Abstract—There are so many strategies that must be explained in a business model because these strategies relate to many aspects of a business. Business models include managing the purpose of our relationship with suppliers, with distributors or with customers directly. The Model Canvas business is a business strategy management that allows us to design, and then purge some aspects of business into a whole business strategy. From this description, the formulation of the problem proposed in this study is: "What is the description of the business model for Micro, Small and Medium Enterprises (MSMEs), especially for producers of Trenggalek food, to meet the SDGs era? This research is a descriptive study that uses a qualitative approach, with reference to data based on the facts in the field relating to the subject of research, namely Micro, Small and Medium Enterprises, processed food typical of Trenggalek. The results of the study found that the small and medium businesses actually implemented the Canvas Business Model and Product Diversification, had used SWOT as an analytical tool and indirectly. Another finding is that business actors find it difficult to reach the international market (export) because of document problems, legality, permits and access. Of the total found, the researcher modified / created a canvas business model that was suitable / in accordance with the behavior of MSME actors in Trenggalek by referring and integrating several successful MSME entrepreneurs in Trenggalek. The researcher also provided direction and compiled a module on how to reach international markets during the SDGs era.

Keywords—Product diversification, small business, competitiveness, SDGs, canvas model business

I. INTRODUCTION

Indonesia's economic fundamentals are not yet strong, encouraging the government to build economic structures by considering the existence of Micro, Small and Medium Enterprises (MSMEs). This sector has proven to generate enormous employment opportunities and provide opportunities for Small and Medium Enterprises (SMEs) to develop in the community. The existence of MSMEs cannot be doubted because it is proven to be able to survive and become a driver of the economy, especially after the economic crisis. In the era of Sustainable Development Goals (SDGs) which is a new platform and new terminology agreed upon by countries in the world today. One of the agreements is to develop a global partnership for development. Referring to the agreement contained in the SDGs, MSME producers of Trenggalek food face many challenges. One of them is the lack of access to information, especially market information, weak human resources so that they have not been able to develop strategies and business models that they pursue. This results in low market orientation and weak competitiveness at the global level. And as a result, MSME producers of typical food in Trenggalek cannot direct their business development clearly and focus, their development tends to stagnate.

In determining product diversification and innovation, of course management strategies, business models and the right analysis are needed. The business model is defined as exposure to strategies that must be made by MSME producers of typical Trenggalek foods before starting to compete with other businesses. There are so many strategies that must be explained in a business model because these strategies relate to many aspects of a business. Business models include regulating the objectives of business actors' relationships with suppliers, with distributors or with customers directly.

Describing the business model correctly will help MSME producers of typical food in Trenggalek find business goals clearly, discuss targets that must be achieved first, so they can win the competition. One analytical tool that can help us find the right business model is the canvas model business. This business model was first introduced by Alexander Osterwalder in his book Business Model Generation. In the book, Alexander explained a simple framework to present important elements contained in a business model. The Model Canvas business is a business strategy management that allows us to describe, design and then purge some aspects of business into a whole business strategy.

Referring to the background described, the formulation of the problem proposed in this study is: "What is the description of the business model for Micro, Small and Medium Enterprises (MSMEs), especially for producers of Trenggalek food, to meet the
SDGs era? This research was conducted with the aim of among others:

a. Knowing the description of the business model for Micro, Small and Medium Enterprises (MSMEs), especially for producers of typical Trenggalek foods to meet the SDGs era.

b. Identify internal factors (strengths and weaknesses) and external factors that affect the MSMEs of processed food products typical of Trenggalek using the SWOT analysis approach, to determine strategies and steps in the context of diversification, innovation and creativity towards production.

c. Mapping the most appropriate strategy for Micro, Small and Medium Enterprises (MSMEs) especially for producers of Trenggalek specialties using Business Model Canvas.

II. LITERATURE REVIEW

A. Product Diversification

For the general public the word diversification of products tends to be interpreted as goods that have never been created or produced by a company before, and then designed with various modifications as a result of technological advances. According to Fitriani, Sarono, & Widodo (2011), the notion of diversification is as an effort to find and develop new products or markets, or both, in order to pursue growth, increase sales, profitability, and flexibility.

B. Micro, Small and Medium Enterprises (MSMEs)

The definition of MSMEs based on Law Number 20 of 2008 concerning MSMEs (Small and Micro Medium Enterprises) is: Micro Businesses are productive businesses owned by individuals and/or individual business entities that meet the criteria of Micro Enterprises. Small-scale business is a stand-alone productive economic enterprise, carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part of either directly or indirectly from medium-sized businesses or large businesses that meet the criteria Small. Medium Enterprises are productive economic activities that are independent, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part of either directly or indirectly with a Small Business or large business with a total net worth or annual sales proceeds. These criteria are in accordance with or as stipulated in Law Number 20 of 2008 concerning MSMEs.

