



## Operational Excellence For Innovative And Purposeful Business For Student Study Of Independent Project At Pt Paragon Technology And Innovation To Create Business Plan Baby Skincare

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### ABSTRACT

This study aims to determine operational excellence for innovative and purposeful business for students of independent projects at PT Paragon Technology and Innovation. The type of research used is descriptive analysis method with a qualitative approach. The data used in the form of primary data and secondary data. The final project of joining this Independent Project is implemented into an innovative and purposeful business to create amore natural rich cream, a baby skincare business with natural ingredients and innovating by replacing parabens with leuconostoc fermented as a first bio representative first in Indonesia. Human resource management strategy of study of independent project in this Amore Natural Rich Cream business by applying manpower planning. Where manpower planning is a plan for recruiting human resources in this business by taking into account the qualifications and number of workers needed to make this business run and according to plan. Strategic leadership Students from this business plan is to apply pestel analysis by monitoring the business environment before the business is launched which is seen from the Political, Economic, Social, Technological, Environmental, and Legal aspects. In addition to the PESTEL analysis, it also performs a porters five force. Supply chain management is implemented concept of plan, source, make, deliver, store and customer as well as analyzing demand and production planning. The financial aspect of this business plan is by conducting an investment analysis of the results obtained that this business requires an initial investment as the overall working capital for this business where all this investment is borne 100% from PT Paragon Technology and Innovation. From the results and discussions that have been carried out the investment assessment shows that the discounted payback period (DPP) of the investment plan is 2 years 5 months where investors set a maximum payback period of 4 year. The net present value (NPV) of the investment plan has a positive value of Rp3.358.277.304. The IRR value of the investment plan is 25% greater than the required interest rate of 15The profitability Index (PI) of the investment plan is greater than 1 ( $PI > 1$ ). From the investment analysis investment business plan baby skincare is profitable if implemented.

**Keywords:** Operational Excellence; Human Resource Management; Strategic Leadership; Supply Chain Management; Financial Aspect; Business Plan.

## **INTRODUCTION**

At this time Indonesia is entering the 21st century marked as the century of openness or the century of globalization with the very rapid development of information technology and the development of automation where many jobs that are routine and repetitive in nature are being replaced by machines, both production machines and computers. Also known as the knowledge age, in this era, all alternative efforts to meet the needs of life in various contexts are more knowledge-based. Efforts to fulfill the need for knowledge-based education, knowledge-based economic development, knowledge-based social empowerment and development in the knowledge-based industry (Mukhadis, 2013)

It is undeniable that apart from entering the 21st century, the world is currently entering a new era, namely the Disruption Era which can be interpreted as an era where innovation can help create new markets, but on the other hand it can also disrupt or damage existing markets. In the science of strategic management, disruption is considered a common thing in the business world. Basically, disruption is a natural change that occurs in the business environment, which is always changing and dynamic.

Since ancient times, disruption has actually occurred and is usually caused by the creation of technology that makes business more effective and efficient. The development of technology can indeed be said to be a trigger, because its presence makes everything easier to access. Of course, there will be many people who panic because they are unprepared or late in realizing a change, so that things that have been considered to have been going well suddenly fall and are left behind due to the emergence of a new innovation that destroys the old pattern.

Building an innovative and purposeful business in this disruptive era is indeed not easy, because companies must pay attention to the resources, they have whether they are ready to build an innovative and purposeful business, whether their leaders have operational excellence capabilities that are qualified, especially to build an innovative and purposeful business.

To achieve operational excellence, it is important for companies to pay attention to their human resources, whether they are in accordance with company goals or not. Human resource development is one of the important factors to achieve operational excellence. For this reason, it is necessary to have qualified human resource management capabilities (Sutton, 2012).

Human resource management is an organization, planning, implementation and supervision of the development, procurement, integration and separation of workers in order to achieve the goals of an organization (Mangkunegara, 2013). To create Operational Excellence itself, it is important for a company to pay attention to the human resources they have. Through qualified human resource management, the company can achieve Operational Excellence, especially to build an innovative and purposeful business.

For companies to achieve Operational Excellence, it is important to pay attention to their strategic leadership (Sutton, 2012). Strategic Leadership itself refers to the leader's potential to mobilize and motivate existing resources to achieve the company's vision. Strategic Leadership also has the ability to formulate strategies and provide suggestions for execution.

The main goal of Strategic Leadership itself is to increase productivity through strategic planning and prepare the organization for whatever may happen in the future. Whether it's a completely new risk or a challenge from the past that may repeat itself.

Talking about Operational Excellence certainly cannot be separated from Supply Chain Management.

