

## Conference Paper

# Social Enterprise Concept in Sustaining Poultry-Based Agro-Industry Development in Indonesia (Study Case: Entog Jenggot Social Business)

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## Abstract

Small Medium Enterprises Entog Jenggot is a traditional restaurant with entok (Indonesian muscovy duck) as its main course. This enterprise, inspired by Indramayu local food known as "pedesan entog", is one of the models of empowerment of top to bottom, rural to municipal, and agricultural area to consumers axis, aiming at gaining added values. Not yet validated and mapped out, this enterprise, however, requires a host of validation and a scheme of variables that affect the enterprise's growth to be applied in other social enterprise-based agricultural MSI. This research, indeed, is conducted from February to June 2016, using an analytical-descriptive research method consisting of qualitative analysis with design thinking approach and that of quantitative with the AHP (Analytical Hierarchy Process). Having this in mind, it shows that the model of empowerment of MSI Entog Jenggot highlights the empowerment of not only entog breeder in the northern coastal area of West Java, but also the students in rural area of Jatinangor. In the mapped out enterprise, it is found that some advantages occur in the forms of (1) technology mastery, (2) independence, (3) capital rise, (4) significant increase of investment, (5) strengthened collaboration, and (6) the improvement of social impact capable of being replicated in other enterprises. Based on these, the development of the enterprise's process is highly affected by (1) supplying farmer with the point of 0.297 out of 1, being the most influential variable for the existence of the enterprise. This is followed by (2) business actors (0.224), (3) community (0.143), (4) university (0.093), (5) technopreneurial business actor (0.085), (6) the government (0.059), (7) distributor (0.039), (8) banking (0.031), and (9) NGO (0.030).

**Keywords:** Business Model Canvas, Design Thinking, Empowerment, SMEs, Social Business

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## INTRODUCTION

*Entog Jenggot*, an enterprise inspired by local food in Indramayu with the name "Pedesan Entog", started from a spark of enthusiasm by a group of students to open up a restaurant with *entog* (Indonesian Muscovy duck) as its main course. Initially, this group established a small restaurant with no business model and investors. In its first year, it underwent a number of failures along with the closing of *Rumah Makan Entog Jenggot* (*Entog Jenggot* Restaurant). This is due to the high amount of cost structure unaccompanied by the revenue streams, causing not only a breakdown but also loss of interest among its owners. Furthermore, this absence concerns such factors as academic, lousy management, and inaccurate customer segments of *Entog Jenggot*. In the next step, *Entog Jenggot* began to rise by utilizing Fruters Model as shown in Figure 1 [1],[4] and The Collaboration Model as shown in Figure 2 [3], linking the stakeholders such as farmers, universities, government, communities, business actors, and society from upstream to downstream areas [5].

In this research's case, the upstream area is applied in Indramayu while the downstream in Jatinangor.

*Entog Jenggot* highlights the empowerment and contribution to added values for breeders in the northern coastal area of West Java. These breeders are encouraged to produce high-quality raw *entogs* for a higher price. Moreover, they are guided to cut out the boneless meat for a much more marketable *entog*. In doing this, an abundant use of technology is also involved. Analytical Hierarchy Process (AHP) [7] used in this study to sharpen the assessment of each business model part.

## EXISTING BUSINESS MODEL

The canvas of such existing business model of *Entog Jenggot* is based on the social business platform (Figure 3). It should also be noted that there occurs a process of empowerment from upstream to downstream areas, in which each stakeholder like *entog* breeders, government, universities, communities, and society, holds a role to significantly foster the bond of collaboration and added values [6].

