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**DEVELOPMENT OF BEEF CATTLE AGRIBUSINESS IN THE  
SUGARCANE FARMING SYSTEM IN THE COMMUNITY LIVESTOCK  
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**Abstract (Indonesia)**

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**Latar Belakang:** Pengembangan sapi potong secara kuantitas telah memberikan dampak yang sangat nyata terhadap peningkatan pendapatan masyarakat dalam meningkatkan kesejahteraannya. Pengembangan peternakan khususnya pada sapi potong telah dilakukan secara turun temurun dan menunjukkan perkembangan yang cukup baik, termasuk pada kelompok k.

**Tujuan:** Tujuan penelitian ini adalah untuk mengidentifikasi model bisnis kanvas yang terdiri dari sembilan unsur dan memetakan bagaimana strategi yang digunakan untuk perbaikan dan pengembangan agribisnis sapi potong dalam sistem peternakan tebu.

**Metode:** Metode yang digunakan adalah metode kualitatif dan kuantitatif dengan *desain eksplorasi berurutan*. Pengumpulan data dilakukan dengan wawancara mendalam dan observasi kepada petani dan kelembagaan di 15 kelompok ternak di sekitar perkebunan tebu RNI. Hasil yang diperoleh dimana model bisnisnya baik jika dilihat dari sembilan unsur sesuai konsep business model *canvas*.

**Hasil:** Penelitian ini menemukan bahwa kekuatan kelompok ternak berada pada kategori tinggi. Peluang yang sangat tinggi di segmen pelanggan dan ancaman tinggi dalam *proposisi nilai*.

**Kesimpulan:** Oleh karena itu, kelompok ternak disarankan untuk melakukan pengembangan usaha dengan cara; menambah segmen pelanggan yaitu restoran, DKM masjid dan perusahaan besar, meningkatkan *value proposition* dengan membuka warung daging dan membuka usaha pengolahan daging, membuat *website*, melakukan konsinyasi dengan beberapa sales point dan berkolaborasi dengan universitas serta mencari *freelance web developer*.

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**Kata Kunci:** Kelompok Peternakan, Model Usaha Kanvas, Agribisnis Sapi Potong.

**Abstract (English)**

**Background:** The development of beef cattle in quantity has had a very real impact on increasing people's income in improving their welfare. The development of animal husbandry, especially in beef cattle, has been carried out for generations and shows quite good development, including in the k groups.

**Objective:** The purpose of this study is to identify a canvas business model consisting of nine elements and map out how strategies are used for the improvement and development of beef cattle agribusiness in the sugarcane farming system.

**Methods:** The methods used are qualitative and quantitative methods with sequential exploratory design. Data collection was carried out with in-depth interviews and observations to farmers and institutions in 15 livestock groups around RNI's sugarcane plantations. The results obtained where the business model is good when viewed from nine elements according to the concept of business model canvas.

**Results:** This study found that the strength of the livestock group was in the high category. Very high opportunities in the customer segment and high threats in value propositions.

**Conclusion:** Therefore, livestock groups are advised to carry out business development in a way; adding to the customer segment, namely restaurants, DKM mosques and large companies, increasing the value proposition by opening meat stalls and opening meat processing businesses, creating websites, conducting consignments with several sales points and collaborating with universities and looking for freelance web developers.

**Keywords:** Livestock Group, Canvas Business Model, Beef Cattle Agribusiness.

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## INTRODUCTION

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The development of beef cattle in quantity has had a very real impact on increasing people's income in improving their welfare. Development that still relies on the power of community animal husbandry makes this business in general still managed traditionally. The purpose of maintenance, which is still a side business of farming activities, causes market demand has not become the main consideration for livestock businesses. In these conditions, it is very difficult to encourage the community to achieve an economical business scale in the livestock business.(Fathurohman, 2018)

The development of animal husbandry, especially in beef cattle, has been carried out for generations and shows quite good development, including in groups. In general, the community has livestock, especially sheep and beef cattle with the motive of keeping as a side business and for savings, this is very possible because natural conditions, the availability of grass and the attention of the local government to the development of beef cattle are very supportive.

The Government of the Republic of Indonesia through the Ministry of Agriculture in 2015 issued a livestock area program under the name Sentra Peternakan Rakyat or commonly known as SPR. SPR is an association of smallholder breeders with the aim of realizing different breeders. SPR has been formed for about 2 years. There have been many programs implemented by SPR ranging from improving group administration, training and assistance from both the central and local governments. In 2017 the central government's assistance program for SPR was no longer provided, making the programs that had been running less effective ([Ditjen PKH] Direktorat Jendral Peternakan dan Kesehatan Hewan, 2015).

