



Increasing Product Distribution Capacity and Financial Management Of “Kampung” Chicken Egg Business at Lau Dendang Traditional Chicken Farm

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Abstract. There are several types of chicken farms with various production models. In the production process, partners start by purchasing chicken seeds and providing vitamins and then raising them by providing natural animal feed in the form of vegetables and fruits from traditional markets, so they do not use manufactured animal feed such as pellets and the like. Then, the enlargement process takes 3-5 months. In the husbandry principle, partners use the cage-free principle. However, in the production process, partners still use natural equipment due to limited capital. In addition, partners' knowledge of product marketing management is still minimal, even though the concept of organic production can be a potential brand that differentiates compared to competing products. On the financial management side, the business still combines personal and business finances, there is no clear cash flow report periodically. This causes the business to have no clear profit/loss and relatively slow to develop. Through this program, the implementation team offered solutions in the form of providing machines to facilitate the distribution of goods and increase the capacity of livestock land, providing branding concepts through brands and counseling on simple business financial management principles. The targeted outputs are increased egg production capacity, reduced feed distribution and transportation costs, added value in the form of brands, and simple business financial reports.

Keyword: Farm, Organic Chicken Egg, Distribution Capacity, Egg Production, Egg Farm

Abstrak. Terdapat beberapa jenis peternakan ayam kampung dengan model produksi yang beragam. Pada proses produksinya, mitra memulai dengan pembelian bibit ayam dan pemberian vitamin lalu membesarkannya dengan memberikan pakan ternak alami berupa sayur-sayuran dan buah-buahan yang berasal dari pasar-pasar tradisional, jadi tidak menggunakan pakan ternak pabrikan seperti pelet dan sejenisnya. Lalu, proses pembesaran membutuhkan waktu selama 3-5 bulan. Dalam prinsip peternakannya, mitra menggunakan prinsip bebas kandang. Namun pada proses produksinya, mitra masih menggunakan peralatan yang alami karena terbatas modal. Selain itu pengetahuan mitra akan manajemen pemasaran produk masih minim, padahal konsep produksi organik dapat menjadi potensi merek yang menjadi diferensiasi dibandingkan dengan produk kompetitornya. Pada sisi manajemen keuangan, usaha masih menggabungkan keuangan pribadi dan usahanya, tidak terdapat laporan arus kas yang jelas secara periodik. Hal ini menyebabkan usaha menjadi tidak jelas untung/ruginya dan relatif lambat untuk berkembang. Melalui program ini, tim pelaksana menawarkan solusi berupa pemberian mesin untuk memperlancar distribusi barang dan meningkatkan kapasitas lahan ternak, memberikan konsep branding melalui

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merek dan penyuluhan prinsip-prinsip manajemen keuangan usaha yang sederhana. Luaran yang ditargetkan adalah berupa peningkatan kapasitas telur yang diproduksi, penurunan biaya distribusi dan pengangkutan pakan, nilai tambah berupa merek, dan laporan keuangan usaha sederhana.

Kata Kunci: *Peternakan; Telur Ayam Organik; Kapasitas Distribusi; Produksi Telur; Ternak Telur*

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1 Introduction

Village chicken farming in Medan is quite a lot done by the community. There are several types of free-range chicken farms with various production models. There are farms that still use natural principles in the process of raising chickens to produce eggs. There is also a category of farms with non-natural principles that use factory-made feed and incubating processes using machines. In the egg product market, there are three categories, namely eggs sourced from factory-managed chickens, cage-free chickens, and organic chickens. The market price also varies, factory-managed chicken costs Rp 15,000/dozen while cage-free chicken costs Rp 27,000-32,000/dozen and organic chicken Rp 36,000-49,000/dozen. Service partners produce free-range chicken eggs with a cage-free chicken production model. The chicken farm is located in the Lau Dendang area. The land area for livestock is 15 meters x 20 meters. The capacity of the cage and land owned is sufficient for 500 individuals. Currently, there are 150 chickens, 55 wild ducks, and 20 catfish. Based on the number of chickens kept, partners can produce 30 eggs per day.

