

BUSINESS DEVELOPMENT STRATEGY FOR KERIPIK TEMPE SAGU AL-MADINAH USING SWOT ANALYSIS METHOD

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Abstract

The **UMKM (Micro, Small, and Medium Enterprise) Keripik Tempe Sagu Al-Madinah** is categorized as a micro-business under Bank Indonesia regulations, with net assets below 50 million rupiah and annual turnover under 300 million rupiah. Despite its ongoing operations, the business faces challenges such as limited capital, reliance on traditional production methods, and low human resource skills, resulting in inconsistent product quality and suboptimal production capacity. This study aims to develop sustainable business strategies for the UMKM through SWOT analysis. The SWOT analysis identifies several strengths, including a broad market potential, low labor costs due to family-based employment, and the appeal of local, traditional products. Additionally, the business has initiated basic online marketing, albeit with limited effectiveness. However, its weaknesses include unskilled and unmotivated workers, the lack of separate financial records for business and personal finances, and reliance on traditional production processes that hinder quality consistency. Opportunities exist in expanding to modern markets, leveraging trends in healthy traditional snacks, and accessing government support programs for UMKM development. Conversely, threats include stiff competition, stringent standards for entry into modern retail markets, and technologically advanced competitors. To address these issues, the recommended strategies include improving human resource skills through training, modernizing production equipment for better quality and efficiency, utilizing e-commerce marketplaces to enhance online marketing, and implementing proper financial management practices. By adopting these strategies, Keripik Tempe Sagu Al-Madinah can increase its competitiveness and expand its market reach locally and digitally.

Keywords: MSME, SWOT analysis, Traditional Snacks

INTRODUCTION

Micro, small and medium enterprises (MSMEs) are pivotal to economic development, serving as engines for growth, innovation, and employment generation (Gherghina *et al.*, 2020). In Indonesia, MSMEs hold a significant cultural and economic role by preserving traditional crafts and local products (Kaligis, 2023). One such MSME is Al-Madinah, a producer of *keripik tempe sagu*, a unique Indonesian snack that combines the rich flavors of fermented soybean (*tempe*) and sago flour. As consumer preferences increasingly shift toward authentic and locally sourced food products, Al-Madinah is well-positioned to capture market demand. However, the company faces several operational and market expansion challenges that hinder its potential growth.

To overcome these barriers, strategic business planning is crucial. This study aims to develop a comprehensive business strategy for Al-Madinah using the SWOT analysis method, a systematic framework that evaluates an organization's internal strengths and weaknesses alongside external opportunities and threats. By applying this tool, the study seeks to identify actionable solutions that can enhance Al-Madinah's market presence and operational efficiency.

Key issues faced by Al-Madinah include reliance on family labor, insufficient employee skills and motivation, limited product distribution to local grocery stores, and failure to meet quality standards required by modern supermarkets. Additionally, while the business employs online marketing, it has not fully utilized popular e-commerce platforms. Compounding these challenges are unseparated financial records and a traditional production process that leads to inconsistent product quality.

This paper has two primary objectives. First, it seeks to assess Al-Madinah's current market position by analyzing its internal capabilities and external environment using SWOT analysis. Second, it aims to propose strategic recommendations tailored to the company's vision of becoming a leading brand in the *keripik tempe sagu* industry.

By addressing these objectives, the study aims to provide insights into how MSMEs in traditional food sectors can leverage strategic tools to improve competitiveness and achieve long-term sustainability. This research not only benefits Al-Madinah but also contributes to the broader understanding of MSME growth strategies in the traditional food industry.

LITERATURE REVIEW

2.1 Business Development Strategies

Business development refers to the process of identifying, planning, and implementing strategies to enhance the growth and sustainability of an organization. According to Ansoff's Growth Matrix, businesses can pursue growth through four main strategies: market penetration, market development, product development, and diversification (Ansoff, 1957). For MSMEs, particularly those operating in the traditional food industry, business development strategies often emphasize optimizing production, enhancing product differentiation, and expanding market reach to remain competitive. Studies have shown that aligning business development strategies with internal capabilities and external market conditions significantly improves the likelihood of success (Kotler & Keller, 2016).