C. Business Model Canvas

Models represent actual conditions in a concise and detailed manner and can describe various types of reality, including domains, systems, or languages. (Abmann, et al., 2006).

A model is basically a set of statements about a particular system, which is used to describe it. The model generally can be descriptive, namely describing the system or specifications for the system (Seidewitz, 2003). Among the most used roles for business models is understanding and sharing business ideas, analyzing them, managing them, showing prospects, or patenting business models (Osterwalder, et al., 2005).

D. Sustainable Development Goals (SDGs)

The Sustainable Development Goals which are Sustainable Development Goals which consist of 17 goals with 169 measurable achievements and deadlines set by the United Nations (UN) as the world development agenda for the benefit of humans and planet earth. SDGs were born to replace the Millennium Development Goals that are no longer valid starting in 2016. According to Sonny Harry B. Harmadi (Kompas April 14, 2016), although the number of goals in SDG is more (17 goals) compared to MDGs (only 8 goals), businesses can divide the 17 goals into three main pillars:

a) The First Pillar, namely Human Development, includes health, education and gender equality.

b) The second pillar is Social Economic Development, such as inequality, poverty, availability of facilities and pre-facilities of the environment, and economic growth.

c) The third pillar is Environmental Development, which seeks to maintain the availability of Natural Resources and good environmental quality.

III. METHODOLOGY

A. Unit of Analysis

This study uses purposive sampling to determine informants, according to Usman (2004: 47), purposive sampling is used when informants are specifically selected based on the purpose and objectives of the study. The informants in the study were MSMEs who worked in the field of Trenggalek typical snacks, namely Tempe Chips, Manco, Alen-alen, and others. Other informants were the Office of Cooperatives, Small and Medium Enterprises, Industry, Trade, Mining and Energy (Koperindag) of Trenggalek Regency, as well as parties related to small businesses.

B. Data Collection Technique

Data and information excavation in research will involve informants as information providers. At this stage, researchers conduct a process of collecting with Observation (the actual conditions), In-depth interviews to respondents by conducting question and answer or direct conversation with all existing data, Documentation useful because it can provide a broader background on the subject of research, Focus Group Discussion this method is to collect data through a centralized discussion.
C. Data Processing

Data obtained is used as material to do modeling using Business Model Canvas. The results of processing this data are used to determine the diversification strategy of Trenggalek’s typical processed food products. After analyzing the nine block blocks, the next step is to carry out a SWOT analysis to determine the strengths, weaknesses, opportunities and threats of each block. The analysis was conducted to determine the strategic position of MSMEs that would be used as a basis for determining the diversification strategy that was carried out.

IV. RESULTS

A. Overview of Micro, Small and Medium Enterprises in Trenggalek Regency

This research was carried out in the Trenggalek Regency area, with a focus on research on Trenggalek snacks. According to data from the Office of the Mining and Energy Trade Cooperative Office (Koperindag) in 2017 there were 387 centers of Micro, The most popular typical foods from the Trenggalek region include kripik, manco, and alen alen tempeh, but in addition to these products there are also many other products such as mbothe chips, banana chips, etc.

B. Analysis of Business Model Canvas Typical Snacks Products of Trenggalek

In the perspective of its development, according to Arief Rahmana (2009: B-12), Micro, Small and Medium Enterprises (MSMEs) can be classified into 4 (four) groups, namely: (a) Livelihood Activities, which are used as employment opportunities to earn a living, which more commonly known as the informal sector. (b) Micro Enterprise, which is an MSME that has craftsmanship but does not have entrepreneurial properties. (c) Small Dynamic Enterprise, is an MSME that has an entrepreneurial spirit and is able to accept subcontracting and export jobs. (d) Fast Moving Enterprise, using SME’s that has an entrepreneurial spirit and will transform into a Big Business (UB) Equation. Based on this opinion from the results of mapping the data in the field, small and medium entrepreneurs of typical food in Trenggalek can still be classified into 3 groups, namely: (a) Livelihood Activities, (b) Micro Enterprise, and (c) Small Dynamic Enterprise. The following is a description of the typical small and medium-sized entrepreneurs in Trenggalek, in the context of the Business Model Canvas.

a) Customer segment: gift agents, the general public and local tourists.

