

# **OPERATIONAL MANAGEMENT STRATEGY AT MB BAKERY AND COFFEE IN BESUSU TENGAH URBAN VILLAGE, EAST PALU DISTRICT, PALU CITY**

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## **ABSTRACT**

This study explores the strategic operational management decisions implemented by MB Bakery & Coffee and evaluates its competitive position within Palu City's coffee shop industry using Porter's Five Forces analysis. A descriptive qualitative method was employed, with data collected through in-depth interviews conducted in Besusu Tengah Urban Village, East Palu District. The analysis focused on ten strategic decisions in operational management, revealing how MB Bakery & Coffee has adapted to the dynamic and competitive landscape. The Porter's Five Forces framework identified several key findings. First, the emergence of new coffee shops in Palu presents a significant competitive threat, requiring MB Bakery & Coffee to strengthen its value proposition. Second, customer purchasing power remains stable, primarily supported by loyal, long-standing patrons. However, the influx of new cafés and shifting customer preferences present challenges in attracting new clientele. Third, the threat of substitute products is currently minimal, though continuous innovation is essential to sustain market relevance. Fourth, supplier power is notably high, as MB Bakery & Coffee maintains strict quality standards for food ingredients and coffee beans, reinforcing its commitment to product excellence. Lastly, competition intensity is vigorous, with 67 coffee shops recorded in Palu City as of 2023. MB Bakery & Coffee faces direct rivalry from two businesses with similar concepts, highlighting the need for ongoing strategic refinement. The study concludes that while MB Bakery & Coffee has effectively executed several operational strategies, maintaining a competitive edge in Palu's saturated market requires continual innovation, quality control, and customer engagement.

**Key Words: Operational Management, Strategic Decisions, Five Forces Porter,  
Coffee Shop**

## **INTRODUCTION**

The lifestyles of people today have undergone significant changes and developments. In the past, people were not too concerned about appearance and lifestyle, but now the situation is different. Lifestyle began to be a serious enough concern to no longer be called the main one. In this case, self-existence is raised by adolescents, which is often interpreted as spending time in a place intended to fill spare time, referred to as "hanging out" (Irfan Syafrudin, 2022).

Hanging out has existed long before the proliferation of cafes and Coffee shops in today's society. In the beginning, nongkrong was defined as an activity to fill spare time carried out in the tradition of Indonesian culture, which is usually done by simply drinking Coffee or tea accompanied by small snacks, done with family and relatives at home. This tradition is usually done in the morning or at night as a leisure activity (Cahya, 2018). This differs from the current phenomenon, where hanging out is mainly done in cafes, which will impact the growth of rapidly expanding cafes.

Indonesian society initially recognized Coffee shops as a relative compared to cafes in the definition of western society along with advances in information technology and the

assimilation of western and local cultures, Coffee shop entrepreneurs with cafe concepts such as those in the west began to mushroom, many new cafes appeared, ranging from concept to utilizing the franchise system at first drinking Coffee has been a habit of Indonesian people since ancient times, because Indonesia is one of the best Coffee producers in the world, in Indonesia Coffee lovers are almost regardless of age, ranging from teenagers to adults and even seniors, so the number is not counted.

The culture of drinking Coffee in Indonesia has become an integral part of people's lifestyles, as evident in Palu City, particularly among young people, as reflected in the rapid development of Coffee shops over the last few years. Coffee remains a favorite drink that consistently receives many orders, despite the variety of offerings. Unlike in the past, when Coffee was more commonly found in the hands of the elderly, Coffee is now owned by all groups, including children of all ages. No wonder the number of Coffee shops is now increasingly crowded with enthusiasts, thanks to its popularity.