Supply chain management or commonly known as Supply Chain Management is a series of activities needed to plan, control, and run this product flow including the process of obtaining raw materials, production processes, to product distribution to end consumers, in the most efficient and cost-effective manner (Setiawan & Setiyadi, 2017). The main objective of supply chain management is to manage, and coordinate supply and demand effectively. Thus, problems that may arise in the supply chain management process can be handled effectively and efficiently. To build an Innovative and Purposeful Business, companies must pay attention to their supply chain management. Companies must optimize and maximize their supply chain management and evaluate the shortcomings of their supply chain management.

A good Supply Chain Management strategy can provide a qualified Operational Excellence to build an Innovative and Purposeful Business is a management strategy that helps manufacturers optimize their performance in the areas that really matter, achieve preferred supplier status, and survive in a highly competitive market.

To encourage, build and implement operational excellence capabilities owned by MBKM project study students, Paragon assigns independent MBKM project study students to implement their Operational Excellence to build innovative and purposeful business plans. In making a business plan baby skincare, it is also important to pay attention to the financial aspects and financial analysis of a business. In financial analysis, there are several aspects that are considered to build the business, such as working capital, investment capital, financial statement projections, investment appraisal and financial statement analysis.

## **LITERATURE REVIEW**

### **Innovative and Purposeful Business**

Innovative or what we know as innovation is one of the choices of corporations in facing market competition and sustainable management. Innovation as an effort from the company through the use of technology and information to develop, produce and market new products for the industry (Freeman, 2004). In other words, innovation is the modification or discovery of ideas for continuous improvement and development to meet customer needs. Purposeful Business helps innovators see beyond today's conventions to improve the quality of innovation. And Purpose counters the natural risk aversion that large corporations have of innovation. This increasing the quantity of effective innovation, often without raising the price tag.

### **Business Plan**

A business plan is a written document that describes the nature of your business. This document must contain a detailed sales and marketing strategy, financial condition, as well as income and expenses during the course of running the business. According to Hisrich, Robert, & Peters (1995) a business plan is a written document prepared by an entrepreneur that describes all the relevant elements both internal and external regarding the company to start a business. The content is often an integrated plan regarding marketing, capital, manufacturing and human resources. Meanwhile, according to Daft (2007) a business plan is a document that details the business details prepared by an entrepreneur before opening a new business.

### **Operational Excellence**

Today's business competition is very tight because the changing times are very fast and innovative. To win the competition, an organization or company must have an advantage or difference with its

competitors. Operational Excellence should be owned by every organization or company today in running its organization (Dugan K., 2012). In the current era, Operational Excellence has become an important factor to increase productivity and efficiency in an organization or company (Schwientek & Schmidt, 2008).

Operational Excellence or what we can call Operational Excellence is a system performance and process integration from the creation of the right strategy, competitiveness, and speed of formation of operational value, flexibility and adaptation level (Wight, 2000). Operational excellence consistently talks about quality, speed, reliability of delivery of goods and innovation (Wallace, 2008). According to Thompson & N. (2006) operational excellence is about continuous change over time of all elements in management.

### **Human Resource Management**

The influence of human resources today is very large in influencing the achievement of a company or organization, both profitable organizations, such as private business organizations or government offices, most of which are not benefit. The task of human resources is to realize the optimal utilization of human resources in an organization or company. The scope of human resource management itself includes the procurement, development, and maintenance of human resources within an organization or company

According to Mangkunegara (2013) Human resource management is an organization, planning, implementation and supervision of the development, procurement, integration and separation of workers in order to achieve the goals of an organization.

### **Strategic Leadership**

Strategic leadership is the ability of a leader to direct, manage an organization and also other individuals without coercion through the vision and mission that has an impact on the survival of the organization. According to Rowe (2001) that Strategic Leadership is a leadership style that is able to increase the long-term viability of the agency through a clear vision and also maintain a stable level of short-term financial satisfaction.

### **Supply Chain Management**

Supply Chain Management or what can be called supply chain management is the management of the flow of goods and services that includes all processes that turn raw materials into final products. This involves the active streamlining of business supply-side activities to maximize customer value and gain a competitive advantage in the marketplace. Supply chain management (SCM) is centralized from the flow of goods and services and includes all processes that turn raw materials into final products. By managing the supply chain, companies can cut excess costs and deliver products to consumers faster.

### **Financial Aspect**

Financial aspect is describing a projection of the amount of funding or startup capital needed, what sources of capital can and will be used, and what kind of return can be expected on the investment (Investopedia, 2017). Calculate any financing requirements that will arise, and analyze the potential sources of financing available, such as business loans or outside investment.

Rangkuti (2012) the analysis of financial aspects in business aims to study matters relating to cash flow as well as sources of funds and financial estimates, both expenses or expenses that may occur during the production and operational period of the planned project. That way, investors who invest

their capital in a place can find out the costs needed and the estimated results that will be obtained with the investment to be invested.

