of the business is also a top consideration before starting the business. Big's

Image has learned and observed areas that are promising and potential for the business in Jakarta surrounding areas and the most suitable business area nearby such as Bekasi. As a suburb, Bekasi has served Jakarta tremendously well to support the capital city's developing activities. Bekasi has always kept its phase and rhythms as fast as Jakarta. Supported by the neighboring economic areas such as Cikarang, Karawang and Cikampek, Bekasi gives wide range of access for its businessman to develop the area and their own business. Bekasi opens its door to businessman to grab its potential market. This strategic location gives Bekasi to be the next business city besides Jakarta.

Bekasi citizens are aware of the tendencies that are taking place in the city and they also want to take part in the business development. Businessmen who live in Bekasi area also learn how to be succeed in business like those who have been running the same business in Jakarta. Bekasi businessmen also learn that promotion is one of the most effective way to socialize their product to public.

This kind of business awareness has fused the movement of printing business in Bekasi to innovate their style, technology and service. Having these facts laid, Big's Image has been motivated to expand its business in Bekasi area to be more integrated printing company.

Big's Images has chosen Bekasi as its business base for some reasons, they are :

a. Capability of covering/accommodating more costumers from Cikarang, Karawang, Cikampek and Bekasi area itself.

b. No significant pricing differences for materials compared with the same business in Jakarta.

c. The competition in Bekasi less than Jakarta.

These reasons encourage Big's Image to bring itself to lead the market. And the expansion reasons for Big's Image to take one step ahead are as follows;

a. To improve the availability of serving the customer in all levels.

b. To nurture the business itself that Big's Images has been running since 7 months ago.

In Jakarta, Bogor, Depok, Tanggerang and Bekasi, digital printing businesses growth for social economic status B & C class are very significant and their target customers are most likely the same. The target markets that are potential to keep growing are :

a. Side road food stalls

b. Home industries

c. Private offices

d. Government institutions

Businesses that are classified as A class have become potential to this printing business as well. Most of businesses in A classes are:

a. Tobacco companies

b. Consumer Goods

c. Communication retails and companies

They all have utilized their services for 2 different terms purposes, they are :

a. Short term promotion (maximum 1 month)

b. Long term promotion (minimum 6 months)

These companies or digital printing customers take advantage of the output in different media for different target market and different purposes. Big's images also understands the needs based on the sales volume in the business that can be seen in the following Table:

Table 1.1 Area, Sales Volume, Competitor and Target Customer

Area	Sales volume	Digital Printing Company	Target Customer
Jakarta	500,000,000,000	80	A, B &C
Tangerang	100,000,000,000	25	B &C
Bekasi	30,000,000,000	10	B &C
Depok	15,000,000,000	9	B &C

Source: Big's Image Marketing Unit

Big's Images has to make a comprehensive business plan to accommodate and to facilitate its aim faster and firmly. To probe how big the market and the buying power that can be captured and to visualize the amount of investment needed, Big's Image has to plan some steps needed to implement the business plan recorded, they are as follows:

a. Big's images needs to legalize the form of the company as new company in the form of a CV as limited company. Therefore the name of this new establishment has become CV. Big's Images.

b. Big's Images has to simultaneously understand the customers' demand through its strong public relationship with the customers it has.

c. Big's Images has to learn to cover the size of the market that is still wide open with the power of production capability.

d. Big's Images has to learn to survive in the tight competition with other competitors.

e. Big's Images has to be able to set up proper prospected rate of return .

This plan will make Big's Images founders believe that they can drive the company to be more professional and profitable as well as bankable for the sake of its business expansion in the near future.

The country political movements also give the effect to the business. Since Indonesian government launched its local election in 2007 (Undang – Undang No. 22 tahun 2007), it has given tremendous demands of printed promotion products. In order to win the election, all candidates realize that they need to socialize their personal image and their programmers to the public in the election area.

Learning that now the government of Indonesia has composed the area into :

a. 33 Provinces

b. 349 Kabupaten

c. 91 Kotamadya

d. 7113 Kelurahan

e. 62.806 Villages

Big's Images sees there will be a very wide range market with powerful buying – selling opportunities. All these areas have their own election events to vote their won leader from the lowest level to the highest rank of representatives in the government offices. This is a huge market to cover for digital printing companies like Big's Images. Besides the election events that have been mentioned, regular orders from corporate and retails for their specific purposes also is a potential market.

1.2 Problem Formulation

This study/ research is prepared for the following questions :

1. How does Big's Images create a comprehensive business plan in accordance with the one represented in common reference?

2. How can actual business practices capture the market and generate net profit?

1.3. Research Objectives

The objectives of this research are to prepare a business plan that will consist of :

1. Analysis of the product and service potency.

2. Analysis of market potency.

3. Analysis of the type of organization that would be implemented.

4. Analysis of the production.

5. Analysis of financial feasibility.

1.4. Research Methodology

There are two approaches used in collecting data for analyzing problems. They are :

1.4.1 Bibliographical Study

To collect the data needed in order to support the flow of this assignment accurately, writer has been compiling information from various media such as :

a. Internet

b. Journals

c. References books

d. Company Reports

e. Published Media and

f. Other resources

These relevant media supply informative input that support the theories that are going to be used in analyzing the problems displayed. Besides relevant theories, the purpose of this study is also to find secondary data.