**Table 1. Number of Coffee Shops at Palu City in 2021-2023**

District/ City	<i>Coffee Shop</i>		
	2021	2022	2023
Palu City	47	59	67

Source: Palu City Tourism Office (2023)

Based on data from the Palu City Tourism Office, the number of Coffee Shops has increased significantly in the period from 2021 to 2023. This proves that competition in the Coffee Shop industry in Palu City is increasing. Due to this phenomenon, meeting places such as Coffee shops, cafes, and restaurants are becoming increasingly creative and evolving. Create a meeting place that is both cool and welcoming to visitors, in terms of both the menu and appearance. Surviving in the Coffee shop business requires a strategy. Every company has a unique strategy to deal with various changes and threats. This strategy is crucial for all types of businesses, as it enables companies to expand their market share and identify the following steps to maintain their position among numerous competitors.

Every company that develops new products, services, or ideas to attract the interest of its customers needs to pay attention to every strategic decision that will be made, especially to maintain proper operational management of its company. According to Heizer & Render (2014) ten strategic decisions in operational management need to be considered, namely: 1) Product Design, 2) Quality Management, 3) Process and Capacity Design, 4) Location Strategy, 5) Spatial Strategy, 6) Human Resources and Job Design, 7) Supply Chain Management, 8) Inventory Management, 9) Schedule Determination, and 10) Maintenance.

A Coffee shop is currently one of the businesses that are pretty popular and developed by people today. They can run their business both online, through media such as social media and applications, and offline, by promoting their products directly to buyers. However, many of them lack an effective strategy for running their business. They cannot predict whether their business will continue to be in demand by buyers and whether they can produce a product at a lower cost. The Five Porters will provide management with information on how to maintain their business operations and minimize unnecessary costs. According to Porter (2008), Porter's Five Forces analysis is a widely used approach to developing strategy in many industries. The intensity of inter-firm competition varies significantly from industry to industry. Competition among existing firms is intense, new competitors can enter the industry with relative ease, and both suppliers and consumers can have enormous bargaining power.

The reality of Coffee shops in Palu City is that many are located in shophouses and even minimalist houses, with the front yard of the house often serving as a sufficient space

for a cafe. One of the Coffee shops in Palu City that many people highly favor is MB Bakery & Coffee, which offers a fairly comfortable outdoor concept and affordable prices. MB Bakery & Coffee shop is one of the businesses that has continued to grow since 2021, and there are various menu variants, both in terms of food and coffee and non-coffee type drinks. Visitors to MB Bakery & Coffee every day are quite crowded and are dominated by all ages, from young to old.

Strategic decisions in operational management applied to each Coffee shop are very important to maximize as best as possible all the resources owned by the Coffee shop, then use Porter's Five Force analysis to find out how a strong picture of MB Bakery & Coffee's position in the Coffee Shop industry in Palu City both in terms of competition, market share and the role of buyers.

## **THEORETICAL FOUNDATION**

### **Operational Management**

Operations management is a series of activities that produce value in the form of goods and services by converting inputs into outputs (Heizer & Render, 2014). This is the same as by (Stevenson, 2014) which also defines that operational management is the management of systems or processes that create goods and or provide services the creation of goods or services includes the transformation or conversion of inputs into outputs, various inputs such as capital, labor, and information are used to create goods or services using one or more transformation processes (storing, transporting, and repairing). To ensure that the desired output has been achieved, the organization can measure it at various points in the transformation process (feedback) and then compare it with predefined standards to determine the necessary corrective actions (control).

According to Efendi (2019), operational management is an activity related to the decision-making process in order to manage and use various resources in achieving organizational goals. The decision-making process begins with identifying problems and possible alternatives, as well as criteria for assessing or comparing each alternative, which can produce maximum and practical benefits with minimal risk.

### **Strategic Decisions in Operational Management**

According to Heizer & Render (2014) ten strategic decisions in operational management need to be considered, namely: 1) Product Design, 2) Quality Management, 3) Process and Capacity Design, 4) Location Strategy, 5) Spatial Strategy, 6) Human Resources and Job Design, 7) Supply Chain Management, 8) Inventory Management, 9) Schedule Determination, and 10) Maintenance.

### ***Porter Five Forces***

The Porter Five Forces Model is a widely used approach for determining strategy in various industries. The intensity of competition between companies varies across industries. According to Porter (2000: 6), Porter's Five Forces analysis is a widely used approach to developing strategy in many industries. The intensity of inter-firm competition varies significantly from industry to industry. Competition among existing firms is intense, new competitors can enter the industry with relative ease, and both suppliers and consumers can have enormous bargaining power.