In the production process, partners start by purchasing chicken seeds and providing vitamins and then raising them by providing natural animal feed in the form of vegetables and fruits from traditional markets, so they do not use manufactured animal feeds such as pellets and the like. Then, the enlargement process takes 3-5 months. In the husbandry principle, partners use the cage-free principle. The existing land area is made enough to fill 500 chickens. There are chicken coops but the chickens are left loose to maintain their activities like non-factory chickens. This is left to maintain the natural growth of the chicken. When the time comes to lay eggs, the chickens that will lay eggs are not incubated using a machine but are still done naturally. The condition of the farm can be seen in Figure 1



Figure 1. Chicken Farm Location

At the time of rearing, animal feed is taken from several traditional market places, not from pellets produced by manufacturers. However, the process of transporting and distributing goods is still experiencing problems due to the distance of the location of the livestock land from the traditional market. So far, partners use motorbikes to transport animal feed. This is considered inadequate and makes the transportation process more complicated because the capacity of the goods being transported is small [1].

This chicken farming business has been started since late 2019, production Free-range chicken eggs are then distributed to traditional markets. Based on the current number of chickens, partners have not been able to stabilize the egg supply, because the period of chicken laying eggs is only a maximum of 1 month. The rest, consumers have to wait until the next spawning period. Thus, there is demand for goods that cannot be fulfilled. If partners can add production capacity, the demand for goods can be met.

On the financial management side, partners also do not understand the determination of reasonable price for the product. Partners sell product prices according to price happening in the market. This causes partners not to be able to calculate a fair price according to the production process being carried out. Besides In addition, partners also have not made a separation between personal finance and financial business finances. Thus, business development is not optimal. Finance a more structured business will be able to make partners understand how to obtain funds, invest funds, and distribute profits.

Pricing for eggs produced has not been calculated based on components of budgeted production costs. Ideally in setting price, businesses must consider production costs and/or costs operations issued by the company [2]. Calculation Cost of goods manufactured helps businesses know the components of the cost of raw materials, direct labor costs, overhead costs charged during

processing business production. If you have an idea about the cost components then the business can regulate the profits to be obtained and policies cost reduction that can optimize profits [3].

The principle of marketing is also still in the traditional way. Eggs that naturally produced without using factory feed is an option partner. In addition, the principle of cage-free chickens also produces better egg quality and higher egg prices [4]. Partner yet understand how to do product branding and the concept of differentiation product. When you understand the concept of branding and differentiation, the price formulated to target a niche market with a special segment and higher prices [5]. In the end, the operating profit can be more optimal.

The benefits obtained by partners from the implementation of community service, including [6]:

1. Mrs. Natalia Nainggolan (Actor of Village Chicken Egg Business) can record all transactions properly so that financial management can clearly known. In addition, recording all production costs can be done so that partners can predict the selling price of products so that they can price competitive in the market.
2. Make it easier for partners in making business profit / loss reports.
3. Improving the quality and quantity of Kampung Chicken Egg production to get compete in expanding the market.
4. Business partners will understand the importance of branding and online marketing in increase sales of the Kampung Chicken Eggs.
5. Business partners will understand the importance of packaging in improving quality and hygiene to increase consumer confidence Chicken Eggs Village.
6. Improve the quality of human resources and prepare training methods for personnel ready to work for business partners.

2 Methods

2.1 Problems of the Targeted Institution

Based on the problems agreed by the partners then the solutions offered are as follows:

1. The existing cattle pens can accommodate 500 head of cattle, however already filled by partners are 150 chickens, and 50 ducks. Condition This is not optimal yet needs to be addressed so that the existing land can produce higher number of sales.provide additional chicken seeds so that their capacity can be fulfilled. The targeted output is an increase in the production capacity of livestock land. The measure that can be used is the number of free native chicken eggs that can be used produced.

2. In the production process there are constraints on product distribution and product distribution transportation of animal feed ingredients from traditional markets to livestock land and vice versa. The current condition of transportation is still using a vehicle private two wheeler. Use special vehicle transporting goods so that the capacity of animal feed transported to more capacity. The targeted outputs are: increase in the amount of animal feed obtained. The measure is quantity animal feed transported and distribution/transportation costs borne.
3. At the stage of natural incubation currently underway, the new egg can be produced with a duration of 21 days, while if using machine can be shortened to 14 days. using a incubation machine, so that the quantity of eggs production can be increased. The targeted output is: time duration incubated eggs decreased. Measure: the amount of time the egg is in incubator.
4. Product marketing is still focused on traditional markets where eggs have not been branded so there is no product differentiation which can be used to optimize the selling price. the branding well with a cage-free chicken rearing system can be a value add to product. The output is: the brand of free-range chicken eggs and product differentiation formulation. Measure: Egg brand.
5. Business financial management is still a mess which means personal finances and business finances are still in the same wallet. Even though separating Two financial entities are the key for a business to thrive. Partner still using the sales money for personal needs provide counseling and socialization regarding the separation between money personal and business. Outcome: accounting system that separates finance business and personal finance. Measure: monthly statement of business cash flow.
6. Product pricing still follows the price system in the market, so partners does not yet have a production cost-based pricing standard in Indonesia scope of business. The solution offered: providing counseling about calculation of the cost of production of free-range chicken eggs. Outcome: formula cost of production for native chicken eggs. Measure: Reasonable product price ($>$ Cost of goods manufactured).

