

Conference Paper

Making Guidance of Financial Reports Using the Application and Improving Company Profile for B2b Promotion on Indonesia Leather Shoes MSMEs

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ABSTRACT

According to the Ministry of Cooperatives and MSMEs of the Republic of Indonesia in 2017, MSMEs contribute to 99% of Indonesia's total entrepreneurs and 97% of Indonesia's total workers. One type of entrepreneur in Indonesia is the process industry which operates by processing raw material into consumer products. An example of this industry is the footwear industry. This paper aims to help one of the leather shoe MSMEs in Indonesia by making financial reports to analyze the performance of MSMEs and create a company profile for B2B promotion. Qualitative case study research, internal and external analysis, and business coaching methods are used to find actual conditions and gaps that exist, then take the implementation approved by MSMEs to resolve gaps in MSMEs. After conducting internal and external analysis such as Business Process, BMC, PESTLE, Porter's Five Forces, STP, 7Ps, and Financial Statement Analysis, it turns out the problems lies within the disorganized financial reports and disorganized company profiles that cannot be used as a promotional tool. Pareto and gap analysis found the most important and easiest problems to resolve. Therefore, reducing the gap in MSMEs by making guidance of financial reports using the application for MSME and improving company profiles for B2B promotion is needed.

Keywords: Business coaching, company profile, financial reports, MSME

Introduction

In Indonesia, MSMEs are one of the major contributors to the economy. In terms of number, MSMEs contribute 99.99% of the total business owners in Indonesia, based on reports from the Ministry of Cooperatives and MSMEs of the Republic of Indonesia in 2017 and terms of labor, MSMEs in Indonesia also absorb the largest number of workers with 97% of the total workers in Indonesia. However, MSMEs in Indonesia have many internal and external problems. Many of Indonesia's MSMEs find it difficult to grow because they have many problems such as gaps in the use of digital marketing technology and are unable to manage their business for making good business processes.

The problems experienced by MSMEs have also increased along with the COVID-19 pandemic, which has decreased their sales. One type of entrepreneur in Indonesia is the process industry, which operates by processing raw material into consumer products. An example of this industry is footwear. Indonesia is quite well known for its footwear industry, and even Indonesia year after year has a high export rate in the footwear industry (kemenperin,2019). However, the Covid-19 pandemic has had a significant impact on Indonesia's industry, including the footwear industry. Referring to the World Footwear Business Condition Survey in the first quarter of 2020, the world's footwear consumption fell by 22.5%, and sales fell by 74%. According to data from the Indonesian Footwear Industry Development Agency (BPIPI), footwear sales have decreased by up to 70%, and especially footwear made of leather sales decreased by 28%.

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One of the MSMEs contributing to the footwear industry sector is De'monte shoes, founded in 1997. They are experienced enough in the footwear industry, especially leather shoes, and usually do B2B transactions for other leather shoe businesses. Unfortunately, they also experience problems experienced by other MSMEs such as disorganized financial reports and unable to promote themselves to new customers for B2B transactions.

For the detailed problems of disorganized financial reports, the absence of financial reports is because at MSME De'monte Shoes no one has a background in accounting or finance. MSMEs have previously participated in training using Si Apik as an application in making financial reports but MSMEs have not practiced it because MSMEs only take one exercise, are still confused about how to use it, and do not understand the guidelines in the application. Meanwhile, De'monte shoes in the field of MSME marketing do not yet know the right way of marketing to get new customers. Most order is the repeat order. The company profile, which is one of the promotional tools, is not maximally used by MSMEs. The company profile should be used as a tool to reach consumers in a basic form so that it does not appear as a professional company profile and cannot be used as a promotional tool. Therefore, it is necessary to know the actual condition of De'monte shoes to solve the problems they face through some internal and external analysis methods.

Although MSMEs have many gaps, this case study will focus on solving important and easy problems so the MSMEs can grow. The problem to be resolved is making guidance of financial reports using the application and improving company profiles. Making guidance of financial reports will produce good financial reports to analyze the performance of MSMEs like research by Halabi et al. (2010) which shows that the ease of making financial reports is vital for small companies. Computerized financial reports are an excellent solution for small companies whose owners have no accounting or finance background to make good financial reports.