## **METHODS**

The type of research used is descriptive analysis method with a qualitative approach. The data used in the form of primary data and secondary data. This research method is carried out by providing effective learning for 10 weeks by providing material both synchronously (through online meetings) and asynchronously (with the provision of teaching videos for each material). Each material presentation will also be accompanied by a quiz/practice to ensure participants' understanding.

The object of this research is independent campus students who take part in independent project studies at PT Paragon Technology and Innovation. The place where this research was conducted was at PT. Paragon Technology and Innovation. Conducted on August 1, 2021-30 November 2021 with the type of online activity

Operational Excellence for Innovative and Purposeful Business Independent Study Activities include individual learning and a final project. In individual learning, each participant will take classes in asynchronous form by watching learning videos and in synchronous form by attending online meetings where participants can consult with experts regarding the material they are learning.

In addition, each participant will have a personal mentor as a place of consultation if non-academic difficulties are encountered in participating in the lesson. In the final project, participants will be required to implement Operational Excellence Skills in the form of Human Resource Management, Strategic Leadership and Supply Chain into the final project in the form of an Innovative and Purposeful Business Plan.

## **DISCUSSION**

### **Background of the Business Plan**

Newborns usually have more sensitive, dry and flaky skin Argentina (2016). Their skin is prone to irritation and rashes due to temperature or certain ingredients. This is because baby's skin is 30% thinner than adult skin, so certain chemicals to small scratches can trigger irritation to baby's skin, so it's important to pay attention to the ingredients in baby skin care. accurately and carefully. Parabens are a group of chemical substances that are usually used as preservatives in cosmetic and pharmaceutical products. Parabens are synthetic preservatives, and are usually combined with other ingredients such as methylparaben, ethyl paraben, butylparaben, and propylparaben. For baby skincare products, parabens are one of the ingredients that need to be avoided.

Now, research has been carried out and it has been found that there is an ingredient that is proven to be an alternative to parabens, namely *Leuconostoc Fermentation LLC* (2018). *Leuconostoc* fermentation itself is a fermented bacterium, usually this bacterium comes from the roots of red beetroot.

Based on the background above, I am interested in building a special babyskincare business using *Leuconostoc* fermentation ingredients which are proven to be safe on baby's skin. To support this business, PT Paragon Innovation and Technology is interested in investing its capital to build this business. This business will be named *Amore* which is taken from Italian which means Love, proof of Paragon's love story to babies by providing the highest quality products. Value Proposition:

1. Providing the first bio preservative product in Indonesia in the form of *Leuconostoc* ferment as a substitute for parabens
2. Protect sensitive skin from the use of harmful ingredients such as parabens
3. Provides a sense of comfort because it has been tested by BPOM and MUI as well as recommendations from experts

### **Product Profile**

Natural Rich Cream from Amore is a cream product that is useful for relieving diaper rash while keeping baby's skin protected. This cream can overcome skin problems in babies such as eczema, irritation skin. This product contains *Leuconostoc* as a substitute for parabens with natural ingredients. This product is clinically proven to be more moisturizing and contains Panthenol which will help heal wounds and help the skin regeneration process.

### **Market Analysis**

Estimated target market is determined based on a survey previously conducted by the company. In addition, this estimate also takes into account the market trend that is very open to similar skincare brands. The estimated for baby skincare is 343.053 and purchase decision for amore natural rich cream is 5.300 Pcs per month.

The percentage of target market distribution by province is based on the level of distribution of millennial moms and the province with the most sales of baby skincare products. Based on the data above, it can be seen that 25% of the target market is in the province of West Java, 20% of East Java, 15% of Central Java, 10% of North Sumatra and 30% of other provinces in Indonesia

### **Human Resource Management**

Based on the analysis, it can be seen that Amore's manpower planning consists of six parts, namely Managers need 1 Person with the required qualifications, namely Able to lead a team and make good strategic planning, Able to make decisions effectively and efficiently, Able to bring the company through uncertain changes, can see opportunities. The marketing and branding department has 2 persons with qualifications, namely being able to analyze the market, able to create unique strategies for marketing and branding, understand customer desires and be able to create project events. The Research and Development Department needs as many as 1 people with qualifications Able to make product formulations that are safe for the skin of mothers and babies, problem solving abilities and have good teamwork. Human resources department as many as 1 person with qualifications Ability to create employee learning and development programs, Able to create employer branding strategies, Able to develop talent acquisition and good communication strategies and lastly there is 1 person Finance department with qualifications Able to manage and manage good financial planning, Honest in work and and Able to formulate a budgeting strategy. This business requires 6 people when the business is launched and will increase over time.

### **Strategic Leadership**

This pestel analysis is used to measure and analyze the planning of Amore's own business by paying attention to how the impact of the Politics, Economics, Social, Technology, Environment, and Legal on Amore.

