



COMMUNITY ENGAGEMENT ARTICLE

Revitalization of Pandhalungan Creative Economy through Business Model Canvas Mapping for MSMEs in Serut Village, Jember Regency

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Abstract

Serut Village, Jember Regency has great potential to develop local creative economic activities. Pandhalungan culture is a characteristic of local culture in the Jember Regency. MSMEs in Serut Village face a reasonably simple but crucial problem, namely the absence of determining the value proposition of the local creative economic activities, the traditional business model by relying on product distribution to middlemen, tends to produce products that are similar to products on the market. This activity aims to identify and develop a business model that is applied by several MSMEs in Serut Village using the Business Model Canvas (BMC) approach. This activity was focused on the form of counseling and assistance in the preparation of BMC for 6 (six) MSME actors in Serut Village. The implementation method of this activity consists of several stages, namely the preparation stage, the data collection stage, and the BMC preparation stage. The result of this service activity is that all MSMEs in Serut Village are able to identify and compile BMC mapping for their business. All MSMEs have determined the value proposition of their business.

Keywords

Creative Economy; Business Model Canvas; MSMEs; Villages.

Abstrak

Desa Serut Kabupaten Jember memiliki potensi yang besar dalam pengembangan kegiatan ekonomi kreatif lokal. Budaya Pandhalungan menjadi ciri khas budaya lokal di Kabupaten Jember. UMKM di Desa Serut menghadapi suatu masalah yang cukup sederhana, namun krusial, yakni belum adanya penentuan value proposition dari kegiatan ekonomi kreatif lokal UMKM, model bisnis tradisional yang mengandalkan distribusi pada tengkulak, cenderung menghasilkan produk yang serupa dengan produk di pasaran. Tujuan kegiatan ini adalah mengidentifikasi dan menyusun model bisnis UMKM di Desa Serut dengan pendekatan Business Model Canvas (BMC). Fokus kegiatan berbentuk penyuluhan dan pendampingan penyusunan BMC bagi 6 UMKM di Desa Serut. Metode pelaksanaan terdiri dari tahap persiapan, pengumpulan data, dan penyusunan BMC. Hasil kegiatan adalah semua UMKM Desa Serut mampu mengidentifikasi dan menyusun pemetaan BMC atas usahanya. Semua UMKM telah menentukan value proposition dari bisnisnya).

Kata Kunci

Business Model Canvas; Desa; Ekonomi Kreatif; UMKM.

1 | INTRODUCTION

Serut Village is a village located in Panti District, Jember Regency which is located in the Argopuro mountain region and has an area of 1,000,671 Ha. In terms of topography, Serut Village is located at an altitude of 161 meters above sea level, with an average temperature of 35o C. Geographically, Serut Village is one of the villages in Panti sub-district which is very strategic because it is closest approximately 15 km from the Jember Regency government center and Jember University. The residents of Panti village are mostly a mixture of two cultures, namely Javanese and Madurese culture or what is usually called Pandhalungan.

Serut Village has good potential in the development of local creative economic activities (Maharani, et. al, 2023). Pandhalungan culture is a characteristic of local culture in Jember Regency including in Serut Village, where this culture influences the mindset and behavior patterns of the community. Skills in processing natural resource products cannot be separated from the culture that influences them. The results of a preliminary survey conducted by the team show that economic actors are very skilled in processing their resources into something that can provide value-added. Based on the results of the survey conducted, there is a fairly simple but crucial problem, namely the absence of determination of value proposition from local creative economy activities of MSMEs. Currently, MSME players only carry out traditional business models by relying on product distribution to middlemen. This business chain is certainly detrimental to producers (MSME players) because the prices set by middlemen often pressure them. Although the role of middlemen has tried to be reduced by the presence of the Sidomulyo Village-Owned Enterprise (BUMDES) which has the potential to scale up the business through expanding the savings and loan business to MSME actors (Purnamawati, et. al, 2023). However, a more effective strategy is still needed. MSME players in Serut Village tend to produce the same products as products on the market with a business concept that is still very simple, so they cannot compete globally with similar products from other regions.

Business Model Canvas can be one of the strategies that can be used in developing MSMEs in Serut Village, where this Business Model Canvas is a business model developed by Osterwadel and Pigneur (2010). Business analysis using the Business Model Canvas (BMC) is considered effective because the analysis used is explained thoroughly both in terms of marketing, human resources, finance, to the value or products offered. So that entrepreneurs can determine the direction of movement for the business and know the competitive advantages that exist in the business they are running (Suharti, 2015). The Business Model Canvas also helps MSMEs to recognize what is the value proposition of entrepreneurs, as well as how to build and run key activities and key resources in creating a value proposition and obtaining revenue streams (income stream), understanding how the products and services offered by entrepreneurs can be well communicated to consumers until they reach consumers for consumption. The business model canvas can not only be used to photograph the entrepreneur's current business model, but can also be used as a tool to propose new business model designs.

