

Application of Expansion and Retrenchment Strategies: A Case Study of Zain Group

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ABSTRACT

Purpose: This paper aims to the supply chain management solutions at PT Coca Cola Bottling Indonesia with an evaluation of supply chain management of Coca Cola, where supply chain management is a concept or mechanism to increase the total productivity of companies in the supply chain through optimization of the time, location and quantity of flow materials from raw materials into semi-finished products and finished products..

Design/methodology/approach: The introduction of this preliminary study is to get that information as complete as possible of that system object investigated. In this preliminary study, the researchers trying to learn the conditions actually from the company especially that problems with distribution problems product..

Findings: Production Planning has an important role in business processes, especially in companies of type Make To Stock. Maintenance plan capacity planning elements involved in the year 2010 from distribution, directly on put it into a warehouse and data taken only to the sales & marketing, and preferably capacity in 2011 will be further improved again..

Research limitations/implications: Production Planning has an important role in business processes, especially in companies of type Make To Stock. Maintenance plan capacity planning elements involved in the year 2010 from distribution, directly on put it into a warehouse and data taken only to the sales & marketing, and preferably capacity in 2011 will be further improved again..

Practical implications: Production Planning has an important role in business processes, especially in companies of type Make To Stock. Maintenance plan capacity planning elements involved in the year 2010 from distribution, directly on put it into a warehouse and data taken only to the sales & marketing, and preferably capacity in 2011 will be further improved again..

Originality/value: The current business competition is no longer going between companies but already involving multiple supply chain networks. With the changing of competition map such, the current business perspective is no longer focused on improving management company but already leads on improvement of supply chain management.

Paper type: Research paper

Keyword: Supply Chain, Productivity, PT. Coca-Cola Bottling Indonesia

Introduction

The current business competition is no longer going between companies but already involving multiple supply chain networks. With the changing of competition map such, the current business perspective is no longer focused on improving management company but already leads on improvement of supply chain management. Wrong one thing that is important enough to pay attention is how parties management exercises control inventory on the supply chain network effectively and efficiently. PT. Coca Cola Bottling Indonesia (PT.CCBI) is a manufacturing company which is engaged in industry soft drink. The products are produced by PT. CCBI is in great demand by consumers. In terms of branding, PT CCBI which is the largest company producer of carbonated beverages in a world whose names are familiar again in all levels of Indonesian society. Height requests at certain times such as

Lebaran, Christmas, New Year, long holiday caused consumers need products that are ready to be served directly without having to make it. Products produced by PT. Coca Cola Bottling Indonesia, among others: Coca-Cola, Sprite and Fanta both in Packaging Bottle (RGB), Plastic Bottle (PET) or Can (CAN) at PT. Coca-Cola Bottling Indonesia's applied distribution pattern of product from the factory is sent to the sale center and then sent to outlets and fast food restaurants spread throughout Indonesia.

The purpose of this study is to know flow of supply chain system at PT .CCBI ranging from raw material suppliers used up to the production, distribution and marketing of the product to the end users of Coca Cola products the. Supply chain system analyzed at scope of PT. CCBI Indonesia. Which system observed includes suppliers, factories and capital distribution used for flow logistics with end customers is industrial consumers. This report's structure starts with introducing, literature review, methodology, results and discussion and ending with conclusion.

LITERATURE REVIEW

A. Supply Chain Technology

Implementation of supply chain concept management (SCM) is a practice of distributing products that are not just shifting the distribution pattern traditionally, but it is also a more advanced strategy to create that consumer loyal. Supply chain is a system where the organization distributes goods production and services to the people customers (Indrajit and Djokopranoto : 2002). This chain is also a network from various mutual organizations related that has a purpose same, that is as good as possible organize procurement or distribution of goods. While supply chain management is defined as an integrated approach oriented on the process to provide, producing, delivering products and services to consumers. Supply chain management

coordinate and integrate all processes in the supply chain process, connect all internal partners including departments within the organization and external partners that include suppliers, operators, third-party companies, as well as provider of information systems. The essence of supply chain management is it process history should be described into one system. We will see it can be said that

supply chain is a logistics network. In this relationship, there are some major players which are companies.

Which has the same similarity, namely: suppliers, manufacturers, distribution, retail outlets, and customers.

Implementation of supply chain management requires several main principles [Anderson et al, in Frohlich and Westbrook 2001]:

1. Implement top customers basic needs.
2. Customize the logistics network for needs of each customer.
3. Paying attention to market demand for planning.
4. Distinguish the product as close as possible on customers and personal doing the conversion along supply chain management.
5. Managing the resources as a whole strategies to reduce costs material or service.
6. Develop a technology strategy for throughout the supply chain.
7. Using inter performance measures network.