Porter 5 Forces is a tool used to analyze how the competitive environment will affect the marketing of a product. This tool is very simple but very powerful to analyze and understand the situation of the business being run.

SWOT analysis or analysis is a technique or strategy planning method that aims to evaluate the strengths, weaknesses, opportunities, and threats of a company in a project or business.

## Supply Chain

Figure 1. Supply Chain Flow Amore



Amore uses the supply chain concept of Plan, Source, Make, Deliver, Store and Customer. Plans on Plan Amore plan what products are made, do planning through continuous research and development looking for solutions to existing problems and seizing opportunities to become business fields. At the Source Amore stage, we look for raw materials to produce products such as *Leuconostoc* fermentation and other raw materials and packaging from suppliers for products. After that, enter the Make stage, Amore products are made with high standardization with updated technology in accordance with the standards and quality of Paragon then sent to PT Parama Global Inspira for a thorough check of the product. After the Deliver stage, it is distributed to their respective stores such as physical stores and online stores, in the last stage of the supply chain, it is customers who buy and feel the benefits of Amore quality products.

## Demand & Production Planning

The production capacity for the machine alone can produce up to 100,000 products in a year. But Amore itself optimizes the work of the production machine with other skincare from other Paragon brand lines. In 2022, product sales are estimated will be 63,600. In 2023, sales growth of 5% is due to the fact that the product is still new and is still experiencing market penetration as well as a surge in the birth rate. become a market opportunity so that demand and production planning for Amore natural rich cream is 66,780 products. In 2024, product sales are targeted to increase sales by 10% from 2023, which is as many as 73,458. and in 2025 it is predicted that the birth rate will increase so that this becomes a new opportunity, so in 2025 the planning for demand and production of a more natural rich cream has increased by 15% from the previous year, which was 84,477.

## Financial Aspect

### Cost Calculation

#### 1. Investment Cost

Investment costs are costs incurred to support the operations of this business. In Amore's business, the investment costs are in the form of initial working capital issued to support this business. This business does not require investment in building and office equipment because it is available from PT Paragon Technology and Innovation.

#### 2. Direct Production Cost

Purchases of raw materials are obtained from suppliers of *Leuconostoc* Fermentation and suppliers of supporting materials from PT Paragon Technology and Innovation. Calculation of direct production costs is calculated for each unit of Amore Natural Rich Cream product

Table 1. Direct Production Costs of Amore Natural Rich Cream Using Parabens

NO.	NAME	INGREDIENTS	PRICE (RP)
1.	Paraben	Raw	600
2.	Material supporting	Raw	31.000
3.	PACKAGING	SUPPORT	5.000

**Continued Table 1.**

No.	Name	Ingredients	Price (Rp)
4.	<b>Plastic Packaging</b>	<b>Support</b>	500
5.	Carton Packaging	Support	1.000
Total Cost of Amore Natural Rich Cream per Product			38.100

Source: Processed data (2021)

Table 2. Direct Production Costs of Amore Natural Rich Cream Using Leuconostoc Fermentation

No.	Name	Material	Price (Rp)
1.	Ferments Leuconostoc	Raw	200
2.	Material supporting	Raw	31.000
3.	Packaging	Support	5.000
4.	Plastic Packaging	Support	500
5.	Carton Packaging	Support	1.000
Total cost of Amore Natural Rich Cream ingredients perProduct			37.700

Source: Processed Data (2021)

From the table above, it can be seen that the production cost using Leuconostoc Fermentation is more profitable Rp400 per product than production using Paraben. Amore natural rich cream products using parabens, apart from direct product costs, can also harm the skin, so it is better to replace it with Leuconostoc fermentation at a cheaper price and not harmful to baby's skin.

### 3. Direct Labor Costs

Direct labor costs are labor efforts that do work directly related to the production floor. All labor wages have increased by 3% in year.



Table 3. **Direct Labor Cost**

Work Element	Total Manpower	Monthly Wages (Rp)
Transportation	2	5.000.000
Packaging	3	7.500.000
Material Handling	2	5.000.000
Total	7	17.500.000

Source: Processed Data

#### 4. Indirect Labor Cost

Indirect labor wages are costs incurred as compensation for workers

Table 4. **Indirect Labor Cost**

Department	Total Manpower	Monthly Salary (Rp)
Manager	1	8.000.000
Marketing and Branding	2	12.000.000
Research and Development	1	6.000.000
Human Resource	1	6.000.000
Finance Department	1	6.000.000
Total	6	38.000.000

Source: Processed Data

#### 5. Factory Overhead Cost

Factory overhead costs are costs incurred by the company that are not directly related to production where these costs consist of research and product development costs, electricity costs, product packaging costs, telephone and internet costs, transportation and distribution costs, administration and marketing costs, maintenance and material costs. fuel production machines, building maintenance costs, machine depreciation costs, building depreciation costs. Details of overhead costs can be seen in Table 5. The following.

