

# ANALYSIS OF FACTORS AFFECTING THE SUCCESS OF MICRO SMALL AND MEDIUM ENTERPRISES (CASE STUDY OF NAGOYA SHOP IN LHOKSEUMAWE CITY)

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## Abstract

This research aims to analyze the profits of the "Nagoya" shop business so that we can know in detail the amount of profit each month earned by the "Nagoya" shop business in the culinary area on reservoir road in Lhokseumawe City. The data used in this research is primary data obtained by conducting direct interviews with business owners using a list of questions, and secondary data obtained from literature studies in the form of literature, written sources or documents that are relevant to this research. The data analysis method used is descriptive analysis, using business profit analysis, then continued with Return of Cost Ratio analysis, then presented in table form. The results of this research show that the "Nagoya" shop business provides a monthly profit of IDR.7,970,000 with an R/C ratio of 2.35. This shows that every Rp. 1 production cost incurred by a coffee shop business owner can provide a return in the form of receipts of IDR. 2.35. Where the total revenue is still greater than the total production costs and this business experiences profits Every

Keywords : profit analysis, "Nagoya" shop business, Lhokseumawe City

## 1. INTRODUCTION

### Background

MSME is an abbreviation for Micro, Small and Medium Enterprises. Basically, MSME's are enterprises or businesses carried out by individuals, groups, small business entities, or households. MSMEs also play an important role in the context of tourism development by providing attractive local products such as local culinary delights, local crafts, etc. The MSME that we have researched over the last 4 weeks, namely 'Kedai Nagoya' is also an MSME that operates in the culinary sector at a tourist attraction located on the edge of Lhokseumawe City. Kedai Nagoya is an MSME that offers a place equipped with food and drinks to enjoy while relaxing in the afternoon with family and friends while enjoying the beauty of the sunset from here. This Nagoya shop is one of the MSMEs located in Waduk.

### Definition of Industry

The definition of industry is to produce finished goods through a processing process in large quantities so that these goods can be obtained at the lowest possible price but with the highest possible quality (Sade, 1985). Success factors in business. Business is all activities that seek profit by providing goods and services to other people (Wewengkang and Rotinsulu, 2017). According to Hendry Faizal (2007), business success is essentially the success of the business in achieving its goals. Business success is the mainstay of a company where all activities within it are aimed at achieving success.

### Factors for Success in Business.

Business is all activities that seek profit by providing goods and services to other people (Wewengkang and Rotinsulu 2017). According to Hendry Faizal (2007) business success is essentially the success of the business in achieving its goals. Business success is the main thing for a company where all activities in it are aimed at achieving success.

### **Business Capital**

Business capital is money that is used as principal (parent) for trading, releasing money and so on or capital is property (money, goods and so on) that can be used to produce something to increase wealth. Venture capital is very necessary so that the business carried out can run smoothly. This capital consists of material capital and non-material capital, the amount of capital depends on the form of the catering business being managed. The amount of capital provided will affect the size of the business

### **Indicator of success on business**

The success of a business will depend greatly on how a particular part of the business develops. One of the indicators for measuring the success of a business that is easiest to observe is the profit earned by the company (Suryana, 2003). According to Dwi Riyanti (2003), business success indicators are quite significant criteria for determining the success of a business can be seen from :

1. Increase in capital accumulation or capital increase
2. Number of production
3. Number of customers
4. Business expansion
5. Expansion of marketing areas
6. Improvement of facilities

### **Cost Function**

Costs are cash or cash equivalent value sacrificed for goods or services that are expected to provide benefits now or in the future for the organization (Simamora, 2002). Costs function to ensure the smooth running of operational activities. Without costs, the things the company needs will not be fulfilled, thereby hampering the company's production or operational processes. Another function of costs is to calculate the cost of goods sold (COGS).

### **Acceptance Concept**

Total revenue is the amount of production multiplied by the prevailing selling price (Wilson, 2007). According to Kotler (2006), total revenue is the amount of money received by restaurant entrepreneurs before deducting total costs or what is usually called gross income each month and is expressed in rupiah (Rp).

### **Formulation of the problem**

Based on the background, the formulation of the problem in this research is how much profit can be obtained in 1 month in the Nagoya Kedai business, Lhokseumawe city.

### **Research Purposes**

The aim of this research is to analyze profits in the Nagoya Kedai Lhokseumawe City Business

### **Benefits of research**

The benefits of this research are expected to provide information regarding the potential for food businesses in Lhokseumawe City, through examples obtained from the feasibility of the Nagoya Shop business in Lhokseumawe City, as well as providing input and information regarding the potential for snack shop businesses in the culinary tourism area in Lhokseumawe City. This makes it possible for us to start a business without having to spend a huge amount of money and you can start with a small portion of existing.

## 2. RESEARCH METHOD

### Time and Place of Research

This research was carried out directly at the Nagoya Shop, Lhokseumawe City, and it will be carried out at the end of November to mid-December, namely December 16 2023, starting from preparing the incident report to the research.