2.2 The Role of MSMEs in Economic Development

Micro, small and medium enterprises (MSMEs) are vital to economic development, especially in developing countries like Indonesia. MSMEs contribute to GDP, employment generation, and poverty alleviation by providing accessible entrepreneurial opportunities (Tambunan, 2019). However, SMEs often face challenges such as limited access to financing, inadequate technological adoption, and low levels of market penetration. For traditional food businesses like *keripik tempe sagu*, these challenges can be compounded by shifting consumer preferences and increasing competition from larger, industrial food producers.

2.3 SWOT Analysis as a Strategic Tool

SWOT analysis is a strategic framework used to evaluate a business's internal strengths and weaknesses, as well as external opportunities and threats. It provides a structured approach to understanding a business's current position and formulating strategies to achieve competitive advantages (Gürel & Tat, 2017).

1. Strengths and Weaknesses: The internal factors, such as the quality of products, operational efficiency, and brand recognition, influence a company's ability to compete. For example, the unique

combination of tempe and sago in Al-Madinah's product is a potential strength that differentiates it from competitors.

2. Opportunities and Threats: External factors include market trends, consumer behavior, and competitive dynamics. The growing demand for local and healthier snacks represents an opportunity, while economic instability or new market entrants could pose threats.

Several studies have highlighted the effectiveness of SWOT analysis in the food and beverage sector. For instance, a case study on a traditional snack producer in India demonstrated how SWOT analysis helped identify new market segments and streamline operations (Chand & Shukla, 2020). Similarly, research in the Indonesian context has shown that MSMEs leveraging SWOT analysis can achieve better alignment between their strategic initiatives and market demands (Handayani et al., 2021).

2.4 The Traditional Food Industry in Indonesia

Traditional food products, like *keripik tempe sago*, hold cultural significance and represent a growing niche in the Indonesian food market. Consumers increasingly value authentic, locally made products, often viewing them as healthier and more sustainable alternatives to mass-produced snacks (Rachmawati & Hadiyati, 2020). However, traditional food producers must navigate challenges such as fluctuating raw material prices, inconsistent quality, and competition from modern snacks. Implementing strategic frameworks like SWOT analysis can help traditional food MSMEs innovate and adapt to these challenges.

2.5 Al-Madinah: A Case for Strategic Development

Al-Madinah represents a typical SME in the traditional food industry, seeking to expand its market while maintaining its unique identity. Leveraging SWOT analysis provides a comprehensive framework for identifying areas of improvement and potential growth. By understanding its strengths, such as product uniqueness, and addressing weaknesses, such as limited branding, the company can better position itself in a competitive market.

This literature review underscores the importance of strategic planning for SME growth, the relevance of SWOT analysis as a tool for strategic decision-making, and the potential of traditional food products in addressing evolving consumer demands. These insights lay the foundation for analyzing and proposing actionable strategies for Al-Madinah's business development.

RESEARCH METHOD

This study employs a qualitative descriptive research design to develop a business strategy for *keripik tempe sago* Al-Madinah using the SWOT analysis method. The methodology is structured to ensure a comprehensive assessment of the company's internal capabilities and external market conditions, facilitating the formulation of actionable and effective business development strategies.

3.1 Research Approach

The study adopts a case study approach, focusing on Al-Madinah as a single unit of analysis. This approach allows for an in-depth examination of the company's unique characteristics, operational challenges, and opportunities within the context of the traditional food industry.

3.2 Data Collection Methods

To ensure a holistic understanding of Al-Madinah's business environment, the study utilizes both primary and secondary data:

1. Primary Data

1. **Interviews:** Semi-structured interviews are conducted with key stakeholders, including the owner of Al-Madinah, employees, and selected customers. The interviews aim to gather insights into the company's internal strengths and weaknesses, as well as their perspectives on market opportunities and threats.
2. **Observations:** Direct observations of the production process, packaging, and marketing activities are carried out to identify operational strengths and areas for improvement.