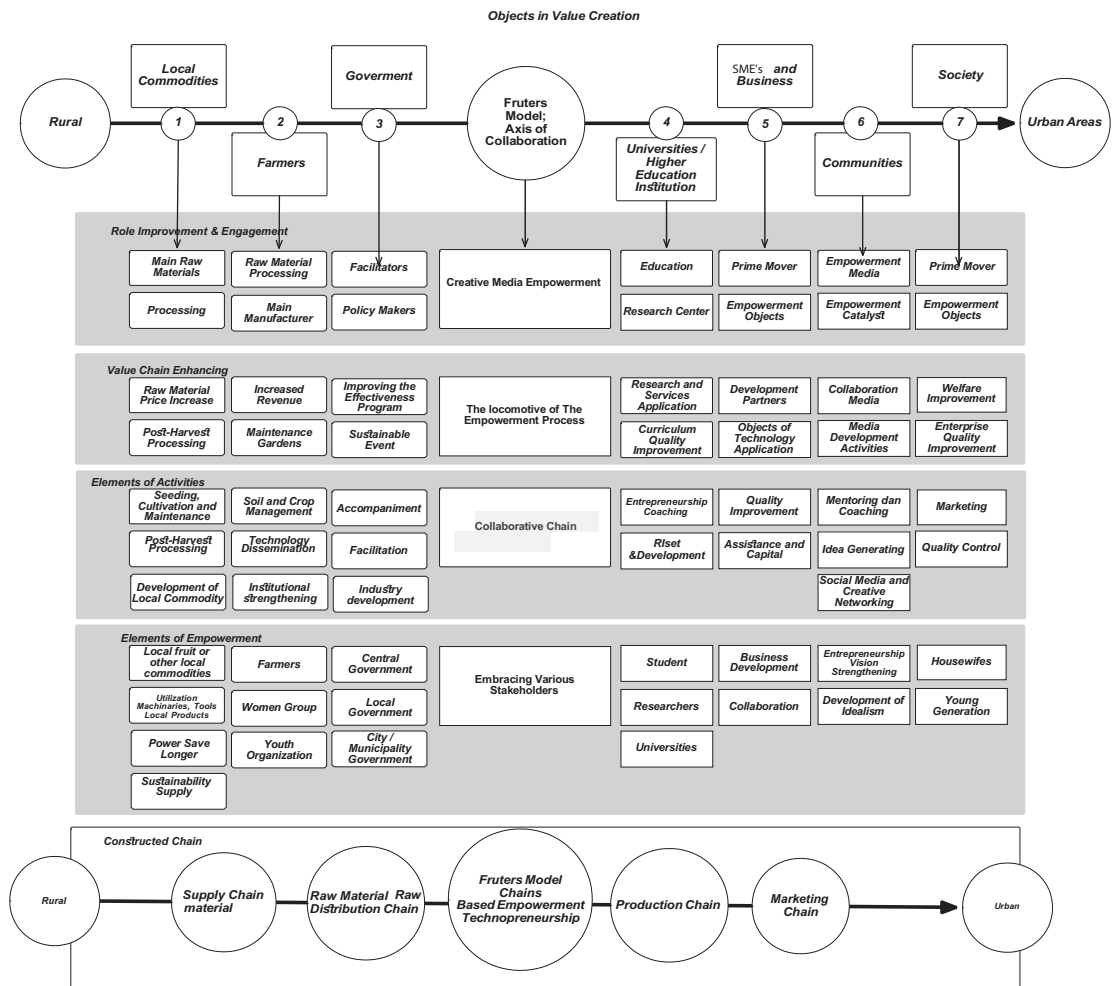


Figure 1: Fruters Model [1, 4].

## MEASUREMENT OF SUCCESS ON THE USE OF FRUTERS MODEL AND COLLABORATION MODEL

The use AHP shows that Fruters Model consists of value propositions, customer segments, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structures [2], resulting in as follows:

The key partners of *Entog Jenggot* showed by following Figure 4.

## CONCLUSIONS

*Entog Jenggot* is a social business Supplying Farmers Business Actors Community University Technopreneurship Business... Government Distributor Banking NGO empowerment in the northern coastal area with 5M characteristics (Man, Method, Material, Machine, and Money). From the humanistic side, Indramayu, from which *Entog Jenggot*

	1	2	3	4	5	6	7
Stakeholders	University	Leading SME's	Technopreneurship Laboratory	Local & Province Government	Community	Public Foundation	Financial Resource
Roles	Centre of Collaboration	Selected as a partner SME SME's are trained partners, research and strategic business partners	Facilitate the needs of the input technology in business processes to be disseminated	Policy and partnerships facilitation . Provide opportunities to access the information	Provide networking access for start-up Business Actors , improve skill and remained on its vision to be Technopreneur	Providers of capital guarantee & managerial assistance	Providers of capital loans and financial assistance
Aspects to be Distributed	Technological input and Collaborate the process within the curriculum Technology Curriculum Learning Method Alumni	SMEs Has good business experience with diverse products High amount of SMEs The needs of Innovation Experienced High Potential of Local Resources	Coaching and Mentoring Centre Technology Management Facilities R&D	Networking Facilities Legal Aspect Policy Access	A sustainable process of building a strong collaboration Multi-background Ide Generating Start-Up Community Collaboration	Collection of Crowd Funding Through Zakat and Donations for social Business Guarantee Fund Coaching Social Entrepreneurship Replication	Capital Resources Banks are committed to develop entrepreneurship which started from zero, without any experiences Coaching Financial Management Financial Partners
Assistance to SMEs	Technology and Management Input	The Axis of Collaboration	Coaching Assistance	Policy access	Networking access	Replication Process assistance	Funding

Figure 2: The Collaboration Model [3] In this research's case, the upstream area is applied in Indramayu while the downstream in Jatinangor.