According to David (2017), Strategy design is very necessary for business. Strategies are designed and implemented in a way that smooths the business's operations, allowing it to run smoothly. Additionally, strategies are created to enhance the business being developed. Porter's Five Forces is the right strategy for running a competitive business.

The Five Forces Analysis is used to examine a company's external environment, considering competition among similar companies, the threat of new entrants, the threat of substitute products, the bargaining power of buyers, and the bargaining power of suppliers (Porter, 2008).

## RESEARCH METHOD

The type of research in this research is a type of qualitative research that is descriptive and tends to use analysis, process and meaning or subjective perspective in qualitative research is more highlighted This research examines how strategic decisions in operational management are applied to MB Bakery & Coffee, then uses Porter's Five Force analysis to determine the competitive advantage of MB Bakery & Coffee in the Coffee shop industry in Palu City. This approach is aimed at the context and the individual holistically (as a whole), so it is not allowed to isolate individuals or organizations into variables or hypotheses; instead, it needs to view them as part of a whole (Moleong & Lexy J., 2011).

The subject of this research is the MB Bakery & Coffee Business Owner, Mr. Andy Aulia Alimin Saleh, which is conducted in Besusu Tengah Urban Village, East Palu District, Palu City, Province of Central Sulawesi, with a total of 9 informants. This research was conducted from June to July 2024, lasting approximately one month. The method of data collection was by means of observation, interviews, and documentation.

Data analysis uses interactive analysis of operational management strategies at MB Bakery & Coffee with the help of the Nvivo 12 plus application with data analysis stages including data processing, data reduction, data presentation and conclusion drawing and the results of data analysis in the form of strategic decisions in operational management that have been implemented and the competitive advantages of MB Bakery & Coffee.

## RESULTS AND DISCUSSION

### Strategic Decisions in Operational Management at MB Bakery & Coffee

Operational management is responsible for organizing the production process in both manufacturing and service companies. Based on the results of the study, it can be seen that regarding strategic decisions in operational management used in this study, there are 10 (ten) strategic decisions that have been applied to the MB Bakery & Coffee business, namely product design, quality management, process design and capacity, location strategy, spatial strategy, human resources and job design, supply chain management, inventory management, schedule determination, and maintenance.

#### 1. Product and Service Design

The purpose of a product decision is to develop and implement a product strategy that meets market demand while providing a competitive advantage. Building a good and satisfying service concept for customers is the primary goal of MB Bakery & Coffee; therefore, the Owner continues to strive to build good communication with each customer, product manager, and supplier. According to the Owner, creating good service by paying attention to the characteristics of each customer who comes is something that can build emotional closeness between customers and MB Bakery & Coffee itself.

Based on information from the Owner as well as from the Barista and Kitchen Crew of MB Bakery & Coffee, it is known that the main design of the MB Bakery & Coffee product is a Coffee drink that has a distinctive taste processed by MB Barista using local Coffee beans from Central Sulawesi and combined with European-style bread or desert, as well as added good and friendly service from all MB Bakery & Coffee employees and the price can be reached by all circles.

The concept of MB Bakery & Coffee is to create a comfortable space for visitors with high-quality products that taste good, excellent service, and affordable prices, accessible to all, regardless of their financial situation. Based on information from visiting customers, it can be seen that the current condition of MB Bakery & Coffee in terms of the taste of food and desert is quite good, for the services provided can satisfy customers, for the design is good enough but must continue to follow developments and update continuously to be as close as possible to all the expectations and needs of consumers.

#### 2. Quality Management

The purpose of quality management is to determine customer quality expectations and develop policies and procedures to identify and achieve that quality. Based on information from Mr. Andy, the owner of MB Bakery & Coffee, it is understood that the importance of understanding related to raw materials and general knowledge about the type of business undertaken by business actors, especially in understanding the primary raw material in the Coffee shop business, namely Coffee beans.