2. Secondary Data

1. **Company Records:** Financial statements, sales data, and historical performance reports are reviewed to assess internal capabilities.
2. **Industry Reports and Literature:** Market trends, competitor analyses, and consumer behavior studies are examined to identify external opportunities and threats.

3.3 Data Analysis Methods

The collected data are analyzed using the SWOT analysis framework, which consists of the following steps:

1. Identification of Internal Factors

- a. **Strengths:** Analysis of Al-Madinah's competitive advantages, such as product uniqueness, production efficiency, and customer loyalty.
- b. **Weaknesses:** Identification of internal challenges, such as limited distribution channels, marketing limitations, and resource constraints.

2. Identification of External Factors

- a. **Opportunities:** Exploration of market trends, such as increasing demand for traditional snacks and the potential for export markets.
- b. **Threats:** Examination of external risks, including competition from modern snacks, raw material price fluctuations, and regulatory changes.

3. SWOT Matrix Development

A SWOT matrix is developed to combine internal and external factors, enabling the identification of strategic options. The matrix categorizes strategies into four types:

- a. **SO (Strength-Opportunity):** Leverage strengths to capitalize on opportunities.
- b. **WO (Weakness-Opportunity):** Address weaknesses to seize opportunities.
- c. **ST (Strength-Threat):** Use strengths to mitigate threats.
- d. **WT (Weakness-Threat):** Minimize weaknesses to avoid threats.

4. Strategy Formulation

Based on the SWOT matrix, actionable business development strategies are formulated. These strategies focus on improving market positioning, enhancing operational efficiency, and expanding market reach.

3.4 Validation and Reliability

To ensure the validity and reliability of the findings, the study employs triangulation by cross-referencing data from interviews, observations, and secondary sources. Triangulation analysis combines multiple data sources to validate and enhance the reliability of findings, ensuring a

comprehensive understanding of the business environment for *keripik tempe sagu* Al-Madinah. This analysis incorporates perspectives from internal resources (Strengths and Weaknesses), external market trends (Opportunities and Threats), and proposed strategic actions.

Feedback from stakeholders is also incorporated to refine the proposed strategies.

This methodology provides a structured approach to analyzing Al-Madinah's business environment and developing targeted strategies that align with the company's goals and market conditions.

RESULT AND DISCUSSION

The research findings based on the SWOT analysis reveal critical insights into the business environment of *keripik tempe sagu* Al-Madinah, enabling the formulation of targeted strategies for its business development.

4.1 Internal Validation (Strengths vs. Weaknesses)

1. Strengths Validation:

- a. The wide market potential is supported by growing consumer interest in local and traditional products, aligning with cultural preferences in Indonesia. The use of family labor to maintain low operational costs is evident in small and medium enterprises (SMEs), where resource efficiency is critical.
- b. The unique appeal of *keripik tempe* as a traditional snack is substantiated by its cultural resonance, suggesting that this strength can attract both local and diaspora customers. The presence of online marketing, though minimal, aligns with the increasing reliance on digital platforms for product discovery.

2. Weaknesses Validation:

- a. The lack of employee skills and low motivation is consistent with challenges faced by SMEs, where resources for formal training are often limited. This directly impacts product quality and productivity.
- b. Unseparated financial records are a common issue in family-run businesses, resulting in inadequate financial planning and monitoring. Similarly, the traditional production process limits scalability and standardization, explaining the inconsistent product quality.

4.2 External Validation (Opportunities vs. Threats)

1. Opportunities Validation:

- a. The growing demand for healthy and traditional snacks is supported by market trends favoring plant-based, minimally processed products. This is further corroborated by government support for local SMEs through training programs and funding opportunities.
- b. The rise of e-commerce platforms like Shopee and Tokopedia aligns with increased consumer preference for online shopping, which expands market reach. Adoption of modern production technology is also a recognized strategy for SMEs aiming to scale operations and improve product consistency.

2. Threats Validation:

- a. The presence of professional competitors with advanced technologies highlights the importance of product quality and innovation to maintain competitiveness. The high entry

barriers into modern supermarkets, driven by stringent quality standards, further validate the challenges faced by traditional producers.