**Table 5. Factory Overhead Cost**

Overhead Factory Cost	Cost (Rp) / Month
Research and Development Cost	10.000.000
Electricity Cost	20.000.000
Product Packaging Cost	5.000.000
Telephone and Internet Cost	4.000.000
Transportation and Distribution Cost	12.000.000
Administration and Marketing Cost	45.000.000
Maintenance and Fuel Machine Cost	40.000.000
Building Maintenance Costs	15.000.000

**Continued Table 5.**

Overhead Factory Cost	Cost (Rp) / Month
Building Depreciation Cost	10.000.000
Machine Depreciation Cost	10.000.000
Total	171.000.000

Source: Processed Data (2021)

### **Cost of Goods Sold**

Cost of Goods Sold or COGS is a term in financial that used to describe the total direct costs incurred by companies arising from goods and or services produced and sold in business activities in one period.

Table 6. Calculation of Cost of Goods Sold

No	Cost	Price (Year)	COGS per Product(63.600)
1.	Direct production Cost	2.397.720.000	37.700
2.	Direct Labor Cost	210.000.000	3.302
3.	Factory Overhead Cost	2.052.000.000	32.264
Total per product			73.266

Source: Processed Data (2021)

### Increase in Production Costs

Production costs are assumed to increase by 3% annually due to inflation and the increase in the cost of other raw materials. The need for production costs in 4 years due to this increase is shown in List below.

Table 6. Calculation of Increase in Production Costs

Product	Year	Calculation of Increase in Production Costs (Rp)	Production Target/Year	Total Production Cost (Rp)
Amore Natural Rich Cream	2022	73.266	63.600	4.659.717.600
	2023	75.464	66.780	5.039.485.920
	2024	77.728	73.458	5.709.743.424
	2025	80.060	84.477	6.763.228.620

Source: Processed Data (2021)

In 2022 the product cost per unit is Rp73.266 with a production target of 63,600 per year with a total production cost of Rp4.659.717.6000. In 2023 the production cost per unit is Rp75.464 with an annual production target of 66,780 products per year with a total production cost of Rp5,039,485.920. In 2024 the production cost per unit is Rp77.728 with a production target of 73,458 per year with a total production cost of Rp5.709.743.424 In 2025 the production cost per unit is Rp80.060 with a production plan of 84.477 with a total production cost of Rp6.763.228.620.

### Selling Price per Product

Selling Price per Product is the sum of production costs plus expected profit. The value added tax is borne by the consumer by adding it to the selling price per product. The selling price after the addition is Rp130,000 for Per Product. For the next 4 years, the cost of goods sold will remain the same, which is Rp130,000 without any additional SPPP, even though production costs have increased. But in the fifth year the cost of basic prices will increase with the reformulation of renewable materials again.

## Projected Cash Flow Amore

Table 7. Projected Cash Flow Amore

Description	Year (Rp)			
	2022	2023	2024	2025
<b>Inlow</b>				
Sales	8.268.000.000	8.681.400.000	9.549.540.000	10.981.971.000
Total Inflow	8.268.000.000	8.681.400.000	9.549.540.000	10.981.971.000
<b>Outflow</b>				
Production Cost	4.659.717.600	5.039.485.920	5.709.743.424	6.763.228.620
Fix Cost	456.000.000	456.000.000	456.000.000	456.000.000
Gross Profit Before Tax	3.152.282.400	3.185.914.080	3.383.796.576	3.762.742.380
Tax	788.070.600	796.478.520	845.949.144	940.685.595
Net Profit	2.364.211.800	2.389.435.560	2.537.847.432	2.822.056.785
Initial Cash	-	2.364.211.800	4.728.423.600	7.266.271.032
Final Cash	2.364.211.800	4.728.423.600	7.266.271.032	10.088.327.817

Source: Processed Data (2021)

## Investment Appraisal

### 1. Payback Ratio

In this business, the investor PT Paragon Technology and Innovation, expecta payback ratio in the 5th year this business is running.

Table 8. List of Payback Period

Year	Net Cash Flow (Rp)
2022	2.364.211.800
2023	2.389.435.560
2024	2.537.847.432

Year	Net Cash Flow (Rp)
2025	2.822.056.785

Source: Processed Data (2021)

$$\text{Payback Period} = n + \frac{a+b}{c-b} \times 1 \text{ Years}$$

$$a = 5.903.788.200$$

$$b = 4.728.423.600$$

$$c = 7.266.271.032$$

$$\text{Payback Period} = 2 + \frac{5.903.788.200+4.728.423.600}{7.266.271.032-4.728.423.600} \times 1 \text{ Years}$$

$$\text{Payback Period} = 2 + \frac{1.175.355.6000}{2.537.847.432} \times 1 \text{ Years}$$

$$\text{Payback Period} = 2 + 0.5 \times 1 \text{ Year}$$

Payback Period = 2,5 Year Decision criteria:

- a. If the payback period of an investment/project plan is shorter than the payback period set by the investor/company, the investment/project plan is accepted.
- b. If the payback period of an investment/project plan is longer than the payback period set by the investor/company, the investment/project plan is rejected.

