

# CHAPTER I

## INTRODUCTION

### 1.1 Background

needs is important that makes company priority, then to fulfill their needs company need to know the market's need. Marketing focus on the needs of customer to understand the future of customers just before produce a product or service for them, with customer wants and needs incorporated into the product, sales and profit goals are would met (Kehinde et al, 2016). There are various types of business from vehicle, gadget, food and beverages, and many else. One of the growing business or industry is food and beverage.

Food and beverages Industry istoo fast growing in market place, so there is much weak spot to improve. Inventory is one of the tangible investments. Inventory can help indirect profit, one of the problems that arise for business owners are not realize the true cost of carrying excess inventory. Inventory cost is defined as the cost of holding goods in stock. In the industrial world certainly looking for a way to reduce inventory cost, and chances to dead stock is bigger. There are 4 things to improves inventory management and reduce inventory cost, such as using just in time inventory management practices, measure inventory turns and set aggressive goals, reduce inventory items, and view inventory realistically.

Companies often experience problems in controlling or procuring raw materials, some examples of problems are sometimes occurring in small medium enterprises. One small medium enterprise is Coffee shop. Coffee shops usually only thinks about how is the taste of coffee, packaging of coffee, and the place. Coffee shop does not consider about their raw material, for example the scheduling orders, stock inventory and many else. Inventory problems will certainly affect the system in the company, such as bad inventory could make dead stock or miss

calculation of stock, besides that other risks may arise due to the length of storage of raw materials.

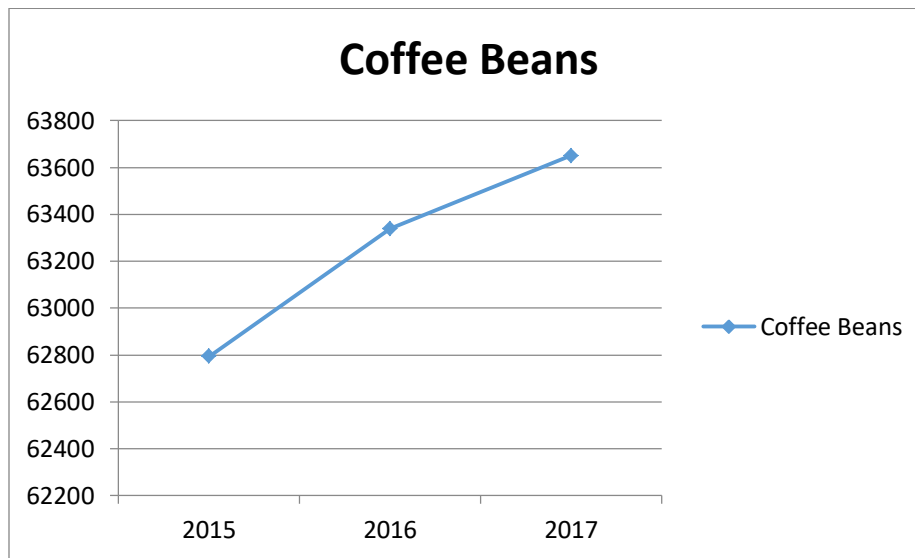
Coffee shop does not know the critical case such as when to buy material and how much quantity of material should be purchased to avoid empty stock. Therefore, Scheduling Orders Raw material is useful to know at what point the coffee shop must purchase and how much material must be purchased. Solution for get good plan in inventory is implement a material procurement scheduling system can be to use the material requirement planning. Therefore, one way to implement a material procurement scheduling system can be to use material requirements planning. Material requirement planning is a planning technique of time phased-priority to calculate the material requirement and schedule supply to meet demand of a product (Iasya & Handayati, 2015). Material requirement planning could design a specific system for corrugated demand situations that are typically demand, which aims to ensure the availability of materials, items or components when needed to meet the production schedule, and ensure the availability of finished products for consumers and keep inventory at minimum conditions and planning shipping activities, scheduling and purchasing activities

Couvee coffee is one of the businesses in food and beverages industry, located in Yogyakarta which was established in 2017. Couvee coffee are selling coffee and snack and should be able to meet the needs of customers, especially when customers want to buy coffee based or non-coffee and snack. This study conducted an analysis of inventory control of coffee in Couvee coffee by using material requirement planning methods. Material requirement planning has a contribution to good scheduling. Material requirement planning is a concept that is able to survive and is able to adapt to changes desired by the business world in facing the current global period. With the implementation of the material requirement planning, it is expected that Couvee coffee has a scheduling system in the material requirement planning to be used to determine when the purchase and how much material quantity must be ordered by Couvee coffee. Hopefully, it can give an advice for storeman for a monthly procuring a raw material in Couvee Coffee.