One of the livestock areas in Indonesia is the Cinagarabogo livestock area of Subang Regency. For approximately 2 years running a livestock area business, selling through offline and online. According to information obtained from livestock groups belonging to the region, competition in animal husbandry is getting tougher, so breeders are constantly trying to survive and even develop. Many organizations are growing rapidly because they can create the right business model. Business model canvas (BMC) successfully transforms the concept of a complex business model into a simple one(Baharta et al., 2019)

### **1.2. Purpose**

The use of a simple business model encourages as many breeders as possible to get involved in the development of the company's business model. Based on the explanations that have been expressed and if it is related to the concept of BMC, the objectives of this research are:

1. Mapping the condition of the ongoing business model of the Subang Regency livestock area.
2. Evaluating the business model of the Subang Regency livestock area using strengths, weaknesses, opportunities, and threats (SWOT) analysis.

Recommend the design of a new business model as a business development for the Subang Regency Livestock Area.

## **RESEARCH METHODS**

The type of research used is descriptive research. The method used is a combination of qualitative methods and quantitative methods with *sequential exploratory design*.

Qualitative data is collected by conducting in-depth interviews and observations, while quantitative data uses questionnaires in the form of SWOT analysis to evaluate business models.

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The object or place of research chosen is the livestock area of Subang Cinagarabogo Regency (Cipunagara District and Cibogo District). Respondents from internal parties interviewed were group members and group administrators consisting of the Chairman, Secretary and Treasurer elements. Meanwhile, external parties researchers distributed questionnaires to 40 customers and *stake holders* of the Cinagarabogo Livestock Area.

This is done to check the answers of respondents who are internal parties and compare with the perceptions of customers or stake holders as external parties. The sampling technique used in this study is *purposive sampling* in which sampling data sources is based on certain considerations (Sugiyono, 2013).

This study uses BMC as a tool for mapping the conditions of implementation of the company's business model, as well as proposing a new business model design. The assessment of the SWOT analysis uses continuum lines that are created categories so that it can help in proposing a new business model (Fathurohman, 2018b).

## RESULTS AND DISCUSSION

The following is an overview of the results of the SWOT assessment evaluation of the Cinagarabogo Livestock Area of Subang Regency and nine *building blocks* in the area based on the data that has been collected accompanied by the results of the discussion of the appropriate blocks:

Table. 1 SWOT Assessment Evaluation Results of Cinagarabogo Livestock Area

9 Building Blocks	Strengths	Weaknesses	Opportunities	Ancama (Threats)
<i>Customer Segments</i>	9.51 = Very High	2.53 = Very Low	9.67 = Very High	6.00 = Enough
<i>Value Propositions</i>	9.00 = Very High	3.25 = Very Low	7.50 = High	8.00 = Very High
<i>Channels</i>	9.20 = Very High	3.00 = Very Low	9.00 = Very High	5.00 = Low
<i>Customer Relationships</i>	8.25 = High	4.00 = Low	6.50 = Enough	2.00 = Very Low
<i>Revenue Streams</i>	7.00 = High	4.00 = Low	6.60 = Enough	5.50 = Enough
<i>Key Resources</i>	9.51 = Very High	2.90 = Very Low	6.50 = Enough	7.00 = High
<i>Key Activities</i>	8.00 = High	5.00 = Low	8.00 = High	3.50 = Very Low
<i>Key Partnerships</i>	8.70 = Very High	3.50 = Very Low	6.00 = Enough	4.00 = Low
<i>Cost Structure</i>	8.75 = Very High	3.25 = Very Low	6.00 = Enough	4.00 = Low

<b>KP</b>	<b>THAT</b>	<b>VP</b>	<b>CR</b>	<b>CS</b>
Shipping Establishment, Suppliers of livestock breeds,	Production, Promotion, Sales, Delivery Maintaning and website updates	Products: Prospective cows, mother cows, calves, processed products, fertilizers, finished feed and	Personal communications: SMS, and whatsapp	Farms in other groups, Meat merchant, Agricultural groups,

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Cattle Dealer, Consignment Partners  College  <i>Freelance web developer</i>		feed ingredients, opening a meat stall, opening a meat processing business  Redemption policy if not appropriate  Quality Assurance  Priced The concept of community empowerment  Partnership with the company	<i>Discount dan event,</i> Magazines and Newspapers, Information on the <i>website.</i>  <b>CH</b> <i>Offline:</i> Farmer's cages, SPR secretariat and Slaughterhouses, consignment kiosks  <i>Online:</i> <i>Facebook, website</i>	Government procurement Restaurant DKM masjid Large companies
	<b>KR</b> Production tools, processing tools and feed ingredients,  Private capital, government assistance, and bank loans  20 cattle groups, 430 members and administrators  Cinagarabogo livestock area brand			
<b>C\$</b> <i>Value-driven</i> Earnings of breeders, production, transportation, promotion <i>Freelance web developer Wages</i>		<b>R\$</b> <i>Direct sale</i> Revenue from consignment sales		

Picture. 1. Business Model and Business Model Recommendations for Livestock Districts

*a. Customer Segments*

The customer segments targeted by Cinagarabogo livestock area are other groups, meat traders, agricultural groups, government procurement, restaurants and mosque DKM. The region considers the segment to be the most important customer segment.