b) Value propositions: including: snacks, affordable prices, products without preservatives, and good taste, group 3 has additional values on; premium raw materials, distribution centers in certain cities.

c) Channels: typical souvenir / outlet services, partner outlets, and some using online media, as well as agency networks.

d) Customer relationship: provide answers giving discounts and special offers, in group 2 there are additional innovations in new products and following market trends, group 3, is to provide a discount program on purchases with large amounts, and provide purchasing admin and customer care to foster communication with customers.

e) Revenue streams: namely income through direct sales, and sales revenue through the order process.

f) Main resources: among others, physical assets (raw materials, land, and buildings), finance (venture capital), intellectual (brand, copyright, and peten), and human resources (workers).

g) Key activities: carrying out the main activities, namely the activities of the production process, product marketing and product development.

h) Key partnership: with suppliers of raw materials, resellers, and expedition services

i) Cost structure: covering production costs (material and salaries of employees), promotion, transportation, electricity and rental of premises.

V. DISCUSSION

Design Business Model Canvas of Small and Medium Enterprises of Typical Snacks for Trenggalek today.

In Figure 1, Figure 2, and Figure 3, there is a description of the Business Model Canvas of Small and Medium Enterprises of Trenggalek Typical Snack Products for business actors in group 1, namely business people to make a living, which is referred to today. The description can be seen in each block that has its own characteristics, for the explanation of 9 blocks in the Canvas Business model are presented as follows:

a. The customer segment of small and medium businesses with typical food in Trenggalek for Group 1 are those with a choice of all ages and are not distinguished from their social strata or the general public, while Group 2 adds segments to tourists. Based on this reality, the customer segment is still general and does not focus on certain customer groups. In these findings, only the three groups who think more segmented, namely the community of students and students, as well as social activists (although age can be very general and diverse).

b. The proportion of value owned by small and medium businesses of typical food in Trenggalek, especially on the products and services offered, is still only based on affordable prices. The proportion of other values offered is still not touched on things that are more specific to provide more value to customers, so that potential customers to turn to
other products. Especially for Group 3 seeks to maintain customer loyalty with the use of premium materials, create a distribution center service.

c. Channels used by small and medium businesses of typical food in Trenggalek for Groups 1 and Group 2, use direct channels (offline sales) where customers make purchases and cash payments in stores / homes. Whereas for Group 3 it began to open up space in utilizing technology, online (ordering through accounts made, among others, Facebook, Instagram, websites, etc.) to reach customers, as well as payments via bank transfers, although still making offline sales and cash payments.

d. The relationship between small and medium businesses of typical food in Trenggalek and customers is established by giving discounts and special offers (carried out by the three groups). Group 3, in addition to doing this in maintaining relationships, also provides special purchasing admin, and creates an account for customer care, so that customer complaints can be accommodated and service improvements carried out.

e. Revenue Streams of income obtained by small and medium businesses of typical food in Trenggalek for the three groups, still focuses on direct sales to customers.

(Source: www.businessmodelgeneration.com, processed by Researchers in 2018)

Fig 2. Business Model Canvas of Small and Medium Enterprises Typical Snacks Products of Trenggalek, Group 2: Business people who are craftsmen but do not have entrepreneurial spirit

f. Key Resources for small and medium businesses of typical food in Trenggalek for Group 1 in production, which until today is difficult to find the engine. Group 2 and Group 3 conclude that doing business depends heavily on Physical Assets, Land and Buildings, and Human Resources. On the other hand, Group 3 is focusing on managing brands, copyrights and patents which in the future are expected to increase public trust in the products made.

g. The key activities carried out by small and medium businesses of typical food in Trenggalek for the three groups in focus are the same, namely production. The differentiator for the group occurs in Group 2 and Group 3, which is penetrated in marketing and distribution design and mapping, while Group 3 targets and adds another space, namely product promotion.

(Source: www.businessmodelgeneration.com, processed by Researchers in 2018)

Fig 1. Business Model Canvas of Small and Medium Enterprises in Typical Snacks Products of Trenggalek, Group 1: Business actors to make a living

h. Key Partnerships of small and medium businesses of typical food in Trenggalek for Group 1 are suppliers of raw materials and shops, Group 2 is suppliers of raw materials, shops, and agents, while Group 3 is a community of raw material suppliers (farmers / craftsmen), flour shops, and shipping services.

i. The cost structure issued by small and medium businesses of typical food in Trenggalek for the three groups is the same, namely the cost of production, employee salaries, while for promotion costs it is still only done by Group 3.
A. Business Model Canvas of Small and Medium Enterprises Typical Snacks Products of Trenggalek (Recommendation)