### Research Methods

The method used in this research is the case study method, the data needed in this research is primary data and secondary data. Primary data uses direct interview techniques with the owner of the "Nagoya" snack shop using a list of questions that have been prepared in advance, while secondary data is obtained from literature study in the form of literature, written sources or documents that are relevant to this research.

### Variable Measurement Concept

The variables observed and measured in this research:

1. The selling price of the food and drink menu provided each day is then added up for one month. (Rp/month)
2. Production costs for making food and drinks (Rp/month)
3. The total costs in this research are the total costs incurred by entrepreneurs in 1 month to provide the food and drink menu offered, including:
  - a) Fixed costs (Rp/month) consisting of: Depreciation costs, namely the cost component that entrepreneurs indirectly incur for each month of production in this case.
  - b) Variable costs (Rp/month), including: The raw materials for making this food consist of instant noodles, potatoes, cooking oil, kitchen spices and water. Meanwhile, the raw materials for drinks consist of sachet drinks, milk, coffee sachets, juice, sugar, ice cubes and mineral water
4. Revenue, namely the amount of money received by the coffee shop entrepreneur before deducting total costs or what is usually called gross income every day and is expressed in rupiah (Rp).

### Data Analysis

To describe the business profile of the "Kedai Nagoya" in Lhokseumawe City, data analysis was carried out using descriptive analysis methods and presented in table form. Meanwhile, to determine the level of profit of the Nagoya shop business, we will use business profit analysis with the formulation:

$$I = TR - TC$$

I = Income/Business Profits (Rp)

TR = Total Revenue/Total Receipt (Rp)

TC = Total Cost/Total Production Cost (Rp)

To find out whether the coffee shop business is worth continuing or not, Return of Cost Ratio analysis is used, which is a comparison of revenue with total production costs to analyze the feasibility of the business (Wilson, 2007). This analysis uses the following equation model:

$$R/C = TR/TC$$

Where: R/C = Business Feasibility Index

TR = Total Revenue

TC = Total Production Cost

### 3. RESULTS AND DISCUSSION

#### 3.1 Description of Research Location

##### "Kedai Nagoya" Business Profile

The Nagoya coffee shop business was founded in 2013 or has been around for 10 years with an owner named Mr. Lazuardi. This shop is located in the Reservoir tourist area in Lhokseumawe City. This shop provides noodles with a typical Acehnese taste. This shop also serves several other drinks such as ice coffee, lemon tea and others, and several snacks and cigarettes as additional menus, which contribute to the business income of the "Nagoya" Shop. This business operation runs for 7 days with operating hours of  $\pm 8$  hours per day. From 15.30 to 23.30 except Friday, the operating hours are from 15.30 to 22.30, this business is run by 1 worker with wages of 1,800,000 per month. In running this business, the number of cups sold every day is 15 - 20 cups. And the food and snacks sold are 10-20 portions. So the total turnover (gross receipts) for sales at the Nagoya shop is IDR. 13,890,000 in last november.

##### Nagoya Shop Menu

This Nagoya shop provides various kinds of food in the form of indomie, and there are also French fries and various kinds of sachet drinks. The prices offered at Kedai Nagoya for drinks start from Rp. 2000 to Rp. 15,000 and for food start from Rp. 10,000 to Rp. 15,000.

##### Cost of Income

The costs of income at Kedai Nagoya based on the information we got from Mr. Lazuardi

##### Drinks

No	Name	Unit	Purchase Amount	Monthly Total
1.	Iced coffee	IDR. 10.000	30 Portions	IDR. 300.000
2.	Coffeeblend	IDR. 15.000	90 Portions	IDR. 1.350.000
3.	Green Iced Tea	IDR. 10.000	60 Portions	IDR. 600.000
4.	Sweet Iced Tea	IDR. 8.000	30 Potions	IDR. 240.000
5.	Teh Tarik	IDR. 10.000	60 Portions	IDR. 600.000
6.	Cold Milo	IDR. 8.000	60 Portions	IDR. 480.000
7.	Lemon Tea	IDR. 10.000	150 Portions	IDR. 1.500.000
8.	Various saschet drinks	IDR. 8.000	90 Portions	IDR. 720.000
<b>Total</b>				<b>IDR 4.440.000</b>

Tabel 1: The Costs Income of Drink

##### Foods

No	Name	Unit	Purchase Amount	Monthly Total
1.	Regular Acehnese Fried Noodles	IDR. 12.000	90 Portions	IDR. 720.000
2.	Acehnese Egg Fried Noodles	IDR. 15.000	120 Portions	IDR. 1.800.000

3.	Indomie Noodles	IDR. 12.000	90 Portions	IDR. 1.080.000
4.	Indomie Egg Noodles	IDR. 15.000	90 Potions	IDR. 1.350.000
5.	French Fries	IDR. 15.000	300 Portions	IDR. 4.500.000
	<b>Total</b>			<b>IDR 9.390.000</b>

Tabel 2: The Costs Income of Foods

The results of this research show that the total receipts of the Nagoya shop from food and drink sales during November were mostly from French fries, namely IDR 4,500,000 and the total receipts of the "Nagoya" shop in November showed a figure of IDR 13,890,000

### Production cost

Costs are expenses in production that cannot be avoided. Costs have a very important role in decision making for every business. The amount of costs incurred to produce will greatly influence the profits that will be obtained in a business. Production costs are all costs incurred in making coffee drinks. Cost components are divided into fixed costs and variable costs. The fixed costs focused on in this research are the depreciation costs for the equipment used and the amount of business tax that must be paid each year.