The purpose of this community service activity is to identify and compile business models applied by several MSMEs in Serut Village, Jember Regency with a Business Model Canvas approach. The concept of this activity is focused in the form of Counseling and Assistance in the Preparation of Business Model Canvas (BMC) for MSME Actors in Serut Village. MSME actors are given assistance to be able to understand how to identify the BMC components of their business. The results of this activity are expected by MSMEs in Serut Village to determine business strategies to compete in the global market, but still based on local wisdom Pandhalungan culture. The determination of the right business strategy will be expected to increase the income of MSMEs in Serut Village so that it has an impact on improving the welfare of the people in Serut Village.

2 | METHOD

The implementation method of this community service activity consists of several stages, namely (1) the preparation stage, (2) the data collection stage, and (3) the preparation stage. The preparation stage was carried out by conducting a preliminary survey to Serut Village. The survey was conducted to determine the willingness of partners to cooperate with the proposer team and to find out the problems of partners, determine the joint solutions to be implemented and the timing of implementation. The target audience of this activity is 6 MSMEs in Serut Village. The data collection stage consists of activities such as training on making business plan model canvas and focus discussion group for BMC preparation. While the preparation stage contains mentoring activities in the preparation of partner business plans. The preparation of partner business plans adopts the business plan model canvas technique, because this technique is one of the simplest methods in setting a business plan and can be used by MSMEs in preparing their business plans. Business plan Model Canvas (BMC) is often used by business people

in planning a new business (startup), but this model is also used by business actors who are running their business (Zulfikar et. al, 2019). This model is also used to validate whether the running of the business is in accordance with the initial plan when starting a business by considering the existing internal and external conditions Osterwadel and Pigneur (2010).

The business plan model canvas consists of 9 main components driving the success of a business and is incorporated in 1 canvas (Osterwadel and Pigneur, 2010). The nine components include:

- 1) Customer Segments: namely the activity of determining the target customer segment of the business to be developed Who will be targeted to be consumers and what is their description and what are their characteristics? What do they think, feel and will do?
- 2) Value Proposition: namely the activity of estimating customer needs that have been identified in the customer segment. Based on these needs, then it can be determined what value (value) will be given in order to be able to meet customer needs. The question that must be answered is what solutions or products can be offered to consumers What is interesting about the products offered? What makes consumers want to choose, buy, and use the value of our business? (Fauvel, 2013). Offering products of equal value but at a lower price is a common way to meet the needs of price-sensitive customer segments (Osterwalder et al., 2010).
- 3) Channels: a way to reach customers. This channel is a path between the company and the customer and the question that must be answered is how the delivery of the value provided will be able to reach the customer well. The question that must be answered is: How can the value / solution / product reach the hands of consumers?
- 4) Customer Relationship: that defines the relationship between the company and the customer. Various types of relationships ranging from providing personal assistance to each customer, by utilizing the community, or even in the form of 'self-service', which is not directly related to customers. The question that must be answered is how do we interact to maintain consumer loyalty?
- 5) Revenue Streams: a representation of the path of receiving money to be received from each customer segment. The question that must be answered is: How do businesses make money from the value / solutions / products offered?
- 6) Key Activities: are the main activities that explain the most important thing that the company must create a business model. Each business model is created for a few Key Activities. This is the most important action for the company so it must be maximized to be able to produce successful operations. The question that must be answered is: What are the key activities or competitive strategies that the business undertakes to create its value proposition?
- 7) Key Resources: are the main resources that describe the most important assets needed in making a working business model. Every business model requires key resources. The question that must be answered is what resources must be owned in order to be competitive in creating value / solutions / products? (Swasty, 2015).
- 8) Key Partnership: is a key partnership that describes the network of suppliers and partners that make the business model work. Companies forge partnerships for a variety of reasons, and partnerships become the cornerstone of business models. There are four types of partnerships:
 - a. Alliance strategy between noncompetitors
 - b. Partnership strategy between competitors (Coopetition)
 - c. Joint venture: effort to develop new business
 - d. Buyer-Supplier relationship to guarantee reliable supply.
- 9) Cost Structure: is a cost structure that describes all costs incurred in operating this business model. This building block explains the greatest costs incurred among the costs that must be incurred to be able to produce a value proposition aimed at customer segments so that revenue streams are obtained. Such costs can be calculated relatively easily after defining key resources, key activities, and partnership keys.