From the results of these calculations indicate that the payback period of the investment plan is 2.5 years (2 years 5 months), where investors set a maximum payback period of 4 years, the plan is profitable if implemented.

## 2. Net Present Value

The interest rate used as an assumption in this NPV calculation is 3.5% in 2022. NPV is calculated until the fourth year for subsequent years, the income will be included in the book value of the fourth-year investment.

Description:

CF<sub>t</sub> = annual cash flow in period t  
I<sub>0</sub> = Initial investment in year 0

k = interest rate (discount rate)

Table 9. The Calculation Results of Net Present Value

Periods	Cash Flow (Rp)	Net Present Value	Result
2022	2.364.211.800	$\frac{2.364.211.800}{(1+0,035)^1}$	2.284.262.609

Continued Table 9.

Periods	Cash Flow (Rp)	Net Present Value	Result
2023	2.389.435.560	$\frac{2.389.435.560}{(1+0,035)^2}$	2.230.563.663

2024	2.536.847.432	$\frac{2.536.847.432}{(1+0,035)^3}$	2.287.979.781
2025	2.822.056.785	$\frac{2.822.056.785}{(1+0,035)^4}$	2.459.259.451
Total PV			9.262.065.504
First Year Total Investment			5.903.788.200
Total Net Present Value			3.358.277.304

Source: Processed data (2021)

Decision criteria:

- If the NPV is greater than zero or positive, then the investment proposal/project received.
- If the NPV is less than zero or negative, then the proposed investment/project rejected.
- If there are two mutually exclusive investment plans/projects, then The investment/project with the largest positive NPV is selected.

From the results of the above calculations indicate that the Net Present Value (NPV) of the investment plan has a positive value of Rp3.358.277.304, - so the decision is that the investment plan in the amore natural rich creambusiness is feasible to implement.

### 3. Internal Rate of Return

Internal Rate of Return is the internal rate of return or interest rate (discount rate) that will equate the Total Present Value of Cash in Flow with the Initial Investment (Io). In this business the company expect that interest that they get is 15%. The formulation used to find the IRR is as follows:

Table 10. Calculation of Internal Rate of Return

Periods	Cash Flow (Rp)
2022	2.364.211.800
2023	2.389.435.560
2024	2.536.847.432
2025	2.822.056.785

Source: Processed Data (2021)

$$\frac{CF_1}{1 + IRR} + \frac{CF_2}{(1 + -IRR)^2} + \frac{CF_3}{(1 + -IRR)^3} + \frac{CF_4}{(1 + -IRR)^4} - 5.903.788.200 = 0$$

Decision criteria:

- a. If the IRR is greater than the cost of capital, the project is accepted
- b. If the IRR is less than the cost of capital, the project is rejected.

From the results of the trial-and-error calculations, it was found that the IRR value was 25%. Because  $IRR > 15\%$  so this Amore natural rich plan is profitable if implemented.

#### 4. Profitability Index

$$PI = \frac{9262.065.504}{5.903.788.200}$$

$$PI = 1,57$$

Decision criteria:

- a. If  $PI \geq 1$ , the investment/project proposal is accepted.
- b. If  $PI < 1$ , then the investment/project proposal is rejected.

From the results of these calculations indicate that the profitability Index (PI) of the investment plan is greater than 1 ( $PI > 1$ ), then the investment plan is profitable if implemented

## DISCUSSION

### Analysis Purposefull and Innovative Businiss Plan

The business plan that you want to build is a business that is engaged in cosmetics, especially skincare for the baby product line. Where I used the first bio representation in Indonesia, this started from my concern when I saw a lot of products, especially baby products, that still use parabens. Where in long-term use will be very dangerous for the baby's skin. Therefore, I am interested in creating renewable products by paying attention to every ingredient in the ingredients and using natural ingredients.

I created a new product, namely Amore Natural Rich Cream, a cream that is formulated with 100% of natural ingredients with ingredients that are safe for baby's skin. replacing parabens with leuconostoc fermentation, apart from being a substitute for preservatives, this content can also act as an anti-bacterial with a moisturizer that is more moisturizing than parabens. The price of this product is also relatively cheap for similar products, which is Rp130,000. The target market of this product is millennial moms, why did I take millennial moms because from the analyzed target market it can be identified that currently the population of millennial moms is more than the previous generation and 90% of millennial moms choose to routinely use skincare routinely and intensely and pay attention to the content a product, especially a baby product.