Another research by Clarisaa (2019) implemented the use of smartphone applications for financial reports. The study has carried out a series of education on how to use the Si Apik application and the process of financial reporting in one of Indonesia's MSME. Meanwhile, improving a company profile will make the company profile an excellent B2B promotional tool. Research about a company found that a company profile is a promotional media that effective in introducing the capacity and quality of a company. Based on the background explained, this case study has the following objectives: (1) making guidance of financial reports using the application for MSMEs, and (2) improving a company profile to be an excellent B2B promotions tool.

Literature Review

Financial statements

Financial statements are reports that show the current financial condition of a company or a certain period. The latest company financial condition is the company's financial condition on a certain date (for balance sheet) and a certain period (for income statement).

Financial reports are used by many parties, such as company owners, company management, investors, creditors, governments, business analysts, and academics. The purpose of using the financial statements is as financial information from the company which is used by the parties mentioned above to analyze the potential or threat of the company, for investment purposes, research purposes, etc.

The characteristics that must be possessed in financial statements are that they are easily understood, relevant, reliable, transparent, neutral, complete, and comparable. Types of financial statements are balance sheets, income statements, changes in equity, and cash flow reports.

According to Weygandt et al. (2015), the balance sheet or statement of financial position is a report containing assets, liabilities, and equity on a certain date. The arrangements are two sides, the asset side on the left and the liabilities and equity side on the right side. The values of these two sides must be the same so that the formula is $\text{assets} = \text{liabilities} + \text{equity}$. The definition of assets is the resources owned by the company. The special characteristic of an asset is that it can

be able to provide services or advantages. Liabilities are debts and bonds owned by the company which is caused by the process of transferring assets and services that the company has not performed. Equity is the amount of capital and investment owned by a company. Equity can come from the owner's capital or investors.

Income statements are reporting the company's income and expenses for a certain period. The income statement writes income first, then expenses. From this income and expense, the company's results will be obtained whether the company makes a profit or loss.

Cash flow statements report cash and payment information for a specific period. The cash flow statement includes money reports when the company carries out operational, financing, and investment activities, which will later contain differences from additions and subtractions to these three activities. These three activities have accounts under the names cash flow from operating activities, cash flow from investing activities, and cash flow from financing activities. The concept is different from the income statement. For the income statement, income or expenditure in the form of credit can be recognized, while for cash flows, only in the form of cash can be included in the cash flow statement (Libby et al., 2016).

Marketing

According to Kotler and Kemmer (2012), Marketing is an activity and process for creating, communicating, delivering, and offering goods/services that have value for consumers, clients, partners, and the environment. In social life, marketing can be defined as a process carried out by individuals or groups to get what they want and need through making and offering goods or services with value to other individuals or groups. Many people think marketing is the art of selling goods. However, according to Peter Drucker, one of the management consulting experts, marketing aims to understand what consumers want and need. Ideally, marketing should produce consumers who are ready to buy a product or service.

Company profile

Company profile is one of the marketing media in the form of printed media on a book, which is used to inform potential consumers about the company's products or services (Kotler & Kemmer, 2012). According to Kriyantono (2008), a company profile is a product produced by public relations that contains a general company description. This description does not contain detailed company information but can represent the contents within the company. Companies can choose what content they want to include in their company profile to support company information.

The company profile can also be used as an identity that is owned by the company and can be published to the public. Companies can also use company profiles as a promotional medium to get consumers who are the company's target. A company profile can also be used as a company asset to establish a partnership or relationship between businesses.

Based on Kriyantono's perspective, the function of creating a company profile is to represent information from the company and communication tools. Information representation of the company becomes the company's identity in enhancing its value. It becomes a source of company information that can be known to the public and the targeted market. Communication tools can summarize communication through the information available in the company profile.

Research regarding the financial report

Research by Halabi et al. (2010) investigated management accounting's reality in small firms in Australia. The research shows that the ease of making financial reports is vital for small companies. One way to create convenient financial reports is by using financial applications. Computerized financial reports are an excellent solution for small companies whose owners have no accounting or finance background.

A study by Clarisaa (2019) implemented the use of smartphone applications for financial reports. The study has carried out a series of education on how to use the Si Apik application and the process of financial reporting in one of Indonesia's MSME. Si Apik application is a smartphone application created by Bank Indonesia to do financial reports.

Research regarding company profile

The company profile is a promotional media that effective in introducing the capacity and quality of a company. Company profile has a significant influence on conveying messages and information needed by the external relations, support marketing, and function as company identity.