3 | RESULTS AND DISCUSSION

3.1 Results

Serut Village, located in the Panti District, is home to a variety of Micro, Small, and Medium Enterprises (MSMEs) that have flourished as a result of social and cultural developments within their community. These MSMEs harness local resources and inherent potential to enhance the well-being of Serut Village's residents. The diverse array of MSMEs in the village includes Wooden Cutting Board, Aluminum Pan, Brown Sugar, Bamboo Weaving, Merang Mushroom, and Royhan Jaya Snack Food enterprises. To foster the growth and profitability of these MSMEs, a strategic initiative has been undertaken to create a comprehensive Business Model Canvas (BMC) for each business. The process of gathering data for constructing the BMCs involved training in BMC methodology and engaging in Focus Discussion Group sessions within Serut Village, on

May 31, 2023.



Figure 1. Activities with MSME'S in Serut Village

Figure 1 illustrates the interactions and activities involving the MSMEs within Serut Village. After the data collection through Focus Discussion Groups, each MSME collaborates with a service team composed of educators and students to assemble their BMCs. This approach facilitates an in-depth understanding of each enterprise's operational dynamics, as the service team directly assesses the business environment on-site.



Figure 2. BMC Preparation Activities in Each MSME

Figure 2 illustrates the process of formulating BMCs for each individual MSME in Serut Village. Below, the distinct BMCs for each enterprise are presented:

1) Wooden Cutting Board MSME:

- a. Key Partners: The local populace of Serut and Jember villages as consumers and raw material providers.
- b. Key Activities: Procuring asem wood, crafting wooden cutting boards, and marketing products at local markets.
- c. Key Resources: Sustainable use of asem tree wood.
- d. Value Proposition: Durable products made from high-quality asem wood, offering diverse forms at affordable prices.
- e. Customer Relationship: Direct marketing through markets and direct orders at the production site.
- f. Channels: Sales networks involve local shops and butchers.
- g. Customer Segments: Local market and nearby consumers.
- h. Cost Structure: Funded by personal capital for materials, shipping, and labor.
- i. Revenue Streams: Generated from wooden cutting board sales.

2) Aluminum Pan MSME:

- a. Key Partners: Raw material suppliers and customers.
- b. Key Activities: Raw material procurement, production, communication with partners, and distribution.
- c. Key Resources: Human resources and raw materials.
- d. Value Proposition: High-quality household products with unique features.
- e. Customer Relationship: Direct sales and online via Instagram and WhatsApp.
- f. Channels: Direct marketing and partnerships with business partners.
- g. Customer Segments: Household customers, regular customers, and suppliers.
- h. Cost Structure: Includes raw materials, equipment, employee salaries, and electricity.
- i. Revenue Streams: Generated from product sales and leftover material sales.

- 3) Brown Sugar MSME:
 - a. Key Partners: Collectors and market traders.
 - b. Key Activities: Harvesting coconut water, cooking, printing, packaging, and selling.
 - c. Key Resources: Coconut water and wood for burning.
 - d. Value Proposition: High-quality brown sugar with unique texture and taste.
 - e. Customer Relationship: Collaborating with market traders for offline sales.
 - f. Channels: Direct interaction between brown sugar MSME and customers.
 - g. Customer Segments: Household consumers and culinary businesses.
 - h. Cost Structure: Involves raw materials, firewood, and equipment costs.
 - i. Revenue Streams: Generated from brown sugar product sales.

- 4) Woven Bamboo MSME:
 - a. Key Partners: Bamboo providers and consumers.
 - b. Key Activities: Raw material acquisition, processing, weaving, and order fulfillment.
 - c. Key Resources: Bamboo and craftsmanship.
 - d. Value Proposition: Quality bamboo crafts with customization options.
 - e. Customer Relationship: Commercial marketing approach and direct orders.
 - f. Channels: Direct marketing with personal interaction.
 - g. Customer Segments: Party orders and general consumers.
 - h. Cost Structure: Funded by personal capital.
 - i. Revenue Streams: Generated from woven bamboo product sales.