Couvee coffee should to know the scheduling and the quantity of material in properly. The observation so far of handling information in the field of raw material requirements planning and production planning is still manually, so that sometimes Couvee coffee could buy beans of coffee from second supplier. In addition, there is often a buildup of raw materials. The system that regulates inventory planning that has been implemented by Couvee coffe is uncertain. Therefore, an information system is needed that can help reduce the risk of shortages or excess raw materials, that can facilitate the production process.

Coffee beans have critical impact to coffee shop, because their important material. There is no beans they cannot selling their menu, so to decreasing the miss calculation of stock researcher trying to find the amount of coffee beans as a consideration that will show in table 1.1.

Table 1.1 Coffee beans



Resources Badan Statistika Nasional

After getting the results of the coffee beans produced in Indonesia from 2015 - 2017, the researcher will forecast calculation will be done first to get the average sales to know their needs of coffee beans. Forecasting is the science of predicting what will happen in the future. Forecasting is one of the most important functions because almost all business decisions are taken based on forecasting what will happen in the future. After doing forecasting, the results obtained will be continued to the calculation of material requirements planning.

This research is expected to create a material requirements planning model for the procurement process of Couvee coffee material based on when to buy coffee beans and also how much quantity of coffee beans must be purchased by Couvee Coffee. This research is also to solve the problem of the process of procuring raw material carried out by the coffee shop as one of the small medium enterprises. This research also will discuss scheduling raw material and reduce inventory of material requirements planning.

## **1.2 Problem Formulation**

Based on the background mentioned above, the material requirement planning has many advantages. Material requirement planning model is expected to be able to create a system for scheduling material procurement for Couvee coffee. In this research, the researcher will determine how to calculate the material requirements for the procurement of materials to be implemented by couvee coffee. This research will also provide advice for Couvee Coffee for the process of procuring raw materials and arrange the supplier based on when to buy material and how much material to fulfill their needs.

## **1.3 Research Objective**

The purpose of the following study aims to help Couvee coffee in making material procurement planning orders and arrange the scheduling and amount of coffee beans to supplier to fulfill their needs. Material requirement planning is used to determine and make the procurement of goods and how many quantities are needed. Then it can help Couvee coffee in a more efficient and effective procurement system.

## **1.4 Research Limitation**

Limitations in this study determined in order that research conducted is not too broad and limp from existing research. The boundaries of that problem are:

1. The researcher only focuses on coffee beans.
2. The researcher only take demand of coffee beans.

3. The researcher only takes historical data at Couvee coffee.
4. The data only used sales product in August 2018 until May 2019 at Couvee coffee.

### **1.5 Benefit of Res earch**

Research is conducted in order to provide benefits and usefulness for all parties, while the expected benefits are as follows:

1. Helping companies in managing raw material inventory for the smooth production process.
2. Helping management in decision making processes related to the needs of raw materials in the choosing supplier.
3. Helping student to graduate from University of Islamic Indonesia and hopefully could implement in the coffee shop that student work right now.

### **1.6 Systematic Research**

Systematic writing is made to provide a general overview of the research to be undertaken. In general systematics of writing as follows:

#### **CHAPTER I INTRODUCTION**

This chapter explains the background, problem statement, problem question, objective of research, benefit of research, problem limitation, and systematic research.

#### **CHAPTER II LITERATURE REVIEW**

This chapter elaborates the theories of reference books and journals as well as the results of previous researches related to the research problem which are used as references for problem solving

### **CHAPTER III RESEARCH METHODOLOGY**

This chapter will be steps for conducting the research that are applied as a references in order to keep focusing on the primarily goals, which are going to be achieved. It will explain and resume the phases of the systematic literature review undertaken, the method and tools that are used to support every stage as well as the section of the article where these are addressed.

### **CHAPTER IV DATA COLLECTING AND PROCESSING**

It contains the data obtained during the research and how to analyze the data. Data processing result is displayed either in the form of tables and figure.

### **CHAPTER V DISCUSSION**

This chapter contains a discussion of the results obtained in the research, and the suitability of the results with the research objectives.

### **CHAPTER VI CONCLUSION AND DISCUSSION**

Contains the conclusion of the analysis and any recommendations or suggestions on the results for the problems identified during the study, so it needs to be done in the future studies.