Methodology

Measurement

This paper is a qualitative case study research conducted through a business coaching method. The business coaching method is the data are from primary and secondary data acquired from interviews, observations, and MSMEs internal data and will be analyzed with several analyses such as (1) internal and external analysis, (2) SWOT and TOWS analysis, (3) Gap and Pareto analysis. These analyses are part of top-down strategies adopt from military strategy. This strategy was used by Steve Jobs on apple (Rothaemel et al., 2017).

The variable used in this study is the gap from internal, external, SWOT, and TOWS analysis. This study uses internal and external analysis using the Business model canvas, PESTEL, Porter's five forces, STP, and Marketing mix. SWOT and TOWS analysis is using the data got from the internal and external analysis. Gap analysis is all the gaps that MSME has. Obtained from Pareto analysis, which consists of MSMEs problems from the most critical and most comfortable problem to the least important and most challenging problem, Researchers determine the solutions for MSMEs problems. After researchers determine the solutions, researchers implement the solutions and evaluate the results of the implementation.

Research object

This study's research object is De'monte MSME, which is running leather shoe production in central Jakarta.

Results and Discussion

Internal and external analysis were utilized using several tools such as Business Model Canvas, PESTEL, etc to get the actual insight of De'monte shoes MSME. The owner of MSME expects De'monte shoes can make financial reports and increasing MSME sales by optimizing marketing. Interviews with De'monte shoes MSME was conducted to get an insight into the gaps that occur in MSME.

Business model canvas

According to Osterwalder and Pigneur (2010), a Business model canvas is a business model used to analyze how a company generates profit illustrated with 9 blocks on a canvas. From the business model canvas, the author analyzes that there is still a gap that must be resolved by De'monte Shoes, namely in the channels, financial reports, company profile, and digital marketing admin sections. De'monte Shoe channels are not yet optimal, especially in the digital marketing section where only the WhatsApp and Instagram platforms are active while the online shop has just been created and there is no income. De'monte Shoes also has not done active digital marketing because there is no digital marketing admin. De'monte shoes also need to improve the company profile so that they can be used in promoting businesses to become part of the Customer Relationship. De'monte Shoes also does not have a neat financial report because it has not recorded financial statements and is still combined with business accounts and household accounts.

PESTEL

PESTEL analysis is used to identify and analyze the company's external factors including political, economic, social, technological, legal, and environmental factors. With the pestle analysis, a business can find out the opportunities and threats it has in running a business so that it can set strategies to take advantage of opportunities and reduce threats or risks. (Rothaemel, 2017). The author analyzes that De'monte shoes have used technology in the form of a shoe press to assemble the upper and lower shoes so that the shoes are more comfortable and durable. De'monte shoes have also minimized waste by recycling waste into bracelet and necklace accessories for sale. De'monte Shoes can take advantage of opportunities by spreading company profiles to companies, maximizing technology by improving company profiles for marketing, and using digital technology for making financial reports. Meanwhile, several threats can affect De'monte shoes, such as the COVID-19 pandemic which causes their rotation to be hampered by many sectors of work and the existence of a PSBB policy from a political and legal perspective.

Porter's five forces

Porter's Five Forces analysis is a business analysis model that can help to explain why many different industries run smoothly at different profit rates. Porter's Five Forces is usually used to analyze the industrial structure of a company and its strategy. Porter's Five Forces analysis describes the threats that occur in a business, threats there are 5 categories, namely: Competition between competitors, the potential from new entrants, bargaining power of suppliers, bargaining power of buyers, and threats from substitute products (Rothaemel, 2017). From porter's five forces analysis, there are two moderate factors on the threat of new entrants and the bargaining power of buyers, two factors high on the threat of substitute products and competition among competitors, and one factor low on the bargaining power of suppliers. The level of attractiveness in De'monte shoe products, namely leather shoes, is low to moderate, where the main threat lies in substitute products and competition between competitors.

STP

STP analysis is an analysis of the marketing strategy with the segmentation, targeting, and positioning approaches. STP is often described as a process whereby segmentation is developed as a start, selects one or more target markets and then product positioning occurs. With more and more competition in business, it is necessary to carry out STP (Kotler & Kemmer, 2012). From the STP analysis, it can be concluded that segmentation, Targeting, and Positioning of De'monte shoes where Segmentation and Positioning are quite directed while targeting still has a gap, which is in the form of finding the main target, namely the wholesale target which is difficult to find.

