

CHAPTER IV

BUSINESS IMPLEMENTATION ANALYSIS

IV.1 Activity Report

This activity report will be based on the last three months (May-July) where Merci has made sales. During these three months, Merci has produced hampers for:

- 1) Ramadan
- 2) Google by request

A few results were produced from all plans that were executed by Merci during the course of the months of May to July:

- 95% of Merci's customer database are companies and firms.
- There were a total of 8 companies that purchase hampers from Merci Hampers. (See Appendix 1).

IV.1.1 Operational Implementation

On July 16th, a national holiday of Ramadan occurs in which Merci have a chance to do business in. In the months of May, June and July, Merci started planning on concept and design, searched and shipped materials, marketed to the desired companies and assembled the boxes. Last but not least, delivery to the recipients are arranged. There are a few operational activities that Merci implemented according to the operational plan that was intended to provide fast and quality service and therefore satisfy corporate clients who were in a hurry. As Merci have planned, all operational activities have been carried out, however, there are some operational activities that were not accomplished. Below in Table 4.1 is the breakdown of activities that were done.

Table 4.1 Operational KPI Gap Analysis

KPI	Status	Explanation
Operational Partner with expedition company	Not Achieved	There were some small expedition companies that Merci approached, but still have not gotten one who is able to do small scale delivery service.
Create order form for companies	Achieved	An order form is created for companies to fill-in
Create SOP for partnerships, ordering and distribution	Achieved	This SOPs were made and taught to the new staff

Source: Merci's elaborated data

To Merci Hampers, partnering with an expedition company is very beneficial for the long term in terms of time, costs, and energy. This step of searching for a long term logistics partner will have to be acted on in the coming months.

IV.2 Marketing Implementation

On the Marketing side, there were some things that were achieved and some not achieved which are listed below.

Table 4.2 Marketing KPI Gap Analysis

	KPI	Status	Explanation
Marketing	Produce hampers catalog	Achieved	Merci did not produce printed catalogs but instead e-catalogs with the help of google sites(Attached to appendix 1) and gained a client called Makna Kreatif
	Work in partnership with local vendors	Achieved	Merci worked with local plant vendor Taman Hayat cake shop Rue de Choux for fast delivery service of the plants and baked goods respectively when an order is received.
	Create website	Not achieved	Creating a website was not yet achieved because this is a long term goal and could not be achieved in 3 months. However, Merci has already started designing and searching for freelancers to create the website
	Social media content on one-night services	Not achieved	This was not achieved because there were no social media human resources and time to do it. There were many other things to do.
	Post user generated content (social selling)	Achieved	The company who has purchased from Merci was asked to post on social media in return for a customization on the hamper box and items. These user generated content then attracted another large corporate client.
	Sell all ready-stock items	Achieved	All achieved
	Give PIC from clients side an incentive	Achieved	As Merci have done before, Merci has given incentives for clients to keep relations with the clients.

Source: Merci's elaborated data

As websites are one of the top mediums used by B2B firms in order to market for customers as seen in figure 4.1, as soon as possible, the website should be made within the course of 6 months before the next project to help promote to B2B customers. But before all content and website it done, there should be enough trained human resources to do the job.

STEP 1: DEVELOP A B2B STRATEGY

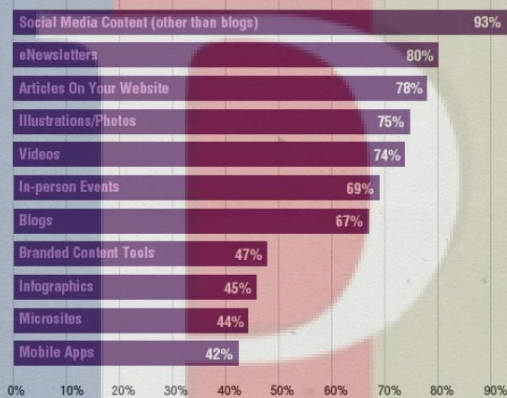
51% of businesses don't have a strategy*, do you?