SOCIAL ENTERPRISE CANVAS					Design For : Entog Jenggot
<b>Mission Statement</b> Creating impact through empowerment by sustaining rural communities development and value creation local commodities.					<b>+Externalities</b> Youth Commu University Government
<b>Problem</b> Price of local muscovy duck is relatively low, it is impacted on the welfare of its breeders. In addition to develop rural areas by developing local commodities, local muscovy duck are chosen as a sample to create value by conducting processing industries based on Muscovy Duck	<b>Key Activities</b> Administration Production Empowerment Process Product Development	<b>Value Proposition</b> Local Poultry Local Culture Local Commodities Local Value Brand Story Design	<b>Beneficiary Relationship</b> Loyalities Emotional Approach Discount	<b>Beneficiaries</b> Breeders Muscovy Duck  Women Communities in Urban Areas  Young Communities in Urban Areas	
<b>Solution</b> The need to increase the value of the Local Muscovy Ducks is introduced by conducting the technology in processing & packaging. This processed products are made from Muscovy ducks with local ingredients which have already accepted by the market. The products are sold with high quality and premium price and using the fair trade platform to ensure its sustainability.	<b>Key Metric</b> Behaviour Changes Omzet Technology mastery Network expansion Independence level Improvements of Social Impact Business continuity		<b>Channels</b> Social Media Retail Stores Cathering	<b>Key Partners</b> Investor Fruits Up SMEs Academicians Creative Community Local People in Indramayu Consultant Business	<b>-Externalities</b> Middle Up Society Restaurant Women Communities in Urban Areas
<b>Cost Structure</b> Distribution Production Supply Training Campaign costs	Investments Cost	<b>Financial Sustainability</b> Retail & Direct Selling Mentor and Training Cathering Product Diversification			
				<b>Impact</b> The development of local food commodities should be giving an optimum added value and benefits all the stakeholders involved, increasing sense of pride, building awareness in a positive culture, Enhancing competitiveness, has a prospective business and industry practices that pay attention to aspects of the environment and its sustainability. Based on the key metrics this process will lead into the activities which will have a real positive impacts to the society.	

Figure 3: Entog Jenggot Business Model.

comes, has a cultural difference with Jatinangor. It is a northern coastal area as well as a border between West and East Java, making it impactful to the customers' taste.

TABLE 1: AHP Results.

No.	Parameter	Most Influenced	Score (out of 1)
1.	Value Propositions	Innovative	0.238
2.	Customer segments	Academicians society	0.445
3.	Distribution Channel	Word of Mouth	0.502
4.	Customer Relationship	Co-creation	0.270
5.	Revenue Stream	Asset selling	0.216
6.	Key Resources	Human Resources	0.333
7.	Key Activities	Production	0.318
8.	Cost structure	Fixed Cost	0.418

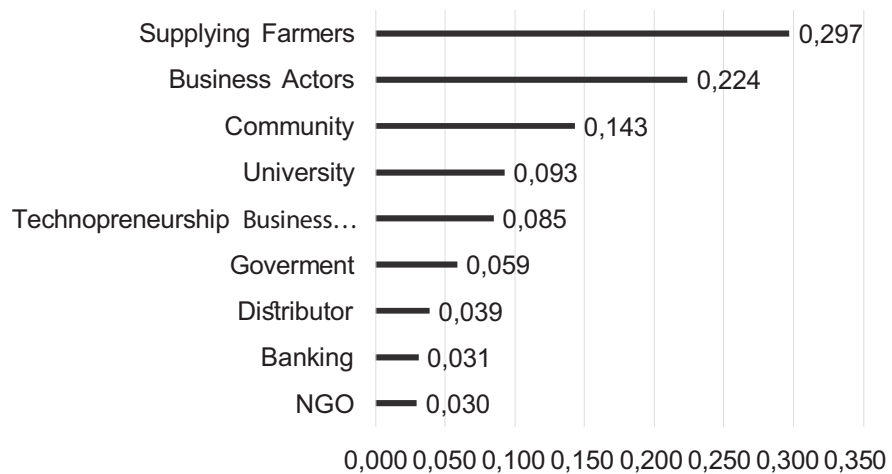


Figure 4: Key Partners.