Herein lies the weakness of the region, the target customers are groups that tend not to have good profits and still depend on government assistance.

But the region has the opportunity to capitalize on an increasingly growing market. This is evidenced by the interest in prospective cow shoes and broodstock that is always growing, so it is possible for the region to serve new customer segments.

*Customer segments* are included in the segmented type. The area is difficult to increase product prices, therefore it can be prepared by expanding the customer segment by targeting restaurants and hotels.

These people generally have an awareness of the importance of quality and sustainability to maintain customer trust, and are supported by financial capabilities because restaurants and hospitality already have clear finances.

*b. Value Propositions*

The Value propositions type is the value that a region offers to its customers. The types of products offered include prospective cows, mother cows, calves, processed products, fertilizers, finished feed and feed ingredients.

The area has advantages in the exchange policy service if it does not match what is ordered, affordable price services, namely a price policy that is not higher than the market

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price, the concept of community empowerment where in addition to businesses or businesses the area sells the concept of community empowerment to further develop, partnerships with large companies, namely where the custody of imported mother cows in regional member groups.

*Value propositions* of the region are included in the very high category, because the value offered is in accordance with customer needs and is able to satisfy customers. However, the weakness found in the company is the vagueness of the post-sales service where there are no people or officers as *quality control*.

Opportunities that can be utilized by complementing or adding to existing needs. The threats facing the company belong to the high category. This is because many competitors or larger companies offer similar products at more attractive prices or offers and make it possible for customers to move to buy competitors' products.

Regions still have the opportunity to supplement or add to existing offers. The area can add to the types of products produced, such as food derived from beef or open meat stalls in the market. In addition, the region must clarify the post-sale services offered, including product exchange policies if they are not in accordance with what the buyer wants. It would be better if the region immediately sets the terms and conditions for using the service, and then communicates it to customers through the company's sales channels.

#### c. Channels

The region uses the channel online and *offline*, For *the online* channel used is *facebook*. For *offline* sales channels, the company has *workshops* located in several groups and at the secretariat of SPR Cinagarabogo Padamulya Village, Kecamatan Cipunagara in addition to that also at the Pagaden Slaughterhouse. In addition *to workshops*, the company also participates in product exhibition events.

The strength of the company's sales channels is in online *channels* that are considered to be effective, efficient and in accordance with customer segments. Meanwhile, the company's weakness lies in the *workshop* location which is less strategic and difficult to reach.

The area does not yet have a *Website*. Regions can use the services of universities or *freelance website developers*, but it must be noted that the cooperation that is established must have a contract and a written agreement according to mutual agreement. The benefits obtained by the region by using the website include: (a) it can be used as an *online* catalog to make it easier for users to see products, (b) it is easy to find in search engines by applying *search engine optimization* (SEO), (c) navigation on the *website* is easier so that users feel comfortable, (d) can clarify information on both products and services, and orders can be made at *website* thus simplifying the purchase process.

#### d. Customer Relationships

The region has used several ways of establishing relationships with customers to retain customers, among them using social media networks. For *personal communications*, the company uses short message services and whatsapp. To attract the attention of customers, the region also provides promotions including discounts, events, and marketing in print media

The strength of the region is the ability to build strong relationships with customers and *stake holders* of the services provided. Meanwhile, the company's weakness is that it does not bind customers through high moving costs. The opportunity to improve relations with customers falls into the category of sufficient and the threat to the relationship established with customers is relatively low.

The relationship established between the region and the customer is a buying and selling relationship that is included in the category of *personal assistance* relationship types. The ongoing relationship is that customers can interact and communicate directly with salespeople to get help during the sales process or the buying process is complete. By

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using the *website*, the region can communicate the advantages of the services offered, because so far *online* customers do not get clear enough information about existing services. Regions can educate customers by providing knowledge behind the production process. Informed about the *value* that has been paid and can be enjoyed by customers. Use this media to sell stories or stories behind the production process or maintenance process, either through writing or video.

*e. Revenue Streams*

The area obtains income from the sale of products, namely the sale of prospective cows, mother cows, calves, processed products, fertilizers, finished feed and feed ingredients through *online* sales, exhibitions, and *workshops*. The pricing of products in the region is determined by the cost of production, judging from the price of raw materials, the scarcity of raw materials, as well as the type of customer whether it is a routine customer or a temporary customer. The weakness of the region is that it relies only on product sales revenue directly to consumers. There is an opportunity to add or create a source of income.

Regions can add revenue streams from consignment. If you implement consignment cooperation, the turnover of money will be faster and income will not be focused on one dealer alone.