### Analysis Human Resource Management

It is important to pay attention to the existing human resources, especially to build a business, for that in this business my plan to divide human resources into 6 major parts, namely Manager as a decision maker and determining strategy, marketing and branding as a marketing team and building amore branding in the market, research and development as a more research and development team where not only one product but also further development in the future, Human resources as a regulator of existing resources ranging from giving salaries to motivating other workers and finally there is a finance department that manages finances from this business starting from money in to money out and managing finances to maximize the prosperity of a company. This Human resource is in line with

research and implementing human resource strategies (Sunarto, 2020 ; Widiastuti, 2019 ; Atmaja, 2018 ; Titisari, 2018).

### **Analysis Strategic Leadership**

Strategic leadership is a leader's ability to visualize, plan, lead, and make the best out of the resources they have to execute strategies efficiently and successfully. Strategic leaders marry their strategic plan to their strategic management. There are several strategic leaderships that I do, one of them is pestel analysis. Where the pestel analysis consists of analysis by considering aspects of Politics, Economics, Social, Technology, Environment, and Legal. Next, I use a strategy by analyzing Porter 5 Force such as high supplier power which identifies that raw materials can only be purchased from certain suppliers, high power of buyer which identifies that it must always increase customer loyalty and satisfaction with the product, high competitive rivalry which identifies that must carry out an aggressive marketing strategy, low threat of substitution that develops its products to be more attractive, so that consumers do not easily turn away from the product and lastly there is a high threat of new entrants that this industry already has high technology so it is quite difficult to enter this industrial market.

SWOT analysis is a very simple tool, but it really helps you to develop a business strategy where this swot stands for Strengths (strengths), Weaknesses (weaknesses), Opportunities (opportunities), and Threats (threats). A SWOT analysis organizes your main strengths, weaknesses, opportunities and threats into an organized list and is usually presented in a simple grid bar. From the analysis conducted that the strength of this business is Using high quality and environmentally friendly materials, weakness The product is still new so not many people know about it, the opportunity of this business is More and more mothers are aware of their baby's skincare and threats from This business is that these are Competitors who are fast adopting technology. The implementation of strategic leadership in this study is in line with that carried out by Priadana (2021), Al Thani (2020) and Kowo (2019) when they said strategic leadership has significant effect on the success of a company in achieving operational excellence

### **Analysis Supply Chain Management**

Amore uses the supply chain concept of Plan, Source, Make, Deliver, Store and Customer. The plan in this business is to plan what products will be made by doing a market analysis and what opportunities can be taken from this business. The plan is to find out what ingredients are substitutes for parabens, then research analysis is carried out and the answer is found, namely by leuconostoc fermentation. At the Source Amore stage, we look for raw materials to produce products such as Leuconostoc fermentation and other complementary raw materials specifically with natural ingredients and packaging from certain suppliers for products. At the Make stage, Amore's products were carried out by previous research in collaboration with dermatologists and people who are experts in their fields and then made with high standardization with the latest technology according to Paragon standards and quality and then sent to PT Parama Global Inspira for a thorough product check. After the Deliver stage, it is distributed to respective stores such as physical stores and online stores, in the last stage of the supply chain, it is the customers who buy and feel the benefits of higher quality products.

Production planning and product sales are analyzed based on the analysis of the target market and considered from various aspects. Sales planning is seen from year to year by looking at the opportunities that exist, namely the surge in the birth rate due to the covid 19 pandemic, sales also experience different growth from year to year, namely in the second year experiencing 5% growth. Then in the third year it grew by 10% and the last one grew by 15%. This Research is in line with what



was done by Juzer (2019), Ardito (2019) and Kusumawardhani (2019) that paying attention to strategic Supply chain management can maximize the performance of each company.

### **Analysis of Financial Aspects**

The investment costs incurred for this business are fully supported by PTParagon Technology and Innovation. Investments are supported in the form of working capital and all equipment, machinery and buildings have been facilitated. Here there is a difference between direct production costs with parabens and after replacing parabens with leuconostoc fermentation, it can be seen that if the company replaces parabens with leuconostoc, it can save production costs of Rp400. Besides being able to save production costs, it can also protect the baby's skin.

The direct labor costs in this business are Rp17,500,000 a month for 7 workers. The transportation department is 2 people with a salary of Rp5,000,000, the packaging section is 3 people with a salary of Rp7,500,000, and the material handling section is 2 people with a salary of Rp5,000,000.

Indirect labor costs incurred as much as Rp38,000,000 with 6 workers from 5 departments. Direct labor costs are Rp38,000,000 for a month with 5 major divisions, namely 1 manager with a cost of Rp8,000,000, Marketing and branding as much as 1 person with a salary of Rp6,000,000, research and development as many as 2 people with a wage of Rp12,000,000. Human resource management as many as 1 person with a salary of Rp6,000,000 and the last is the finance department as much as 1 person with a cost of Rp6,000,000.