Supply chain management successful retired individual functions that produce activity which integrate into the core process supply chain.

B. Value Chain Analysis

Type of strategy selected by the company starts from understanding what is desired by its customers [Chopra and Meindl, 2007]. Therefore it is said a successful strategy should be ranging from understanding to what is requested by the buyer. The reason is because the buyer's needs are constantly changing following. Then successful companies always can understand what the buyer is asking for and always ready to anticipate buyer needs. One way that can be used by the company to identify and evaluate resources and its ability is to do value chain analysis. Where by doing this analysis allows companies to understand parts of the company's operations create value and which are not. Understand this whole thing is important, because companies make a profit above the average only when the value it creates greater than the cost incurred to create such a value can be drawn a better judgment about what is actually considered worth by the customer.

Research Methodology

1. Introduction Study

The introduction of this preliminary study is to get that information as complete as possible of that system object investigated. In this preliminary study, the researchers trying to learn the conditions actually from the company especially that problems with distribution problems product.

2. Study References

At this stage will be studied theories and information related to difficulty of the problem being done.

3. Data Collection

Data collection in this study done in a way that is: do observation through web PT. CCBI and retrieve the required data from the observer.

4. Stage Analysis and Conclusions

At this stage, interpretation will be made results that will be analyzed to be able conclusions the crossdocking method applied to.

Result and Decision

A. Types of Coca-Cola Products and Size

1. Coca-Cola

Coca-Cola was first created in Atlanta, Georgia. John S. Pemberton. First registered as a trademark in 1887, In 1895 Coca-Cola has been sold throughout the United States. Coca-Cola is now available worldwide and the most popular and best selling soft drink brand.

Available packaging:

PET : 250ml, 390ml, 1000ml, 1500ml

CAN : 250ml, 330ml

RGB : 200ml, 295ml

2. Sprite

First introduced in 1960, Sprite is a soft drink with the most popular lemon flavor. Sprite is sold in 190 countries in the world with enormous charm among the younger generation.

Sprite is preferred because it feels cool and can really release thirst. This product encourages you to be yourself and satisfy your thirst.

Available packaging:

PET : 250ml, 390ml, 1000ml, 1500ml

CAN : 250ml, 330ml

RGB : 200ml, 295ml

3. Fanta

Fanta was first discovered in Germany and since the 1960s has been marketed worldwide with the largest consumer teenagers aged 12-19 years. Fanta now comes with over 70 flavors, with orange flavor as the largest volume.

In Indonesia, Fanta is synonymous with strawberry flavor and began to be marketed since 1973. Indonesian consumers love the Fanta which is synonymous with joy with friends and family, because of the trademark of Fanta brand that always brings the misery with bright

colors, delicious fruit taste and refreshing carbonation . Flavor variants Strawberry, Soda Water & New Fanta Orange.

Available packaging:

PET : 250ml, 390ml, 1000ml, 1500ml

CAN : 250ml, 330ml

RGB : 200ml, 295ml

4.Fretea

Fretea is manufactured under the authority of Pacific Refreshments Pte. Ltd. by using the high quality standards of The Coca-Cola Company, using high technology and supported by hygienic production process, to ensure that each bottle of Fretea has the same quality.

Flavor variant:

Jasmine, Green, Green Honey, Apple & Passion Fruit.

Available packaging:

PET : 350ml, 500ml, 900ml

RGB : 220ml

CUP : 296ml

5.Minute Maid

Minute Maid was bought by The Coca-Cola Company in 1960, since then Minute Maid is marketed as orange juice drink from real fruit with vitamin C and original orange grains (pulp). As time goes by, The Coca-Cola Company innovates and launches various flavors and variants for the Minute Maid brand.

Actually there are so many products from PT. Coca-Cola Bottling Indonesia, but we only show a few of the company's website. For the full product can be checked in <http://www.coca-colamatil.co.id>

B. Raw Material

Raw materials are the main ingredients used in the manufacture of products, participate in the production process and have the largest percentage compared to other materials. As for raw materials used by PT. Coca-Cola Bottling Indonesia in the manufacture of beverages this carbonated light is :

1. Water

Water is obtained from the spring by drilling 100-200 meters depth for later processed before use in the process production, or by the daily needs of the company.

Water is obtained from a wellbore that can categorized into 2 types:

a. Processed water

Used for production, water use drinking cafeteria, and office.

b. Unprocessed Water

Used for room use bath, courtyard and others.

2. Sugar

Sugar used must be standard or sugar pure, such as sugar has 99.99% content and is free from dirt. Sugar is obtained from Australia, Thailand and China. The need for the average sugar used can be seen in the following table:

Table 1.