*f. Key Resources*

The physical assets needed are housing and equipment for production. Small equipment for the processing of feed and feed retrieval breeders bring their own. The area only provides large production tools such as coppers, mixers etc. and materials such as decomposing bacteria, molasses. The source of funds was initially from group funds, then developed assistance from the government and loans from banking and CSR companies.

Human resources, the area has 430 breeders spread across 20 groups, while to take care of managerial affairs is handled by 9 regional administrators commonly called the Livestock Owner Representative Group (GPPT) and 1 technical manager. For intellectual resources in the process of applying regional technology in collaboration with IPB and Padjadjaran University.

The region is able to maximize its strength. However, there are still weaknesses, namely limited sources of capital and quality mother cows are difficult to find. The opportunity to take advantage of opportunities from the resources used is included in the low category.

The threat to regional resources is included in the high category, this is because the region faces large companies where the prices offered by large companies tend to be lower and use imported cattle and threats to the resources used, for example farmers who change professions to factory workers.

Motivating breeders, the region can show expressions of recognition to breeders including;

- some people are motivated by the opportunity to get their names displayed on the wall, put up posters with photos of employees with themes such as the most diligent employees, employees who achieve targets, absentee rates, accuracy without being late, lack or no work mistakes,
- give a gift such as a small gift or a family leisure ticket,
- holding internal regional events that strengthen relations between breeders,
- build a family atmosphere and comfort,
- Give bonuses fairly, that is, based on the performance of each breeder.

*g. Key Activities*

The area provides friendly service to satisfy its customers. Activities to reach customers include promotions every day, every time there is *stock* piled up in the workshop area will make discounts to regular customers. Activities to maintain relationships with

customers, *keep contact* and ask for *feedback* from customers. Activities to get income, the region is always ready for products.

Regional activity belongs to the high category, rudimentary because production activities are easily imitated by other groups. The opportunity to increase key activities in the company belongs to the category of very high. Regions can standardize on key activities, and are supported by the presence of *information technology* (IT) to improve regional efficiency.

Activities that occur in the region are included in the *production category*. This activity is related to the design, manufacture and delivery of products in large quantities and or superior quality. The presence of a website, the area must also prepare how to *maintain* and *update* the content of the *website*. This can be submitted and discussed with freelance *website developers*.

#### *h. Key Partnerships*

Relationships with outside parties include cattle delivery service providers, cattle breeding companies and buyers or cattle dealers. The area purchases its own seeds or candidates and raw materials by visiting its store or provider. As for *packaging*, there are the same suppliers for subscriptions and for sample tests in collaboration with Unpad, IPB and BPTP West Java.

The weakness of the region is that it does not have partners to assist the region in selling regional products. Threats that can disrupt relationships with partners fall into the low category, the region is less dependent on one partner and is less of a problem when those partners collaborate with competitors or even lose partners.

The area can conduct consignment with several sales points with consideration;

- workshops that are invited to work together are in a strategic location,
- many customers visited,
- the sales of the workshop are relatively high,
- choose a consignment partner that targets the same target market as the region,
- The selected consignment partner does not offer the product

Another collaboration that is built is cooperation with universities or *freelance web developers*. The use of *freelance* power is carried out to save costs incurred. Find *freelancers* at the cheapest possible price if it can be free. Companies can take advantage of the expertise of students who understand in developing corporate IT. Establish cooperation and good relations so that there is no confusion as before.

#### *i. Cost Structure*

The costs incurred include costs for the purchase of raw materials and auxiliary materials. Transportation costs incurred include costs at exhibitions and coordination with partners or *stake holders*. The promotional costs incurred pay for the printing of the product catalog. So the most expensive activity is production, and the most expensive resource is human resources.

The opportunity to minimize the costs incurred by the region belongs to the low category. This is because the region cannot reduce existing costs. The threat to regional costs is included in the low category, because regional administrators and managers are able to control costs so that there are no unpredictable costs.

Regions have a *value-driven* cost structure where the region does not make cost a major consideration but rather focuses on the value that will be created for customers to provide satisfaction. By conducting consignment with several *sales points*, the region will incur costs for profit sharing costs with consignment partners. Using the website area will increase the cost of paying freelance *website developer* wages. This needs to be considered because the role of IT is needed to improve regional efficiency.



## CONCLUSION

The results obtained where the business model is said to be good when viewed from nine elements according to the concept of *business model canvas*. This study found that the strength of the livestock group is in the high category. Very high opportunities in the customer segment and high threats in *value propositions*. Therefore, livestock groups are advised to develop their business in a way; adding to the customer segment, namely restaurants, DKM mosques and large companies, increasing the value proposition by opening meat stalls and opening processed meat businesses, creating *websites*, conducting consignments with several sales points and collaborating with universities and looking for *freelance web developers*.

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