Understanding the use of Coffee bean processing tools, also known as Barista tools, in a Coffee shop is crucial for determining the smooth operation of the Barista's duties at the place of business. Based on the explanation from the Owner of MB Bakery & Coffee, it can be seen that the Barista tools for processing and providing Coffee offerings greatly affect the taste and quality of the products produced, therefore a business place needs to improve the quality of products and services in a series of supply processes to make it more efficient so that it can produce a competitive advantage in its place of business.

The quality of service at MB Bakery & Coffee is highly emphasized to create and maintain the comfort of our visitors. Based on information from MB Bakery & Coffee servers, it is known that continuing to maintain and improve service quality will support customers, leading to increased opportunities for customer comfort, sales, and profitability. Based on information obtained from visiting customers, it can be seen that the current condition of MB Bakery & Coffee, in terms of the management's quality, as perceived by customers, is quite good. The services and communication methods applied can provide service satisfaction to customers. Quality management is a crucial component that must be implemented to support the success of a business. The need to improve the quality of services produced by a business is carried out to optimize the production process and ensure that the products are of higher quality.

### **3. Process and Capacity Design**

Process and capacity design determine the type of process and the amount of capacity needed to produce products or services, as well as the necessary equipment and technology for the process or operational activities. Process design will help and support the production process, enabling it to run smoothly and allowing the company to achieve a high level of productivity. MB Bakery & Coffee is a type of business that mainly serves processed products made from Coffee beans. The processing process, of course, requires supporting tools to assist the baristas.

Based on information from Barista MB Bakery & Coffee, it can be seen that Barista tools are equipment needed to support the process design of a product to be produced and are the basic factors that influence process design. Other processed products, besides Coffee, at MB Bakery & Coffee, such as bakery products, desserts, and other heavy foods, must also utilize supporting tools to assist the kitchen crew during the processing process. According to the MB Bakery & Coffee Kitchen Crew, it is known that the kitchen tools used by the kitchen crew in the production process are good and complete. After the supporting tools are well established, the process design will be able to effectively support and enhance the production process.

Based on the explanation from the Barista and the kitchen crew of MB Bakery & Coffee, it can be seen that the process design in serving processed Coffee is done in two ways, namely the first by using an espresso machine and the second is processed by manual methods, generally processed Coffee using manual methods is made from arabica type Coffee beans and those using espresso machines are Coffee dishes that use robusta type Coffee beans. For the kitchen section, it can be seen that the process design for food processing in the kitchen is well considered in terms of taste, process, and cleanliness during both processing and serving.

### **4. Location Strategy**

A strategic location is one of the most important factors that determines the success of a business. A strategic location is a driver of costs and revenues, often holding the power



to shape a company's business strategy. A strategic location aims to maximize the benefits of the location for the company.

Based on information from Mr. Andy Aulia, the owner, it can be seen that the location of MB Bakery & Coffee is fairly strategic, as it is situated next to the highway and still within the downtown area. A location that is easily accessible to consumers and close to the center of the crowd is the ideal location for a business, including MB Bakery & Coffee.

Based on information from Waitress MB Bakery & Coffee, it is known that visits to the Coffee shop are pretty crowded and from various ages and with various types of status and occupations. Pricing of products and services carried out by the company greatly influences consumer decisions. A strategic location, safe environment, and easy to reach will make it easier for visitors to visit MB Bakery & Coffee.

## **5. Layout Strategy**

The purpose of the layout strategy is to build an economical layout that meets the competitive needs of the business premises. The owner has the responsibility to form a process that can produce products that meet the needs and desires of consumers using available resources. Based on the results of researchers' observations in the field related to the layout strategy implemented by MB Bakery & Coffee, the researchers found that the layout strategy decision applied by Owner MB at the place of business is a process-oriented layout strategy. Process-oriented layout is a layout strategy that can be found in business units such as MB Bakery & Coffee that produce a variety of different types of products but in low quantities. This layout enables the simultaneous production of multiple product types without compromising the quality of the products.