2.2 Methods

Based on the problems in their respective fields, the solutions offered will be implemented with the method of mentoring and evaluation of the implementation in business management field. The steps to be carried out are as follows: [7]

- a. Identify several important indicators such as number of egg production per day; the amount of feed that can be transported per day and costs borne; incubation time duration; number of sales per day; and cash flow conditions.

- b. Provision of additional chicken seeds to fulfill livestock land capacity, vehicle for transporting goods/animal feed; as well as a hatching machine.
- c. Providing materials related to branding and differentiation from the point of view marketing so that the goods have added value.
- d. Conduct training on the importance of separating personal and business finances as well as recording of business financial statements minimum cash flow per day and usage accounting application/software. This is done to raise awareness the importance of recording simple business financial statements.

The partners' participation in this service activity are: [8]

- a. Provide information on the indicators to be observed
- b. Provide information on the indicators in point 1 above
- c. after conducting training activities and providing mechanization tools.
- d. Provide information on the cost structure and production flow of free-range chicken eggs
- e. for calculating the cost of production.
- f. Give permission for workers to be given training and counseling
- g. the importance of mechanization and business financial reporting to improve
- h. production and sales.

3 Result and Discussion

To solve the problems that exist with Partners (Mrs. Natalia Nainggolan) Village Chicken Egg business actors, so we carry out training activities with various materials to be able to assist partners in develop business. The training will be held on September 1, 2021, starting at 08.00 – 13.00 WIB by providing 3 materials about marketing product, financial management and product pricing.

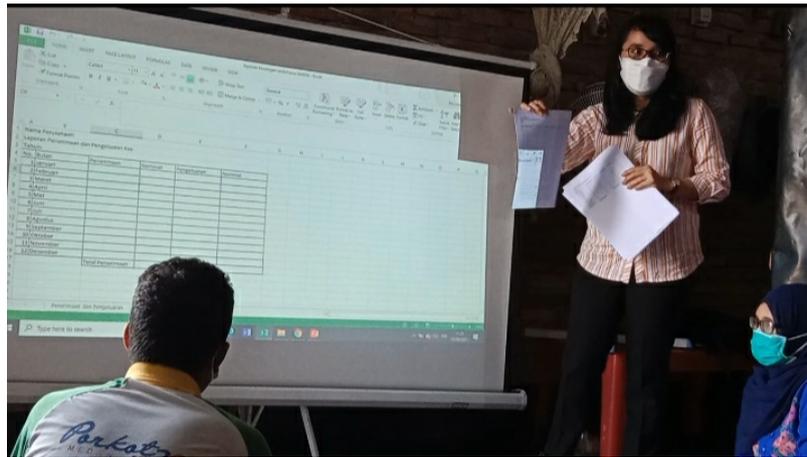


Figure 2. The theory was delivered by the notespeaker

The problem that has occurred so far is in the preparation of bookkeeping/financial reports of business partners. Partners still don't understand the importance of bookkeeping and financial statements in a business such as: understanding of:

- a. Wealth records/reports
- b. Income statement
- c. Income and family budget

Partner's financial management is still a mess which means finances personal and business finances are still in the same wallet. even though Separating the finances of the two entities is the key for a business to thrive. Partners still use the sales money for personal needs. Besides that, product pricing still follows the price system in Indonesia market, so partners do not yet have standard-based pricing production costs in the scope of its business. That's why we provide counseling and socialization of simple bookkeeping and theory of terminology in finance. The purpose of counseling and socializing theories about finance so that business partners know:

- a. Preparation of good financial reports, such as understanding debit and credit on the financial statements.
- b. Counseling and socialization regarding the separation between personal money and money business in a financial statement.
- c. Counseling on the calculation of the cost of production of free-range chicken eggs
- d. Simple bookkeeping training that will make it easier for partners in calculate the profit/loss of the business,
- e. And can provide information about the wealth owned by partners business, especially with simple recording of purchases and sales and operating expenses.