1.4.2 Field Study

Field study conducted to collect primary data. Writer did one month internship observation at Big's Image printing company in order to get this supporting data. Some data collected are about :

a. sales volume

b. organizational chart

c. cash flows

d. income statement

e. break even point record

f. product and service range

g. Target market

1.4.3 Analysis

After collecting data, the writer uses that data for analyzing the problems mentioned. In this case, writer analyses whether the business case can be applied in the business reality and makes profit. In the other hand, the analysis also covers the other business opportunities that can support the proposed plan to make the business become a more sustainable business. Starting from the initial investment, target market, sales volume opportunities, ways to penetrate the market and other strategy to make the business able to survive and be sustainable. In term of investment, analysis also covers buying and leasing analysis. The flow chart for the research methodology is represented in Picture 1.1.

1.5 Organization of The Report

Chapter 1   Introduction

In this chapter writer wants to describe about the frame work of the report. In addition writer will also put the research objectives, problem formulation, utilized methodology and whole chapters organization.

Chapter 2   Theoretical Background

Describes referential theories which will be used as a platform to analyze the problem and to support of the decision making of business expansion. The theories that are

used, growth strategy from Chris Zook and business model from Afuah. Main step in conductinf the research can be seen in the picture 1.1.
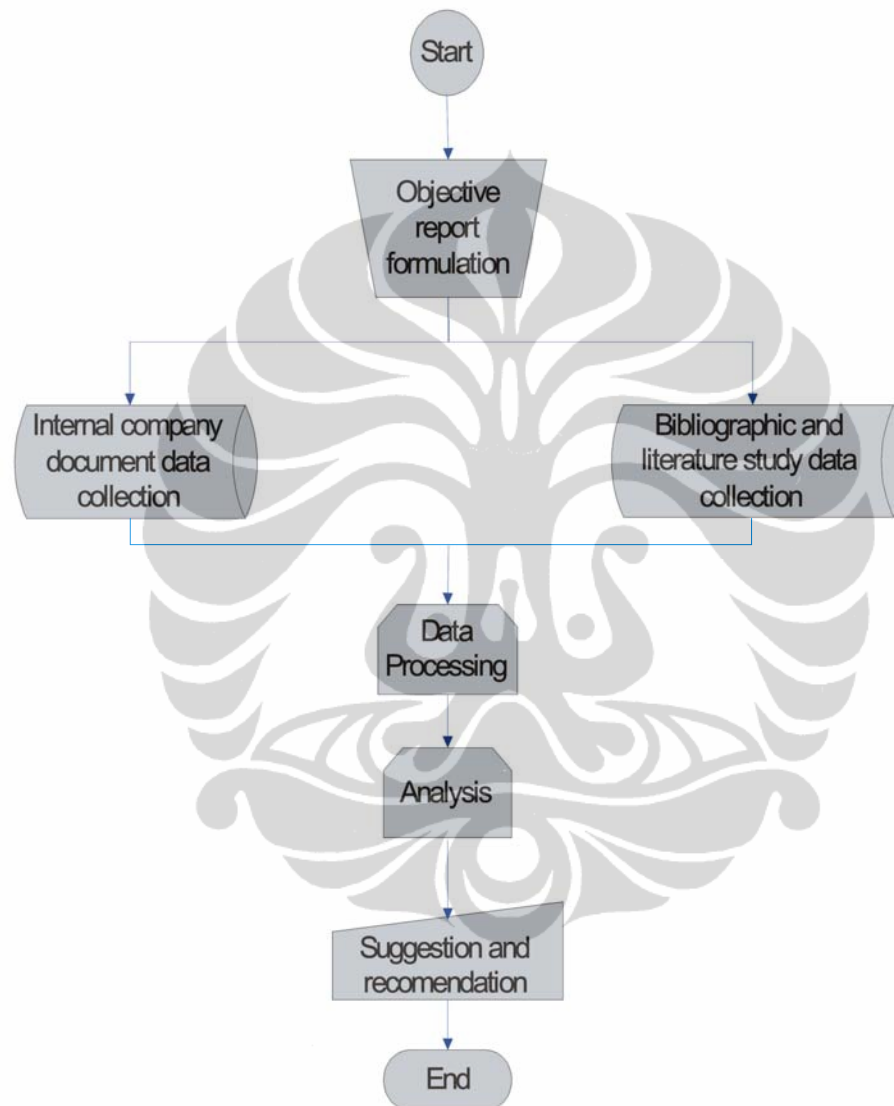
Picture 1.1: Main steps in conducting the research

Chapter 3   Company Background and Organization

This chapter is covering the total minimum initial investment to run the business, ownership of the company, legality of the company, detail minimum

product, business orientation and financial planning. It is also explaining about the organizational structure of the management, number of team member and each of their responsibilities, and furthermore about the organization itself.

Chapter 4   Analysis

This chapter will analyze product and service, market, production and financial aspect.

Product & Service: describes the product and service are being offered, product prior knowledge, competitive advantages of the product and the service, product classification, hardware and software technology that can appropriately be applied in the industry.

Market Analysis: analyze factors in the digital printing industry in general, such as market factor, competitive factor, environmental factor and key factors to win the competition. This chapter also explains the projected market growth and anticipations of business failures.

Production Analysis: represents how operations will be conducted in Big's Images organization and how profit will be generated from operation.

Financial Analysis: analyze the possibility whether the company uses their own financial and compares the possibility of leasing some equipments from any leasing company. The analysis is based on the NPV and cash flows comparison.

Chapter V   Conclusion and Suggestion

Conclusion and suggestion in Chapter 7 will give the reason why this business plan is feasible in term of market opportunity, operations and financial aspects.