Based on information from Mrs. Susan as Waitress, it can be seen that the application of the process-oriented MB Bakery & Coffee layout strategy starts from the customer who comes to MB Bakery & Coffee whom the waitress then directs to the cashier to order the type of processed food and beverage product he wants. The cashier directs the order menu to the relevant Barista or kitchen section according to the type of product ordered by the customer to be prepared, after the order is available then the waitress delivers the order to the customer.

Heizer dan Render (2014) Layout decisions involve the placement of machines in production settings, offices and desks or service centers. A practical layout can facilitate the flow of materials, people, and information within and between areas. Based on the results of observations of the layout of the business premises applied by MB Bakery & Coffee, the researchers found that there are three parts of the place at MB Bakery & Coffee, the first is the seating area and tables for customers who come, the second is the cashier's room adjacent to the Barista's kitchen, and the last is the kitchen, which is the kitchen where bakery and other processed foods are processed.

For the cashier section at MB Bakery & Coffee, it has utilized the application and system in its financial records, from the results of interviews with informants, namely the cashier at MB Bakery & Coffee, it is known that this place of business has used an application called Qasier to facilitate transactions and financial records at this place of business, the types of transactions at MB Bakery & Coffee are not only cash transactions but have implemented non-cash transactions through debit or Qris.

Regarding advertising and promotion at MB Bakery & Coffee through the multimedia team, researchers obtained information related to advertising and promotion of this business place through direct promotion delivered through colleagues and communities, and also utilizing social media such as Facebook and Instagram as advertising and promotional media to convey information and increase visitor interest in MB Bakery & Coffee. This was then asked of several customers who became informants in this study. According to information from several informants, they stated that they obtained information about MB Bakery & Coffee through recommendations for hangout

places from colleagues and friends, as well as through social media advertising. Practical layout can help organizations achieve strategies that support differentiation, low cost, or rapid response.

## 6. Human Resources and Job Design

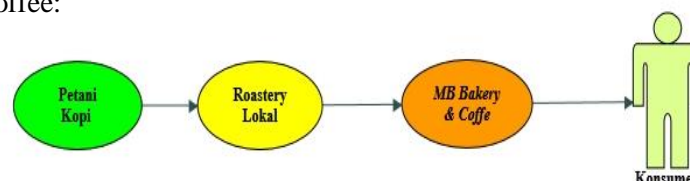
The purpose of the human resource strategy is to manage the workforce and design work so that workers can be empowered effectively and efficiently. This requires paying attention to the quality of the work environment, which should be comfortable, safe, and adequate both physically and psychologically. Employee recruitment is part of workforce planning efforts to fulfill the human resource needs necessary to achieve company goals.

Based on information from Mr. Andy Aulia as Owner of MB Bakery & Coffee, it can be seen that the recruitment process goes through several stages, starting from disseminating information related to job vacancies opened by MB Bakery & Coffee through social media, then interviews conducted by the Owner to prospective employees, after being declared accepted then directed according to the results of the interview and the job desk. In the employee recruitment process, the Owner provides a special assessment of the psychological condition and attitude of prospective employees. The owner of MB Bakery & Coffee expects employees who possess a good attitude, honesty, discipline, and responsibility, as MB Bakery & Coffee itself emphasizes the primary aspect of providing good service to ensure customer comfort. Work performance appraisals are also carried out by the Owner in managing human resources at MB Bakery & Coffee. With the existence of work appraisals, employees with good or poor work performance can be identified, which will later impact their compensation. Providing compensation by the Owner includes activities to reward employees. Compensation can be financial or non-financial, which aims to encourage employee motivation and achievement.

## 7. Supply Chain Management

Supply chain management involves integrating the activities of procuring materials and services, converting them into intermediate goods and final products, and delivering them to customers. These activities include purchasing and outsourcing activities, plus other functions that are important to the relationship between suppliers and distributors (Heizer & Render, 2014). The goal of supply chain management is to coordinate activities in the supply chain to maximize competitive advantage and the benefits of the supply chain for end consumers.