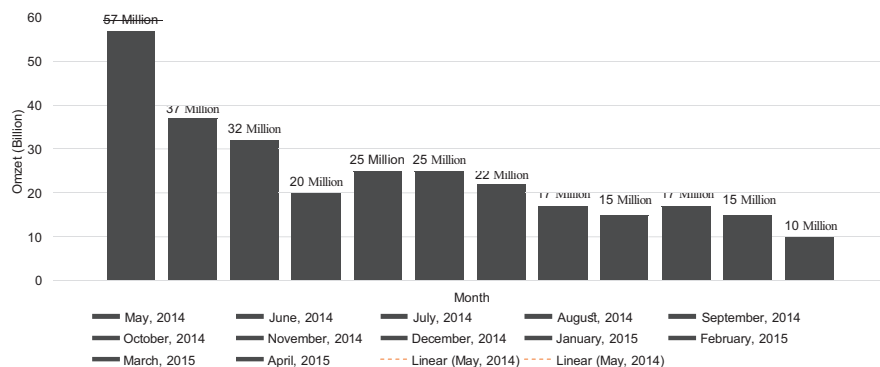
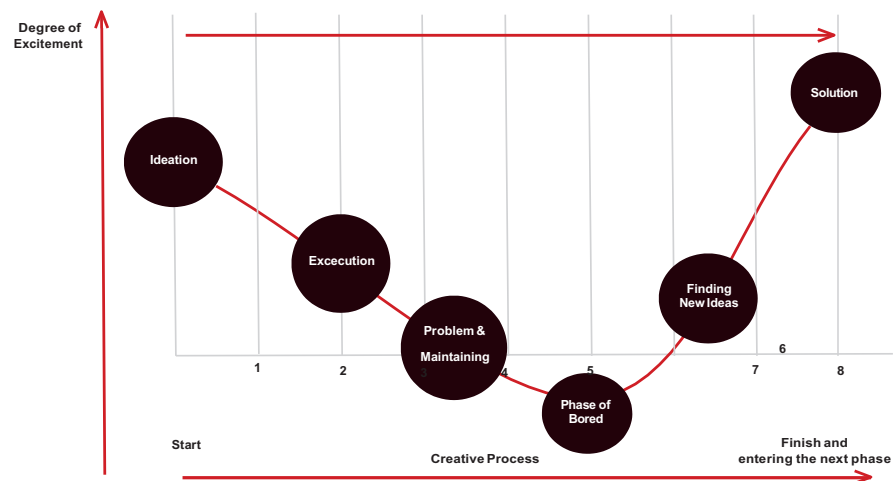


Figure 5: The Development of Entog Jenggog Enterprise from May (2014) to April (2015).

From the results of AHP as shown in table 1 and Figure 4, the sustainability of *Entog Jenggog* as a social business is visible through the collaboration among such stakeholders as academicians, business actors, community, government, farmers, banking, and NGOs, each of whose role significantly fosters the bond of collaboration and added



**Figure 6:** The Diagram of Creative Process [3].

values. In fact, the most influential actor is the supplying farmers (Entog breeders), along with the measurement above.

## SUSTAINING ENTOG JENGGOT SOCIAL BUSINESS

Data showing the sustainability of the enterprise secondary to the collaboration of its stakeholders are the early turnovers of *Entog Jenggot* reaching almost 50 million.

Although showing a turnover fluctuation, as shown in Figure 5, undergoes a rather declining trend. This is mainly due to the problems faced by the enterprise, going through some process called creative process (Figure 6) [3].

From the managerial perspective, the far flung mileage is another challenge for the products accessibility, affecting its cost structure significantly. From the viewpoint of the materials, *entog* is a kind of poultry rarely found around Jatinangor, taking all the way to Indramayu with a more or less 3-hour trip. In terms of machinery, *entog* is a kind of poultry requiring proper technology for the processing in order to have a tender structure of the meat. In monetary perspective, the mileage affects the high cost, thus needing various strategies to gain income, one of which is by selling secondary products consisting of variants of products.

## ACKNOWLEDGEMENT

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