The Model Canvas business of small and medium businesses Trenggalek typical snack products offered based on the analysis that has been done, is presented in Figure 5. The offer of the model is not a completely new model but adopts the business actors whose model has gone well, through a little touch and modification. The recommended model in hopes of improving the performance of small industries in Trenggalek, with a little touch on Customer Relationship, Key Activities, Key Partners, Channels, Cost Structure, and Revenue Stream. Briefly explained as follows (Figure 4):

a. The customer segment of small and medium businesses with typical food in Trenggalek for Group 1 are those with a choice of all ages and are not distinguished from their social strata or the general public, while Group 2 adds segments to tourists. Based on this reality, the customer segment is still general and does not focus on certain customer groups. In these findings, only the three groups who think more segmented, namely the community of students, as well as social activists (although age can be very general and diverse).

b. The proportion of value owned by small and medium-sized businesses of typical food in Trenggalek, especially on the products and services offered, is still only based on affordable prices. Another proportion of value offered is still not touched on more specific things to provide more value to customers, so that potential customers to turn to other products. Especially for Group 3 seeks to maintain customer loyalty with the use of premium materials, create a distribution center service.

c. Channels used by small and medium businesses of typical food in Trenggalek for Group 1 and Group 2, use direct channels (offline sales) where customers make purchases and cash payments in stores / homes. Whereas for Group 3, it began to open up space in utilizing technology, online (ordering through accounts made, among others, Facebook, Instagram, websites, etc.) to reach customers, as well as payments via bank transfers, although still making offline sales and cash payments. In the current technological era, of course, a virtual shop that can always be visited by anyone from any part of the world is needed, so businesses need to add channels in the form of websites that function as showrooms and sell products, and so on. Another channel that needs to be added is to take part in the exhibition and hold a bazaar to bring the product closer to the customers as well as a niche to attract new customers.

d. The relationship between small and medium businesses of typical food in Trenggalek with customers is established by giving discounts and special offers (carried out by the three groups). Group 3, in addition to doing this in maintaining relationships, also provides special purchase admin, and creates an account for customer care, so that customer complaints can be accommodated and service repairs carried out. This block needs to be added to payments through bank transfers, if possible payment using the present method such as through credit cards and so on.
e. The flow of income obtained by small and medium businesses of typical food in Trenggalek for the three groups, still focuses on direct sales to customers. In order for more developed businesses in this section, other activities are added, namely creating other markets in collaboration with third parties, namely system resellers, or even opening franchise spaces.

f. The main resource for small and medium businesses of typical food in Trenggalek for Group 1 in production, which until today is difficult to find the engine. Group 2 and Group 3 conclude that doing business depends heavily on Physical Assets, Land and Buildings, and Human Resources. On the other hand, Group 3 is focusing on managing brands, copyrights and patents which in the future are expected to increase public trust in the products made.

g. The key activities carried out by small and medium scale businesses of typical food in Trenggalek for the three groups in focus are the same, namely production. The differentiator for groups occurs in Group 2 and Group 3, which is penetrated in marketing and distribution design and mapping, while Group 3 targets and adds another space namely product promotion. Activities that can be added to this block are research and development that will be very beneficial for customer needs for products, related to taste, form, packaging, etc., while maintaining customer loyalty.

h. The main partners of small and medium businesses of typical food in Trenggalek for Group 1 are suppliers of raw materials and shops, Group 2 is suppliers of raw materials, shops, and agents, while Group 3 is a community of raw material suppliers (farmers / craftsmen), flour shops, and shipping services. The next model offered adds activities, namely to collaborate with media that can support promotions, so that products are closer to customers.

i. The cost structure issued by small and medium businesses of typical food in Trenggalek for the three groups is the same, namely the cost of production, employee salaries, while for promotion costs it is still only done by Group 3. This block needs to be considered to add promotional activities as part of product imaging to be more widely known.