Figure 3. The participants listened to the theory presentation



Figure 4. The participant received the tools provided

One of the problems experienced by the majority of MSMEs is the lack of understand the brand as a function to maintain the sustainability of its business. Most MSME business people are still focused on trading/sales and forget the brand side. This can be caused by not understanding the knowledge of marketing strategies and the benefits of attractive packaging and never received assistance. Therefore, for the second training material, the next speaker gave: marketing strategy materials through brands and packaging for SMEs especially for business partners. Materials about this brand will help business partners how to make a suitable brand for your business. Training on strategy This brand will guide partners in designing a suitable brand and product packaging for business partners. This brand building strategy training will create a brand for business partners to be able to compete in the form of products cake as a specialty from the field later.



Figure 5. Theory of Branding was delivered by the notespeaker

Because business partners have not listed the brand so far in its product, the service implementation committee team proposes to partners that: immediately make a brand for the product so that the product is more easily recognized by society. In delivering this material, the team provides an opportunity to partners to prepare some brand names desired by partners and then it will be discussed with the team to be able to choose the right brand suitable and good for partner businesses which will then be made a brand design it by the team. Furthermore, the presenters provide material on the use of media online as an effective marketing tool for MSMEs, where business partners still not optimal in marketing the results of their business. Therefore, This material is quite enthusiastic about partners and the surrounding community, because the material presented is very interesting and business partners want to know how promote business results so that market share becomes even wider. In training on brand marketing strategy and packaging, the creation of a brand for Kampung Chicken Eggs is a trigger for business actors in participating in this training, because so far the Kampung Bu Chicken Egg business has been Natalia Nainggolan does not have a brand listed yet. One of the reasons is afraid of being subject to tax retribution, even though the brand is very important for Kampung Chicken Egg business that can be a differentiator / distinctive feature from other Kampung Chicken Egg products. In the end consumers are easier recognize this product and of course have an effect on increasing sales. Therefore the service team provides assistance in the form of making brand logo design for the product. Besides that, this training also offers business actors Bika Bakar to replace the plastic used for wrapping eggs The Kampung Chicken uses Mika Eggs / special egg packaging. A more attractive, neater and safer packaging for egg products. Results survey in the market after the new packaging and the new brand "Olive Chicken Egg".

Improving the quality and quantity of production is very important for business partners in the use of technology in order to compete and create quantity of products to meet consumer needs. Currently the cattle barn the existing one is able to accommodate 500 head of cattle, but the one that has been filled by partners are 150 chickens, and 50 ducks. This sub-optimal condition needs to be addressed so that the existing land can generate more sales tall. The solution offered is to

provide additional chicken seeds so that its capacity can be fulfilled. In this case, the production process of business partners is also constrained by distribution products and transportation of animal feed ingredients from traditional markets to land livestock and vice versa. The current condition of transportation is still using private two wheeler. The solution offered is to use special vehicle transporting goods so that the capacity of animal feed transported into more capacity.

According to the measure described above, our partners have achieved several targets as follows:

1. The number of chicken after chicken seed was provided by the team increased from 150 to 350 chickens. This number accomplished the capacity of chicken farm to almost full capacity of 500 chickens.
2. Problems of animal feed obtained from traditional market has increased from 5 kilograms per day to 25 kilograms per day. The increasing number were achieved because previously the vehicles that was used is motorcycle. After the program, our partner used motorcycle rickshaw.
3. Product brand were given to the partner's product, named "Olive Organic Egg"
4. The partner has created the cash flow from daily transaction and recaped into monthly transactions using the template that provided by the team. For the sake of privacy, we don't share the example because financial information of the business should be kept private.
5. According to the calculation of eggs production, the team obtained cost of goods manufactured to the number of Rp 13.138,24/ kilograms.

4 Conclusion

Service activities that have been carried out by the team include: training and assistance in aspects of preparing financial reports, product branding and marketing activities by utilizing various media online and increase the quality and quantity of production. With teamwork solid devotion and the active role of the presenters in this service, then everything went as expected and was able to deliver benefits for community service partners in developing market share Kampung Chicken Eggs. In addition, the service team provides assistance in the form of: production support tools that will help partners improve quality production. This service activity targets an increase in income community through empowering service partners and the surrounding community.

According to the training and evaluation, the program have achieved some targets such as increasing number of chicken seeds that was from 30% to 70% of the capacity. Animal feed that was collected from traditional market by using private motorcycle, through the program our partner employed the motorcycle rickshaw so they can obtained 25 kg animal feed with lower

distribution cost. The team also gave new brand to the product that can be used to market the product to online marketplace with better packaging and branding. Our partner implemented the cash flow transaction record and the monthly record of cash inflow and outflow. The calculation of cost of goods manufactured were Rp 13.138,24/kilograms.

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