- b. Market trends toward innovative flavors and modern packaging reflect changing consumer preferences, emphasizing the need for differentiation. Competitors leveraging superior production tools confirm the urgency of adopting technological upgrades to remain competitive.

4.3 Cross-Validation (SWOT Strategies vs. Action Plan)

1. SO Strategies:

Leveraging the appeal of local products and online marketing aligns with market opportunities such as the growing interest in traditional snacks and the rise of e-commerce. Seeking institutional support for equipment investment is consistent with government programs for SME development.

3. WO Strategies:

Improving employee skills and separating financial records directly address internal weaknesses, enabling the business to access funding and improve efficiency. Utilizing online marketplaces like Shopee and Tokopedia matches external trends of online shopping, supporting broader reach.

4. ST Strategies:

Promoting *keripik tempe* as a high-quality local product can help mitigate the threat of intense competition. Focusing initially on local markets to build reputation reduces risk while addressing barriers to entry into modern supermarkets.

5. WT Strategies:

Enhancing production standards and differentiating products (e.g., flavors and packaging) addresses weaknesses and offsets external threats like inconsistent quality and shifting market trends. Transparency in financial practices builds consumer trust, strengthening the business's market position.

4.4 Synthesis and Recommendations

The triangulation analysis confirms that the proposed strategies and action plans align with both internal capabilities and external market conditions.

1. Short-Term Priorities:

- a. Separate financial records to improve financial transparency and accountability.
- b. Conduct employee training to address skill gaps and motivate the workforce.
- c. Begin utilizing online marketplaces to expand market presence.

2. Medium-Term Focus:

- a. Invest in production technology to standardize and enhance product quality.
- b. Redesign product packaging to meet modern market standards and appeal to consumers.
- c. Target local supermarkets and SMEs as initial distribution channels.

3. Long-Term Goals:

- a. Diversify the product range to include innovative flavors and packaging that cater to evolving consumer preferences.
- b. Build the brand reputation to enter modern supermarkets and compete with professional competitors.
- c. Scale digital marketing strategies to maximize online reach and sales.

Through this triangulation analysis, it is evident that the business development strategy for *keripik tempe sagu* Al-Madinah is grounded in a thorough understanding of internal and external factors, ensuring actionable, sustainable growth.

CONCLUSION

Micro, Small, and Medium Enterprises (MSMEs) are integral to fostering economic development, innovation, and employment, particularly in developing economies like Indonesia. This study focused on Al-Madinah, a producer of *keripik tempe sagu*, as a case study to explore how strategic frameworks like SWOT analysis can be used to address operational challenges and enhance market competitiveness. By leveraging its unique product offering and cultural significance, Al-Madinah has the potential to position itself as a leading player in the traditional snack industry.

The research revealed that while Al-Madinah benefits from strengths such as product uniqueness and a growing consumer preference for traditional snacks, it faces critical challenges, including reliance on traditional production processes, inadequate financial management, and limited market penetration. External opportunities, such as increasing e-commerce adoption and government support for SMEs, provide avenues for growth, whereas threats like competition from industrial snack producers underscore the need for strategic differentiation and quality improvement.

Through SWOT analysis, actionable strategies were proposed to address these challenges and capitalize on opportunities. These strategies include separating business and personal financial records, enhancing employee skills through training programs, adopting modern production technology to improve quality consistency, and utilizing e-commerce platforms to expand market reach. Furthermore, product innovation in flavors and packaging was recommended to align with evolving consumer preferences and strengthen Al-Madinah's competitive edge.

By implementing these strategies, Al-Madinah can not only overcome its operational limitations but also set a benchmark for other MSMEs in the traditional food sector. This study underscores the importance of strategic planning in enabling MSMEs to achieve sustainable growth and contribute to broader economic development. Future research could explore the long-term impacts of these strategies on the company's financial performance and market expansion. Additionally, extending the analysis to other MSMEs in similar industries could provide further insights into best practices for overcoming common challenges and driving sector-wide advancement.

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