B. Research Findings on Diversification Strategies and SWOT analysis

Business people in group 1 who have run an average business more than 5-10 years, but do not have a good business plan, even their vision, mission and goals to do business do not have and understand it clearly. The most important key for actors in this group is producing and selling to customers and traditional markets and shops, that is enough because these business people feel that they are only continuing family-owned businesses, and only to seek additional income. Based on this matter, business people in this group have indeed carried out business development in the last 3-4 years. Development carried out include; on product development by adding product flavor variants which were originally original flavored products, various flavors (for example, sweet corn, spiced and cheese). Development in the field of marketing has not been touched much, it still relies on offline marketing, even if there are those who use technology, there are still limited bookings via telephone and whatApps. Business people in groups 2 and 3, who have been running businesses for 3 to 10 years on average, began to understand the importance of good business planning. Planning has been accompanied by a clearer and better vision, mission and goals to guard the business being carried out. Based on this plan, business people in groups 2 and 3 see that doing business is not only to increase income but rather how to become an entrepreneur. Based on this, although this group is not frequent, it has been developing businesses in the last 1-2 years. Development carried out include; on product development by adding product flavor variants which were originally original flavored products, various flavors (for example, sweet corn, spiced and cheese). Development in the field of marketing that uses offline and online services, delivery services and so on. Online media such as Facebook, Instagram, and whatApp, they use naturally, as channels to make it easier for customers to get products.

Capital is the most crucial matter for business actors in group 1, because without good planning, of course there are also many shortcomings in carrying out managerial activities. The capital is present directly related to the cost structure used in business operations from pre-production, production and marketing.

Raw materials, which are actually used have more bargaining value in the desired market niche because, business people use local raw materials. Weaknesses faced regarding the need for raw materials, for certain processed products such as alen-alen which are made from flour when certain raw materials are not sufficiently available.

Quality improvement, is a key part of product development to be able to compete with similar products on the market, by carrying out key activities to produce the best products and services.

Forms, flavors, and packaging, processed foods from small entrepreneurs in Trenggalek have not all been present according to their wishes, but some business people have done a lot of development on taste and packaging. The form for some products such as manco and alen-alen is maintained as a typical form of eating, even the color is fixed.

Marketing of Trenggalek UMKM products, mostly still limited in the Trenggalek and surrounding areas such as Kediri, Tulungagung, Blitar and Ponorogo.
Business actors who have expanded into other regions are still carried out by business actors in group 3, and even then there are still a small number who have carried out agency systems (building key partners) outside the city. Marketing difficulties that occur due to among others the number of products that are still limited, as well as the lack of cooperation in the form of agency and other cooperation such as shipping (cooperation with freight forworders).

Human resources (HR), is a part of key resources that exist in small and medium enterprises is still very limited, because most of the workers are family and neighbors. The number of workers is not too much, only in the range of 5-19 people. Another limitation to HR that often occurs is developing employee competencies, meaning business owners find it difficult to understand the potential of employees because employees tend not to have adequate levels of skills (lack of skill) in the work done.

Another reality that occurs for small businesses in Trenggalek according to the observers is that there is no balance between promotion and total production. According to the evaluation of the development of MSMEs in Trenggalek Regency, it is known that production is still very minimal to meet market needs. The promotion and branding side of MSMEs has been very good but for production it is still minimal.

The government on this concept will be actively present to assist in building a brand / brand in order to have high equity, with efforts related to the activities of the MSME communities in Trenggalek Regency, by carrying out strategies including:

a. Building a special corner, such as Galeri Gemilang, which is expected to be a showroom and sales of MSME products, while also functioning to build and create "trust" for customers.

b. Using the Trenggalek UKM e-comers sales channel through "BUMN Creative Home"

c. The "I Love Trenggalek" community is supported by the government in the form of assistance/ assistance in the form of development programs.

VI. CONCLUSION

Referring to the discussion, it can be concluded that the small and medium businesses of typical food in Trenggalek: According to its development, it is present in three groups (classification), namely: Livelihood Activities: Business people to make a living, Micro Enterprise: Business people who are craftsmen but do not have an entrepreneurial spirit, Small Dynamic Enterprise: Business people who have an entrepreneurial spirit.

Overview of business models on 9 blocks of the Canvas Business Model: Customer Segments: In shops (souvenir agents), the general public and local tourist, Value Propositions: Affordable prices, products without preservatives, and other, Channels: Typical souvenir / outlet services, partner outlets, and some using online media, as well as agency networks (still carried out by MSMEs, group 3), Customer Relationship: Special offers in the form of giving discounts, innovating on new products, and providing purchasing admins, Revenue Streams: Direct sales, and sales through the order process, Key Resources: Main assets (raw materials, land, and buildings), financial (business capital), intellectual property (brands, copyrights, and documents), and human resources (workers), Key Activities: The process of producing, marketing products and developing products, Key Partnership: Supplier of raw materials, resellers and expedition services, Cost Structure: Production costs (materials and salaries of employees), transportation, electricity and rent.

From all found, researchers need to modify / create a canvas business model that is suitable / in accordance with the behavior of MSME actors in Trenggalek by referring and integrating several successful MSME entrepreneurs in Trenggalek.

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