### Fixed cost

Fixed costs are costs that do not depend on the size of the production volume. In other words, fixed costs are a type of cost that is static (does not change) within a certain size.

### Equipment Depreciation Costs

Equipment depreciation costs are costs that are indirectly incurred by the business owner for each year of production.

### Fixed Cost Recapitulation

The fixed cost component calculated in the Nagoya shop business is depreciation on equipment that uses 3 cylinders of gas, IDR 120,000/month and 8 gallons of water, IDR 80,000/month, so this shows that the fixed costs incurred by the Nagoya shop owner each month are IDR 160,000.

## 3.2 Variable Cost

### Raw Material Costs

Raw material costs in the process of making food and drinks at Nagoya shops include the basic ingredients for making food and drinks Expenditures - Noodles 40pcs/week Rp. 120,000 = IDR 480,000/month - Drinks (milk, sugar, drink flavors and others)/week IDR 360,000 = IDR.1,440,000 /month - Potatoes 5kg/week Rp. 65,000 = Rp. 260,000/month - Edible Oil 7 kg/week Rp. 91,000 = IDR 365,000/month - Gas 3kg/week = IDR 120,000/month - Kitchen spices (6 purchases a month) = IDR 30,000/month - Gallon water (8 purchases a month) 5000/gallon IDR 40,000 - Ice IDR 56,000/ week = 224,000/month - sugar Rp. 585,000/month Total expenses per month Rp. 3,544,000

### Costs For Procuring Complementary Equipment in Costs for Procuring

Complementary equipment - electricity bill costs IDR 210,000/month - shop rental costs IDR 416,000/ month. From the results of this research, the highest supplementary material is the shop rental fee used in a month with a usage fee of IDR 416,000.

### Labor Costs for Providing

Labor at this Nagoya shop are only assisted by 1 employee with working hours of 8 hours/day and this is done every day. Employees are paid monthly salaries of IDR 1,800,000. Recapitulation of Variable Costs for components that are classified as variable costs include purchasing costs for food and beverage raw materials amounting to IDR 3,544,000, equipment depreciation costs amounting to IDR 160,000, procurement costs for complementary equipment amounting to IDR 416,000, and labor costs amounting to IDR 1,800,000. So the total spent by Kedai Nagoya is IDR 5,920,000.

### Total Expense of The Kedai Nagoya Business

Table of the financial analysis of Kedai Nagoya which earned gross income for a month of IDR 13,890,000

No	Type of Expenditure	Amount of Expenditure
1.	Raw Material	IDR. 3.544.000
2.	Employee Salary	IDR. 1.800.000
3.	Electricity Bill Costs	IDR. 210.000
4.	Shop Rental Cost	IDR. 416.000
<b>Total</b>		<b>IDR. 5.970.000</b>

Tabel 3: The Expense Cost at Kedai Nagoya

So, with a gross income of Rp. 13,890,000, the net profit obtained by Mr. Lazuardi after reducing the amount of expenses by Rp. 5,970,000 is IDR 7,920,000

### Total Profit of The Kedai Nagoya Business and r/c Ratio

- Total receipts IDR 13,890,000
- Total production costs IDR 5,920,000
- Business profit IDR 7,970,000 • R/c ratio 2.35

The research results show that the R/C ratio of the "Nagoya" shop business is 2.35 which is obtained from the division between total revenue and total production costs. It can be concluded that this business is worth running because the R/C value is more than 1. This shows that every Rp.1 production cost incurred by the manager of Kedai Nagoya is more than capable of providing a return of IDR. 2.35, which means that total revenue is still higher than total production costs, so this Nagoya shop business is profitable and very feasible.



#### 4. ATTACHMENT

- Discussion Stage



- Photos and Interviews with The Parents of the Nagoya Shop Owner



- Interview with Nagoya Shop Owner



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- **Photo with The Owner of The Nagoya Shop**



- **Member Photo**





- **The Nagoya Shop**



- **The View of Nagoya Shop**



## 5. CONCLUSION

### 5.1 Conclusion

The results of this research show that: From the results of the research that has been carried out, it can be concluded that the average revenue in this business has a positive and significant influence on the profits obtained by the "Nagoya" Shop. The research results show that businesses in the reservoir road area have potential.

### 5.2 Suggestion

Processing sales results, especially the culinary industry, is one of the business opportunities that offers profits for the perpetrators. One of them is the "Nagoya" shop in the culinary tourism area on the reservoir road in Lhokseumawe City, and it is hoped that this will be a consideration for the relevant agencies to develop a better culinary area on the reservoir road, so that it can have a positive impact on Lhokseumawe City.

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