

CHAPTER I

INTRODUCTION

1.1 Background of the Study

Companies as part of economic indicators strive and compete in marketing the products or services they produce, in addition, the large number of imported products make companies have to be smarter in making strategies so that products made by the company are able to face competition. Companies are required to be able to produce quality products for consumers, and be able to manage finances well. That is, the success of the company's financial management must be able to guarantee the survival of the company. Management policy in making the right decisions the results of evaluation and measurement of the implementation of company activities is one of the things that can affect companies to be able to compete.

The type of business activity is divided into two views of products produced and traded by business activities, namely tangible goods (goods) and intangible goods (services). What is meant by tangible goods are goods that can be sensed by the five human senses, such as cars, houses, utility, stationery, foods. Whereas intangible goods (services) are products that cannot be seen by naked eye, but the benefits can be felt after consumers consume these services. Services offered by various business companies to consumers.

In the Era of Globalization and the free market today, people are encouraged to compete in gaining a decent life. This can be seen in the lives of increasingly advanced and developing communities, both in the fields of economy, industry, education, tourism, and catering services. Competition between food service industries is increasingly rapid in accordance with the demands, following the tastes or pleasures and way of life of a person. Nowadays many food services such as Catering, Restaurants, Cafes, Restaurant are popping up around us, because people today really like the practicality, the time available to serve narrow meals.

Increasingly tight competition makes one must be more careful in utilizing business opportunities with the aim of obtaining optimal profits. One way that is done is efficiency in terms of optimal inventory control in order to be able to reduce the cost of the company in storing raw materials. However, in the process the company will be faced with a situation regarding the inventory control efficiency decision.

Understanding efficiency in production, that efficiency is a ratio of output and input associated with achieving maximum output with a number of inputs, meaning that if the output ratio is large, then the efficiency is said to be higher. It can be said that efficiency is the best use of inputs in producing goods (Shone and Rinald in Sutanto, Sri Imaningati, 2014). Efficiency is an action to maximize yield by using minimal capital (labor, material and tools) (Stoner, 1995 in Sutanto, Sri Imaningati, 2014).

This phenomenon occurs in Ministro Café Medan, where management here has an important role because as a means of control to run business activities to run efficiently and be able to produce optimal profits. One of them needs a policy to regulate the supply of materials as an optimal production tool. Optimal inventory can determine the amount of inventory needed so that not too much and not too little, so as to reduce costs more efficiently. Therefore, management decisions to implement optimal inventory can help to get optimal profits.

Procurement of raw material inventories raises inventory costs, namely purchasing costs, ordering costs and storage costs, inventory control is needed in order to provide the right inventory with minimal costs. Therefore, a minimum inventory can be determined by making an economical number of orders, so that the number of orders can reduce the cost of procurement of goods. How to apply the raw material inventory system of each company varies, both in quantity and cost.

One of the things that can be done by the company, namely by making efficiency on operational costs at the Ministro Café Medan. Cost efficiency is done to measure the extent to which a company can reduce operating costs incurred by the company to produce the desired profit and to be able to survive in business competition.

Table 1.1 Ministro Café

Ministro Cafe	Facilities	Operating Hours	Food Price	Menu	Beverages Price
Address: Jl. Letjen S Parman No.308, Petisah Hulu, Medan Baru, Kota Medan, Sumatera Utara 20153	Service: Responsive, caring, have good service	Monday: 11.00 – 23.00 Wib	Tortilla Chips → Price IDR28.500	Salsa Picante Pizza → Price IDR68.000	Espresso – > Price IDR25.000
Telephone: (061) 88813688	Concern: Really care about the customer	Tuesday: 11.00 – 23.00 Wib	Dory Rica-Rica → Price IDR35.500	Bolognese Pizza → Price IDR68.000	Cafe Latte → Price IDR30.000
Fax: –	Room: clean, neat	Wednesday: 11.00 – 23.00 Wib	Crispy Chicken Tenders – > Price IDR38.000	Dabu-Dabu Pizza → Price IDR68.000	Cappuccino → Price IDR30.000
Website: https://www.oopastries.com/	Staff: Good ability to convey information	Thursday: 11.00 – 23.00 Wib	Tacos W / Salsa → Price IDR32.500	Hawaiian Pizza – > Price IDR68.000	Long Black → Price IDR28.000
Email: oopastries@gmail.com	Security: available	Friday: 11.00 – 23.00 Wib	Cream of Mushroom Soup – > Price IDR35.500	Salsa Picante Pizza → Price IDR68.000	Macchiato → Price IDR30.000
Department: Restaurant Bakery	Toilet: available	Saturday: 11.00 – 23.00 Wib	Triple Cheese Fries → Price IDR32.500	Bolognese Pizza → Price IDR68.000	ICed Coffee Jelly → Price IDR36.000
Restaurant of Origin: Indonesian Typical Western (Fusion)	Wifi / Internet: available	Sunday: 11.00 – 23.00 Wib	Chicken Strip W / Tartar → Price IDR38.000	Dabu-Dabu Pizza → Price IDR68.000	Avocado Coffee Jelly → Price IDR38.000
Language used: Indonesian	Relaxation place: available		Triple Fingers Taco → Price IDR38.500	Hawaiian Pizza – > Price IDR68.000	Vanilla Late → Price IDR32.000
Access street : Jl. S. Parman Medan			Green Salad W / Honey	Salsa Picante Pizza →	Hazelnut Latte →