- 5) Merang Mushroom MSME:
 - a. Key Partners: Seed and fertilizer suppliers, collectors.
 - b. Key Activities: Planting, care, harvesting, and distribution.
 - c. Key Resources: Natural resources and human resources.
 - d. Value Proposition: Durable mushrooms with extended shelf life and suitability for distant transport.
 - e. Customer Relationship: Direct sales to households and collectors.
 - f. Channels: Direct marketing and online platforms.
 - g. Customer Segments: Collectors, households, and mushroom consumers.
 - h. Cost Structure: Includes raw materials and premises rental.
 - i. Revenue Streams: Generated from Merang mushroom sales.

- 6) Royhan Jaya Snack MSME:
 - a. Key Partners: Raw material providers, shops, souvenir centers, and the public.
 - b. Key Activities: Raw material procurement, dough-making, frying, packaging, and marketing.
 - c. Key Resources: Wheat flour and established brand.
 - d. Value Proposition: Hygienic, tasty snacks with affordability.
 - e. Customer Relationship: Partnerships with shops, souvenir centers, and direct orders.
 - f. Channels: Sales through local shops, souvenir centers, and online platforms.
 - g. Customer Segments: General consumers and tourists.
 - h. Cost Structure: Includes raw materials, wages, and shipping.
 - i. Revenue Streams: Generated from ladrang and kembang goyang product sales.

In summary, the MSMEs in Serut Village exhibit various characteristics in their key aspects. They form partnerships, engage in unique activities, employ local resources, offer distinctive value propositions, cultivate customer relationships, utilize distribution channels, target specific consumer segments, incur specific costs, and generate revenue through product sales. These findings offer a comprehensive view of the overall landscape of MSMEs in Serut Village and provide insights into their strategies and challenges.

3.2 Discussion

In-depth SME engagement discussions in Serut Village, Panti County have yielded a more detailed understanding of the micro, SME landscape in this community. Serut Village has proven to be a growing place for various small and medium-sized businesses stemming from the cultural and social development of their communities. These SMEs intelligently use existing local resources and potential to improve the well-being of Serut villagers. As part of the development of a business strategy capable of pursuing growth and generating profits, an activity was organized to develop a Business Model Framework (BMC) for each SME. Data collection for BMC preparation was carried out through BMC training activities and focus group discussions that took place in Serut village on May 31, 2023. The outcome of this discussion reflects the true

commitment and effort of SMEs in running their businesses. The results of these exchange and training sessions are specified in the form of BMC for each MSMEs.

In the next step, each UKM prepares its BMC together with the staff of teachers and students serving. BMC preparation is carried out directly at each UKM site, so that the service team can explore UKM commercial conditions first-hand in the field. This shows that a comprehensive and participatory approach has been adopted to identify the key elements that make up the performance of each SME. Based on the discussion, each UKM described in more detail its performance characteristics. For example, business models have been developed for several SMEs such as MSME Wood Cutting Board, MSME Aluminum Pan, MSME Brown Sugar, MSME Woven Bamboo, MSME Merang Mushroom and MSME by Royhan Jaya Snacks. Every SME finds the right key partners, core business, key resources, value proposition, customer relationships, distribution channels, customer segments, cost structure, and revenue stream. appropriate to their business. It is important that the discussion results also show the challenges facing these SMEs. Despite great potential and creativity, some businesses still face limitations in product innovation, brand development and market expansion. However, these results provide valuable insight into the growth potential of small and medium enterprises in Serut village and provide guidance for overcoming obstacles encountered. Overall, this discussion is not only about creating a BMC, but also about better understanding local business dynamics. The results of this discussion provide valuable insights into how these SMEs operate, adapt to the environment, and strive to maximize their potential. With a better understanding of the business characteristics and challenges facing these SMEs, strategic actions can be taken to help them grow and develop in a sustainable manner.

4 | CONCLUSION

Serut Village has many MSMEs that grew from the development of Pandhalungan culture, where this culture is the basis of the mindset, behavior patterns and skills of the community. The development of MSMEs in Serut Village is a milestone in the creative economy movement in Serut Village. However, the existence of low knowledge about business management, including low knowledge of determining business strategies to be able to compete with national competitors and the global market, is an obstacle to the development of MSMEs based on local wisdom in Serut Village. The preparation of BMC is one way that can be used by MSMEs to assess how the business position is running and can be the basis for determining business strategies. The result of this service activity is that all MSMEs in Serut Village have been able to identify and compile BMC for their business. All MSMEs have determined the value proposition of their business. From the results of the BMC that has been prepared, it is hoped that MSMEs in Serut Village will determine the business strategy that must be carried out and the improvements that must be made to their business. For example, MSMEs need to improve product packaging, online marketing strategies, product diversification strategies, and others. This BMC mapping will greatly support MSMEs in Serut Village to be able to develop more and be able to compete in a wider market.

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