Based on information from Mr. Andy Aulia as Owner of MB Bakery & Coffee, it can be seen how the supply chain of the main type of raw material needed by the Coffee shop, namely Coffee beans. The following is an image of the Coffee bean supply chain at MB Bakery & Coffee:



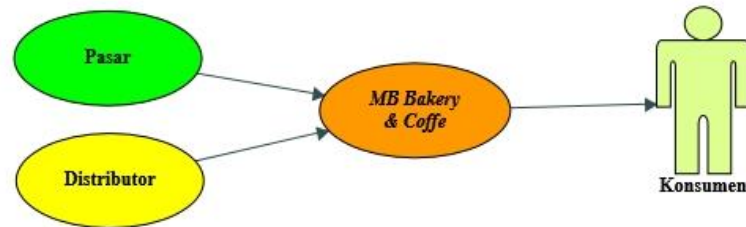
**Figure 1. Coffee Bean Supply Chain for MB Bakery & Coffee**

Source : Author owns Work, (2025)

From the figure above, it is known that the earliest supply chain in meeting the needs of Coffee beans at MB Bakery & Coffee starts from Coffee farmers. Coffee farmers located in Tongoa Valley in Napu Village, Palolo District are the initial raw material suppliers for raw Coffee beans. Then the raw Coffee beans are taken by a local Roastery in Palu City, to be roasted first, which is the process of roasting Coffee beans to release the aroma and flavor locked in the Coffee beans or more precisely known as the process of turning Coffee beans from green beans into Coffee beans that are ready to be brewed. Furthermore, the roastery sells it to MB Bakery & Coffee in the form of roasted Coffee beans, which are

then ready to be processed and served as Coffee for orders from customers who come to MB Bakery & Coffee.

Regarding the supply chain for processed raw materials for heavy food and bakery at MB Bakery & Coffee based on information from the Kitchen Crew, it can be seen how the supply chain of the types of raw materials needed by the MB Bakery & Coffee kitchen section. The following is an image of the supply chain of kitchen ingredients at MB Bakery & Coffee:



**Figure 2. Supply Chain of Kitchen Ingredients Fulfillment for MB Bakery & Coffee**

Source : Authors owns Work, (2025)

From the picture above, it is known that the earliest supply chain in fulfilling kitchen needs at MB Bakery & Coffee starts from purchasing raw materials directly from the market, or through direct distributors who deliver raw materials such as shrimp and frozen chicken for kitchen needs at MB Bakery & Coffee. Furthermore, these raw materials are ready to be processed and served as food or baked goods for orders from customers who visit MB Bakery & Coffee.

## 8. Inventory Management

Inventory management generally aims to minimize the costs incurred by the company. Inventory management considers inventory ordering and storage decisions and how to optimize them for customer satisfaction, supplier capacity, and production schedules are considered. Based on information from Barista MB Bakery & Coffee, it can be seen that there are three types of Coffee needed and must be provided to meet the needs of the production of processed Coffee types, which are the main products at MB Bakery & Coffee. This information is needed to help analyze the costs incurred by the place of business in procuring production needs to maintain inventory that will be used or sold in the coming period.

Based on information from the Owner of MB Bakery & Coffee for every month the use of Coffee beans at MB Bakery & Coffee is currently almost 2 kg / in a day for full robusta Coffee beans, for a month 30 days means around 45 kg / in month, or at a price of Rp 7,200,000 per a month. For local house-blend Coffee beans at a price of Rp . 185,000 / kg, in a month, the usage is around 5 kg, or at a price of Rp . 925,000 in a month. It can be seen how much money is spent and the use of Coffee beans every month to meet the needs of raw materials in the production of MB Bakery & Coffee, this information can be used to calculate or estimate the needs needed in the future so that it can be a reference in carrying out supplies at MB Bakery & Coffee. For storage, ready-to-use Coffee beans only maintain their best quality for three months. This storage applies with the note that the packaging used is by the storage standards for production-ready Coffee beans, namely airtight. The wrapper of the Coffee beans must be tightly closed and neat.