Marketing mix

The marketing mix is the four elements used to market goods. This element will become seven when the business being marketed as a service. The elements for this marketing mix are product, price, place, promotion, people, physical evidence, and process (Kotler & Kemmer, 2012). Based on the analysis of the marketing mix, the product, price, place, people, physical evidence, and process, De'monte shoes has been running well, but the promotion is still lacking so it is necessary to do more promotion at De'monte shoes, especially in the optimization of digital marketing.

Based on observations and analyzes that have been carried out at De'monte shoes MSMEs, it shows that De'monte shoes MSMEs already have superiority where De'monte shoes already have adequate human resources for shoe production, has complete machines and equipment, many choices of raw material suppliers, have links with other MSME leather shoes, good quality products, and quite a strategic location.

Unfortunately, De'monte Shoes still has shortcomings in marketing, human resources for marketing, and the absence of financial reports. De'monte Shoes so far only got repeat orders, so

it is difficult for them to find new customers. There is also a gap in the capital to do big wholesale business and do not have an excellent company profile to be used in B2B promotion. The absence of financial reports is because human resources from MSME De'monte Shoes do not have an accounting or finance background. Meanwhile, De'monte shoes do not yet know the right way of marketing to get new customers. The company profile, which should be used as a tool to reach consumers, is still in a rudimentary form to not be used as a promotional tool or corporate identity.

After the external and internal analysis was conducted, a SWOT analysis was created to get a clearer insight into the company's weaknesses and threats. TOWS analysis was developed to make the strategy from SWOT, especially from the view of weakness and threat to MSME. The gap from any previous analyzes collected to make Gap analysis. Each point in gap analysis is used to make a Pareto analysis. The Pareto analysis, which consists of MSMEs problems from the most important and most comfortable problem to the least important and most challenging problem, has the objective to determine the critical and most comfortable problem in MSMEs to resolved. Figure 1 will show the results of the Pareto analysis:



Figure 1. Results of the Pareto Analysis

From the results of the Pareto analysis, two big problems will be resolved: financial reports and company profile. De'monte shoes are expected at the end of research can make financial reports and a company profile that can be a tool for B2B promotion. Therefore, this research's objectives are: (1) making guidance of financial reports using the application for MSMEs, and (2) improving a company profile to be an excellent B2B promotions tool.

Implementation of guidance of financial reports

From the Pareto analysis, one problem that needs to be resolved is financial reports. As agreed with the De'monte shoe owner, to overcome the problem of the financial report, the guidance of financial reports using the application would be making. The initial planning was making financial reports and analysis, but unfortunately, De'monte shoes MSME operated poorly when this study was conducted since the pandemic COVID-19 effect on the economy. So, to overcome this problem, the guidance of financial reports using the application would be making. There are two application options to use in financial reports, namely Si Apik, made by Bank Indonesia, and Microsoft Excel. De'monte MSME hopes to make financial reports that are neat, easy, and simple. De'monte owners are also more accustomed to and often use smartphones than computers. Based on the owner's expectations and capabilities, then the Si Apik application from Bank Indonesia was chosen.

Si Apik application provides many business options from trade to services. De'monte MSME is categorized as a manufacturing business. The guidance of financial reports using the Si Apik application was created, and figure 2 below is a slight view of the guidance.



Figure 2. Slight view of financial report guidance using Si Apik

Besides Si Apik, several additional documents will be needed to support the financial reports process. These documents are notes of sales receipts and notes of expenses receipts.

For the simulation of Si Apik, historical transactions saved by De'monte MSME were used. Figure 3 below shows the owner of the financial statement can get from Si Apik.

Keterangan	Rp/rib
ASET	
Kas	Rp12.418,00
Tanggungan	Rp100.000,00
Persediaan Bahan Material	Rp14.123.284,00
Jumlah aset	Rp126.541,28
KEWAJIBAN	
Tanggung Jawab	Rp114.128,00
Jumlah kewajiban	Rp114.128,00
MILIK	
Milik	Rp12.418,00
Saldo Laba	Rp114.108,28
Jumlah modal	Rp126.526,28
Jumlah Aset	Rp126.541,28
Jumlah Kewajiban, Modal dan Saldo Laba	Rp126.541,28