			Mustard sauce → Price IDR35.500	Price IDR68.000	Price IDR35.000
Payment Method: Cash, Debit, Credit Card	Suitable for Children: Yes		Crispy Potato Chips → Price IDR28.500	Bolognese Pizza → Price IDR68.000	Green Tea Latter 35.000
Employee service: kind, friendly and polite	Delivery Order: Not available		Chicken Burritos → Price IDR36.000	Dabu-Dabu Pizza → Price IDR68.000	Teh Tarik → Price IDR28.000
Room: outdoor and air-conditioned	Reputation: Having a good reputation, including service to customers		Spicy Garlic Fries d → Price IDR28.500	Hawaiian Pizza → Price IDR68.000	Iced Honey Lemon → Price IDR25.000
Prices in Medan Ministro: IDR 18,000 - IDR 82,000 (Estimated, depending on the type of menu, not including tax and service)	Service: Responsive, caring, have good service		Mashed Cheese Bites → Price IDR28.500	Salsa Picante Pizza → Price IDR68.000	Iced Lemon Tea → Price IDR22.000
Address: Jl. Letjen S Parman No.308, Petisah Hulu, Medan Baru, Kota Medan, Sumatera Utara 20153			The Purple Chicken → Price IDR72.500		Iced Lychee Tea → Price IDR22.000
Telephone: (061) 88813688			Vietnamese Fusion Bowl → Price IDR58.000		Iced Peach Tea → Price IDR25.000
Fax: –			Hamburg Steak W/Cheese → Price IDR78.000		
Website: https://www.oopastries.com/			Pasta Sambal Petai → Price IDR46.500		

Email: oopastries@gmail.com			Premium Grilled Iga -> Price IDR82.000		
Department : Restaurant Bakery			Premium Iga Soup -> Price IDR82.000		
Restaurant of Origin: Indonesian Typical Western (Fusion)			Yellow Curry Chicken -> Price IDR72.500		
Language used: Indonesian					

Source: Ministro (2019)

This research was conducted at Ministro Café Medan, Ministro Café Medan is one of the industries or restaurants that is engaged in fast-growing food and beverage services and is able to compete with the service industry, which is to support the rapid development and competition in the food and beverage service sector. Ministro Café is a typical Western food restaurant that combines food with bakery. Bakery known as OO Pastries. Ministro Café Medan is one restaurant serving Western food menus. Restaurants and bakeries are in one location however, different operations and outlets. The Ministro Café Medan is synonymous with a place to relax and have a family meal. The Ministro Café also provides wine drinks that are perfect for family, peer and other events. This room at the Ministro Café Medan consists of a smoking room and a non-smoking room. The price of food on the menu is available economically with friendly service.

Based on the background above, the authors have an interest in taking research using EOQ and TIC technique to find out how efficient the use of operational costs is with the title **"Efficiency of the food and beverage industry: Case Study at the Ministro Café Medan."**

1.2 Problem Formulation

Based on the description of the background above, the authors formulate the problems in this study are:

1. What is the management strategy for the efficiency of the food and beverage industry at the Ministro café Medan?
2. What are the supporting factors and inhibiting factors of management strategies in the efficiency of the food and beverage industry at the Ministro café Medan?

1.3 Research Focus

The researcher found out that Ministro café Medan is having a problem in maintaining their inventory, operational cost and processing of their raw materials are not optimal, that can effect efficiency in Food and Beverages Industry.

1. Inventory in the food and beverage processing industry stock is very important. In maintaining the taste of food or drinks served, controlling the stock of food raw materials is very important because when the raw materials in the menu to be sold do not exist, the level of sales in the company will decrease and will result in loss of consumer trust in the taste in the restaurant.
2. Operational Cost is really important in Food and beverage industry, because operational cost use to be the base in the food and beverages industry in order to prove the functionally improve the efficiency in food and beverages industry.
3. Processing of raw materials in a food and beverage industry, processing raw materials is the one of many things in an industry strategy that can show that the company is classified as efficient or not. Because the procedures for processing raw materials can have a major impact on financial costs in a company.

This research limited only at Ministro Café Medan. Located at Jalan S.Parman Medan. And because of the limited time to do this research. The researcher decided to pointed Strategic Management, Inventory Stock, and Operational Cost that can effect Efficiency in Ministro Café Medan.

Based on the formulation of the problem above, the writer has a research focus by raising issues regarding management strategies in the efficiency of the food and beverage industry, namely in the Ministro Café Medan.

1.4 Research Objective

Based on the formulation of the problem that the author wants to examine, then the objectives of this study are;

1. To identify how the management strategy is in the efficiency of the food and beverage industry in the Ministro Café Medan.
2. To find out whether the supporting factors and inhibiting factors are management strategies in the efficiency of the food and beverage industry in the Ministro Café Medan.

1.5 Benefit of the Research

1.5.1 Theoretical Benefit

From this research the writer expected the results of this research to be useful for the development of education about the efficiency in food and beverages industry.

1.5.2 Practical Benefit

This research is expected to be able to add references to the faculty and provide insight into the author in the field of operational cost efficiency management for food and beverage companies.

1.6 Systems of Writing

In this description consists of 5 chapters, and each chapter consists of several sub-chapters. The following systematics of writing this essay:

CHAPTER I INTRODUCTION

Consisting of background of the study, problem formulation, research focus, research objectives, benefit of the research, and systems of writing.

CHAPTER II LITERATURE REVIEW

This chapter contains theories that are used as the basis, previous research, as well as the framework of this research.

CHAPTER III RESEARCH METHOD

This chapter contains the types of research used, object of the research data collection method, and data analysis method.

CHAPTER IV DATA ANALYSIS AND DISCUSSION

This chapter contains the profile of the object of research, data analysis, discussion and presentation of the results of the analysis, and answers to the questions contained in the formulation of the problem.

CHAPTER V CONCLUSION

This chapter is the last chapter that contains the conclusions of this study, implication and recommendation.