*source: www.ana.net/content/show/id/556

Developing a strategy will offer serious competitive advantage, to get started:

- 1.1 Clear target audience: only 51% of marketers align content company characteristics
- 1.2 Prioritise: Develop a detailed SWOT analysis of your marketing so far
- 1.3 Get buy-in: Develop a business case using sales funnel and LTV models
- 1.4 Plan: Use frameworks like RACE, the 5Ss or 5Ps to structure your thinking

B2B CONTENT MARKETING TACTIC USAGE




SOURCE:  CONTENT MARKETING INSTITUTE
www.contentmarketinginstitute.com

Figure 4.1 Develop a B2B Strategy

Source: Content Marketing Institute (2018)

IV.3 Human Resource Implementation

For human resource development, below is the KPI that were achieved or not achieved.

Table 4.3 Operational KPI Gap Analysis

Variable	KPI	Status	Explanation
Indicator			
Human Resource	Outsource and cross-train staff for Ramadan project	Achieved	Hired an employee that underwent cross-training to help out in the process of searching and shipping materials, marketing to companies, assembling boxes and delivering to company address.
	Hiring operation staff to pack hampers	Achieved	Merci hired two operational employees who are concentrated in assembling hampers and are being paid per box they make. This resulted in very quick assembling of more than one hundred boxes of hampers in two nights.

Source: Merci's elaborated data

During the course of the months of May-July, Merci has hired an employee that underwent cross-training by shadowing the owners. This significantly eased the jobs because it was distributed between more employees and it increased productivity because they think beyond their scope of work and avoid any pointless waiting to get the jobs done. In a productivity sense, this meant that Merci created more hampers with the presence of more trained human resources.

IV.4 Financial Implementation

Commercially, Merci has proven that it made the first sale in the first 6 months the business was established, and Merci reached break-even within that semester as well. The owners handle the business per project, injecting funds to

buy inventory and create the hampers, thus completing Merci's financial planning objective of being flexible on capital structure. The owners initially used Rp 25.000.000 capital from personal funds for the first launching project and now Merci is partially using company funds for the capital of each project and inject the rest of the lacking needs. Merci's pricing structure involves many marketing tools for promotion, including endorsements and free items. Merci understands that this trend of giving out endorsements or free items to people who matter to the business could help to retain old customers and gain new ones, therefore sparking up our sales.

IV.4.1 Cash Flow

Appendix 2 Real Cash Flow October 2017 - July 2018

Source: Primary elaboration

From the comparison of Merci's real cash flow and projection, there is a big difference because the ending month of year two in the projection is as of December 2018 whilst the year ended in the real cash flow is July 2018. This is because it has only been implemented until July 2018. Other than that, the nominals are mostly achieved.

IV.4.2 Income Statement

MERCI HAMPERS
Income Statement

For the Year Ended

	Year 1 (2017)	Total 2018
Sales	90,569,000	152,334,000
TOTAL SALES	90,569,000	152,334,000
COGS	51,694,000	101,686,523
	-	-
Gross Profit	38,875,000	50,647,477
Operating Expense		
Utility Expense	0	0
Wage Expense	1,223,000	2,476,405
Advertising Expense	2,446,000	4,195,875
Equipment Expense	600,000	2,000,000
Transport Expense	500,000	1,617,500
Other Expense	221,000	633,600
TOTAL EXPENSE	4,990,000	10,923,380
Income before tax	33,885,000	39,724,097
tax	-	-
Net Income	33,885,000	39,724,097

Figure 4.3. Real Income Statement October 2017 - July 2018

Source: Primary data

IV.4.3 Balance Sheet

Figure 4.4. Real Balance Sheet

Balance Sheet		
Merci Hampers		
	YEAR 1 (As of Dec '17)	YEAR 2 (As of Jul '18)
Assets		
Current assets:		
Cash	33,885,000	73,609,097
Pre-paid expenses		
Total current assets	33,885,000	73,609,097
Fixed assets:		
Property and equipment	450,000	2,000,000
Total fixed assets	450,000	2,000,000
Total assets	34,335,000	75,609,097
Liabilities and owner's equity		
Current liabilities:		
Accounts payable	-	-
Accrued wages	-	-
Total current liabilities	0	0
Long-term liabilities:		
Mortgage payable	-	-
Total long-term liabilities	0	0
Owner's equity:		
Investment capital	34,335,000	75,609,097
Retained earnings	0	
Total owner's equity	34,335,000	75,609,097
Total liabilities and owner's equity	34,335,000	75,609,097

Source: Primary data