Overhead costs incurred are costs incurred for this business but are not directly related to the production process. Overhead costs incurred are Rp171,000,000 for a month for the purpose of paying for research and product development costs, electricity costs, product packaging costs and other costs.

Cost of Goods Sold from this product is Rp73.266 and then increase in production costs is assumed to increase by 3% every year, in fact this is assumed to be an increase because variable costs and other costs usually occur due to rising inflation or other external factors. With the Selling price is Rp130,000, there will be an increase in the product but with a new reformulation as well.

Cash flow in the first year was as much as Rp2.364.211.800. and increased continuously in the following year. The net cash flow value entering the fourth year was Rp10.088.327.817, - this increase increased because it followed the increase in production volume which increased profits.

From the results of these calculations indicate that the payback period of the investment plan is 2.5 years (2 years 5 months), if the investor sets a maximum payback period of 4 years, the plan is profitable if implemented. From the above calculation results indicate that the Net Present Value (NPV) of the investment plan has a positive value of Rp3.358.277.304, - so the decision is that the investment plan in the amore natural rich cream business is feasible. From the results of the trial-and-error calculations, it was found that the IRR value was 25%. Because  $IRR > 15\%$ , so this Amore natural rich plan is profitable if implemented. From the results of these calculations indicate that the profitability Index (PI) of the investment plan is greater than 1 ( $PI > 1$ ), then the investment plan is profitable if implemented. Financial Planning on this financial aspect of this business is in accordance with previous research conducted by Peter (2019) to pay attention and analyze in terms of costs and investment whether or not a business is feasible or not. And this business is profitable if implemented.

## CONCLUSIONS

Based on the results of research and discussion that have been described in the previous chapter, this research can be concluded as follows:

1. The final project of joining this Independent Project is implemented into an innovative and purposeful business plan baby skincare, while the business created is Amore natural rich cream, a baby skincare business with natural ingredients and innovating by replacing parabens with leucanostoc fermented as a first bio representative first in Indonesia. The ingredients here is the as value added that is conveyed to buyers, namely baby skincare that pays more attention to the content in each ingredient and skincare at a price and quality that is much better than similar products.
2. Human resource management strategy of study of independent project in this Amore Natural Rich Cream business by applying manpower planning. Where manpower planning is a plan for recruiting human resources in this business by taking into account the qualifications and number of workers needed to make this business run and according to plan.
3. Strategic leadership Student study of independent project in this Amore natural rich cream business plan is to apply pestel analysis by monitoring the business environment before the business is launched which is seen from the Political, Economic, Social, Technological, Environmental, and Legal aspects. In addition to the PESTEL analysis, it also performs a porters five force analysis such as supplier power, power of buyers, competitive rivalry, threat of substitution and threat of new entrants and the last of these strategic leadership strategies is to conduct a swot strategy analysis namely Strengths, Weaknesses, Opportunities, and Threat
4. Supply chain Management Students study of independent project on the Amore Natural Rich Cream business plan, namely by carrying out supply chain planning with the concept of plan, source, make, deliver, store and customer as well as analyzing demand and production planning.
5. The financial aspect of this business plan is by conducting an investment analysis of the results obtained that this business requires an initial investment as the overall working capital for this business where all this investment is borne 100% from PT Paragon Technology and Innovation. From the results and discussions that have been carried out the investment assessment shows that the discounted payback period (DPP) of the investment plan is 2 years 5 months where investors set a maximum payback period of 4 years, so this business plan is profitable if implemented. The net present value (NPV) of the investment plan has a positive value of Rp3.358.277.304, - so the decision is that the investment plan in the Amore natural rich cream business is feasible. The calculation results show that the IRR value of the investment plan is 25% greater than the required interest rate of 15%. So that the investment plan in Amore Rich Cream is feasible to implement. From the results of these calculations indicate that the profitability Index (PI) of the investment plan is greater than 1 ( $PI > 1$ ), then the investment plan is profitable if implemented.

## Suggestion

The suggestions in this study are:

1. It is recommended that PT Paragon Technology and Innovation facilitate Study of Independent Project in a special laboratory to be involved in researching other bio preservative materials.
2. Directly involved in the recruitment process so that students have real experience, but also directly to manage existing resources.
3. Provide technical guidance to students studying independent projects more deeply in order to improve understanding of strategic leadership and provide direct problems faced by companies.

4. The practice of going to the field directly at the PT Paragon Technology and Innovation factory so that students see firsthand how the production process of a product.
5. Based on the conclusions above, the Amore natural rich cream business plan can be realized into a real business to be run by investors, namely PT Paragon Technology and Innovation. Besides that, it can also be used as a comparison, reference in making skincare especially in the line of baby needs.

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