Production Type	Amount of Sugar (Kg)	Information
Coca-Cola	203.225	For production 1 Unit
Sprite	258.081	
Fanta Strawberry	292.65	

(Source: Anita Christine Sembiring "Route Determination Optimal Product Distribution By Using Algoritma Heuristik At PT. Coca-Cola Bottling Indonesia")

3. Concentrate

Concentrate works as material preservatives and tasters on drinks. Average the need for concentrate per unit of production which can be seen in the table following:

Table 2. Average Amount of Usage

Concentrate / Production Unit

Type of Production	Concentrate (Part)	Information
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	I	II	III	t = Tube p = Pack
Coca-Cola	0.667t	-	0.67t	
Sprite	0.25	0.25p	0.5p	
Fanta Strawberry	0,5p	0,5p	1,0t	

(Source: Anita Christine Sembiring "Route Determination Optimal Product Distribution By Using Algoritma Heuristik At PT. Coca-Cola Bottling Indonesia")

4. Carbon Dioxide (CO2)

Carbon Dioxide (CO₂) is the material standards that serve as a refresher and drink preservatives. Apart from it all quality serves to show the characteristics from Coca-Cola itself. Average the use of CO₂ can be seen in the following table:

Table 3. Average Number of CO₂ / Unit Usage Production

Amount of Production	Amount of Usage CO₂ (Kg)	Information
Coca-Cola	14,26	For production 1 Unit
Sprite	14,65	
Fanta Strawberry	9,90	

(Source: Anita Christine Sembiring "Route Determination Optimal Distribution By Using Algoritma Heuristik At PT. Coca-Cola Bottling Indonesia")

C. Helper Material

The auxiliary material is a material in the production process and added to the manufacturing process products whose components are not clear differentiated on the final product.

a. Chlorine (Ca (Ocl) 2)

Used in air processing, kill bacteria growth of microorganisms), rinsing bottles and sanitary equipment.

b. Sulfuric Acid (H₂SO₄)

This material is automatic to liberate and remove the dissolved gases in the air.

c. Filter Aid

Works to coat the filter paper during the simple filtering process syrup in the filter press, enlarge the paper pore filter make it easy filtration and retaining activated carbon.

d. Activated Carbon

Used on making syrup for to verify the availability of sugar and eliminating foreign odors.

e. Gravel

Serves as a sliding medium on. The sand filter is processed using gelatin air can filter foreign objects which dissolves in the processed air.

f. Caustic Soda (NaOH)

Used in the process of washing the bottle on bottle washing as detergent.

g. Other Chemicals

For example Poly Aluminum Chlorine (PAC), lime, Cl₂, KMnO₄.

D. Additional Materials

Additional materials are ingredients needed to improve quality a product or an ingredient of this material

is part of the final product. Material additions to the beverage making process light weight contained in PT. Coca-Cola Bottling of Indonesia in general required on the packing process, namely:

a. Bottle

Bottle is a beverage pack light weight generated by PT. Coca-Cola Bottling Indonesia ready to market.

b. Crown Cork (bottle closing)

Used to close the bottle soft drink.

c. Crate (plastic crates)

Serves as a storage place bottle with a capacity of 24 bottles per chest. Used chest full depth. This chest is used for the product Coca-Cola, Sprite, and Fanta with an average of less than 1.8-1.9 kg / bottles.

d. Cardboard

Used as packing place beverages packed in plastic coated bottles.

E. Supplier Selection Mechanism

1. Provision of Basic Materials

The main raw materials used in the production process of making drinks manufactured by PT. Coca Cola Bottling Indonesia is:

a. Water

Water raw materials can be obtained with easy by PT. CCBI because the location of PT. Coca-Cola is always close by mountains so that the raw material is easy obtained from ground wells that are drilled (deep well).

b. Pure Sugar

The basic ingredients of making syrup are sugar and concentrate. Sugar as a giver sweet taste and concentrate as a determinant taste of the drink. Sugar is obtained from the outside domestic and domestic which from Denmark, England and Lampung. Supplier (supplier sugar) is still active is PT. AJM (Arindo Jaya Mandiri), manufacture of Danisco Denmark. In syrup processing, the sugar used has a quality good and pure. This can be seen on a regular basis visual that the white sugar crystals clean. Before sugar is received, it is always done first check whether appropriate standard. The standard used includes the conditions packaging on sugar (good and whole), appearance (white / granular crystals), turbidity, free of foreign taste and smell, color max 35 RBU / Range Base Unit. Sugar will be purchased in accordance with the standard and then stored in a warehouse arranged in a palette (1 palette = 25 sacks).

c. Concentrate

The process of making the concentrate is done in Coca-Cola Indonesia (CCI) Cilangkap, raw materials made in Atlanta and stored in a warehouse with low temperatures (<5oC). Concentrate is a flavoring agent, scents, smells, dyes, and preservatives on soft drink. Concentrate shaped powder / powder (for preservative), liquid (for dyes and aromas.) Concentrates that used divided into 3 kinds namely: Part I is a powder that provide color and preservatives (Part IA, IB and IC), Part II is liquid for aroma / flavor (Part IIA and IIB), Part III namely dry tea in the form of green tea and tea black.