Keterangan	Rp/rib
PENJUALAN	
Penghasilan	Rp120.000,00
Penghasilan Lain	Rp10.000,00
Jumlah penghasilan	Rp130.000,00
BIAYA	
Biaya Bahan Material	Rp10,00
Biaya Tenaga Kerja	Rp10,00
Biaya Sewa	Rp10,00
Biaya Transportasi	Rp10,00
Biaya Gaji dan Gaji	Rp10,00
Biaya Listrik	Rp1.000,00
Biaya Air	Rp100,00
Biaya Transportasi	Rp10,00
Biaya Pengangkutan	Rp10,00
Biaya Lunas dan Administrasi	Rp10,00
Biaya Lain	Rp10,00
Jumlah biaya	Rp1.880,00
Labanya (Rugi)	Rp128.120,00
Saldo Laba (Rugi) Awal	Rp10,00
Pembelian dan Penjualan	Rp10,00
Saldo Laba (Rugi) Akhir	Rp138.130,00

Keterangan	Rp/rib
PENJUALAN	
Penghasilan	Rp120.000,00
Penghasilan Lain	Rp10,00
Jumlah penghasilan	Rp130.000,00
PENJUALAN	
Penghasilan	Rp120.000,00
Penghasilan Lain	Rp10,00
Pembelian dan Penjualan	Rp10,00
Jumlah penghasilan	Rp130.000,00
KEWAJIBAN/PENCUKUT/Kas dan Saldo Kas	
Saldo Awal Saldo Kas	Rp10.107.418,00
Saldo Akhir Saldo Kas	Rp100.284.000,00
Saldo Akhir Saldo Kas	Rp110.421.418,00

Figure 3. Financial statements using Si Apik

The report has 2 file options of type: Excel and PDF. From the Si Apik application, the owner can get a financial analysis. One of the ratios owners can get is a profitability ratio, which shows in figure 4.

De'monte shoes Laporan RASIO PROFITABILITAS Per 31 Desember 2019	
Keterangan	Rupiah
Labu Sebelum Penarikan Oleh Pemilik	Rp133,125,000.00
Total Aset	Rp493,525,000.00
ROA	0.27
Penjelasan :	
Nilai Tingkat Pengembalian Aset adalah sebesar 0.2697, artinya Laba sebelum Penarikan oleh Pemilik dapat mengembalikan (0.2697 * 100%) Total Aset.	
Labu Setelah Penarikan Oleh Pemilik	Rp133,125,000.00
Total Modal	Rp360,200,000.00
ROE	0.77
Penjelasan :	
Nilai Tingkat Pengembalian Modal adalah sebesar 0.3698, artinya Laba sebelum Penarikan oleh Pemilik dapat mengembalikan (0.3698 * 100%) Modal dan Saldo Laba.	

Figure 4. Profitability ratio using Si Apik

Implementation of improving company profile

Discussions were held with the owner of De'monte MSME to evaluate the old company profile. Figure 5 below shows the display of the old company profile of De'monte MSME.



Figure 5. The old company profile of De'monte MSME

From the results of the discussion, it is found that there are gaps that can be used as benchmarks for improvement. First, the appearance of the design is less attractive. Second, the explanation of the information about the services offered is too few. Third, the documentation in the company profile looks unattractive.

After conducting the evaluation, it is then determining the improvement will be made. From the discussion results, it was determined that there were four significant parts in the contents of the new company profile: company identity, services offered, customer testimonials, documentation, and company contacts. For design, the owner wanted to keep the brown color since it was the company's brand color. A new design was also made for the new company profile. Figure 6 below shows the results of the new company profile.



Figure 6. The new company profile of De'monte MSME

Conclusion

Through this study, several problems from De'monte shoes were resolved. Guidance of Financial reports using Si Apik Application is made for De'monte MSME so the MSME can make the financial report and analyze MSME's financial performance. The owner is offered several options of applications for financial reports. However, the owner chooses the Si Apik application from Bank Indonesia because the owner is looking for the easiest way, and the owner more often using smartphones than computers. Besides Si Apik, there are also several supporting documents. The owner also got training in using Si Apik to make the owner familiar with the Si Apik application and able to do financial reports after the research.

Through discussion with the owner, it was found that MSMEs' company profile was less attractive to be used as a promotion tool. Improvements were made to the design, content selection, and company profile content. The new company profile has five main parts: company identity, services offered, customer testimonials, documentation, and company contacts. The new company profile will later be used in promoting as a B2B company.

Based on the Pareto analysis that has been conducted, other issues faced by De'monte MSME, such as marketing channels, capital, and human resource. However, this study only focuses on resolving financial reports and company profile problems. Thus, improvement in other issues is still open to making the MSME more competitive.

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