F. Criteria - Criteria in Supplier Selection

Assessment and selection of suppliers, no can be rejected, is one the most important part in purchasing goods or Services for a company. Selection suppliers are not paying enough attention how cheap the price offered suppliers. Therefore in the assessment and the selection of suppliers should pay attention to all the factors influence it. Likewise with PT Coca-Cola Bottling Indonesia in evaluation and selection of potential suppliers has pay attention to those criteria related to supplier selection as :

1. Supplier Search

At this stage, PT. Coca-Cola Bottling Indonesia seeks to identify the most appropriate supplier. PT Coca-Cola Bottling Indonesia can research companies, conduct searches existing suppliers.

2. Request for Proposal Submission

PT. Coca-Cola Bottling Indonesia will invite suppliers who meet requirement to submit a proposal. PT . Coca-Cola Bottling Indonesia will demanded a detailed written proposal from every supplier that fulfills

requirement. After evaluating the proposal , PT Coca-Cola Bottling Indonesia will remove some suppliers who invites the remaining suppliers to make a formal presentation.

3. Supplier Selection

Before choosing a supplier, center purchase will make a specification a number of supplier attributes desired and set level the nature of the relative relationship. The purchasing center then assesses suppliers through those attributes and supplier identification most interesting.

4. Specification of Orders Routine

After selecting the suppliers, PT . Coca-Cola Bottling Indonesia negotiate the final order, detailing technical specifications, the number of which required, delivery time expected, return policy, warranty and so on.

5. Performance Assessment

PT . Coca-Cola Bottling Indonesia directly periodically review supplier performance selected. There are three methods already here. PT. Coca-Cola Bottling Indonesia can contact end users and ask them, PT. Coca-Cola Bottling Indonesia can ranking suppliers based on some criteria by using weighted value method or buyer can nominate the cost of performance bad suppliers to produce purchase cost difficulties included price.

F. LOGISTICS

1. Product Warehousing

Logistics process in distribution channels can use various facilities companies and intermediary specialists. Facility is defined as a unit organizations involved in whole or partial organization logistic process. The intermediary specialist is companies that run to find profit. A distribution warehouse or a trucks managed by the company logistics facilities, but both are possible is an intermediary specialist if the warehouse is a public warehouse and the truck is operated by a public transportation company. Fixed combination of facilities companies with intermediary specialists

need selected to achieve the goal by total the lowest cost. Logistics can also be defined as process planning, implementation, and efficient control, cost flow effective and storage of goods raw, inventory of goods in process, finished goods and related information from the point origin to the point of consumption for the purpose meet the needs of consumers. There are five components that are joined to logistics management system, namely: structure location of facilities, transportation, supplies, communications, handlers and storage.

2. Product Transportation Mode

All products sold and distributed by PT. Coca-Cola Bottling Indonesia is produced in Indonesia. Currently there are 10 bottling factories spread throughout Indonesia. All this time our factories in Indonesia, received many awards from The Coca-Cola Company for standard achievement which ignores the specified standards for similar factories in variety other locations in the world. There are several main ways of transportation which by PT. Coca-Cola Bottling Indonesia. The main way to transport it are land routes, by sea, and flight path. Every each means of transport has experts who will make sure the product is safe until the destination.

a. Landline

Landline as a distribution line can said to be more advanced than with other distribution channels, because the tool transportation by land route can always be passed by motor vehicle. On the other hand motor vehicles have flexibility which is quite high because it can be operated on top of all types of highways.

b. Sea

The main advantage means of transportation through water is his ability to carry goods in very large quantities. Diesel boat has a high enough flexibility also compared with the means of transportation others.

c. Flight Path

Transportation by air is latest transportation facilities. Although transportation this air requires ground transportation before and after, however speed of service between two places which could be far enough to lower costs logistics overall with margin big enough to offset costs air transport is quite high.

CONCLUSION

Production Planning has an important role in business processes, especially in companies of type Make To Stock. Maintenance plan capacity planning elements involved in the year 2010 from distribution, directly on put it into a warehouse and data taken only to the sales & marketing, and preferably capacity in 2011 will be further improved again.

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