## 9. Schedule Determination

Schedule determination is a method for allocating available production resources (materials, machines, and operators) to determine when operations start and when they must be completed to complete a number of jobs. Based on information from the Owner of MB Bakery & Coffee, it is evident how the scheduling system is implemented by MB Bakery & Coffee. For work scheduling at MB Bakery & Coffee, it is arranged into two



shifts every day; the working time of each shift in a day is eight working hours in accordance with government regulations related to labor. Before MB Bakery & Coffee starts operating, the owner directs the employees in charge of the first shift to arrive one hour before opening to prepare the needs needed when MB Bakery & Coffee's operating hours have started, as well as when MB Bakery & Coffee has finished operating the owner directs the employees in charge of the next shift for one hour after closing to help tidy up and complete the needs that have been carried out during MB Bakery & Coffee's operating hours.

The time and schedule for MB Bakery & Coffee to start operating and finish operating is Monday to Saturday, starting at 09.00 WITA until 24.00 WITA, and is divided into two shifts for employees. Sundays operate from 14.00 WITA to 23.00 WITA. The two-shift scheduling carried out by MB Bakery & Coffee is expected to help maximize and efficiency of employee performance that focuses on service and quality of processed products from MB Bakery & Coffee.

#### **10. Maintenance**

Maintenance is all structured things or activities in which there is an effort to continue to maintain the equipment system to work as well as possible. The function of maintenance is to be able to extend the economic life of existing production machinery and equipment and strive so that production machinery and equipment are always in an optimal and ready-to-use state for the implementation of the production process.

Based on the explanations of several informants, it can be seen that for maintenance every one week the Barista tool is given full maintenance and for every day it is cleaned according to standards. For maintenance on kitchen equipment after use, it is immediately cleaned and stored properly, related to dirty plates or glasses and other tools if the visitor's condition is not crowded, it is cleaned immediately but if it is crowded, the process of making processed food products is prioritized first and then cleaning is carried out. For MB Bakery & Coffee, supporting furniture, such as tables and chairs, are cleaned with special drugs to maintain cleanliness, so that these items have a long life span and are not eaten by termites. Maintenance to maintain and care for facilities or equipment has been carried out in all parts of MB Bakery & Coffee. The role of maintenance is not only to keep the company working optimally so that orders from customers can be fulfilled according to schedule, but also to keep the company working efficiently by minimizing or reducing bottlenecks to a minimum.

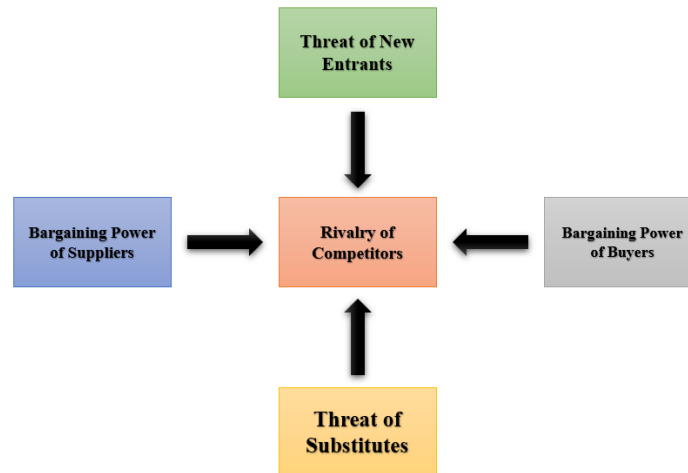
Based on information from the Owner, it can be seen that the Barista tool, namely the espresso machine, affects the quality of the products produced, an espresso machine that costs Rp.30,000,000 and above can produce up to 200 cups of espresso every day, for the price of an espresso machine found at MB Bakery & Coffee, which is Rp.12 .000,000 and only able to produce a maximum of 50 cups of espresso every day if you want the espresso machine to last, but at MB Bakery & Coffee currently the espresso machine has been utilized to exceed the maximum production standards, this has resulted in MB Bakery & Coffee having replaced their espresso machine several times. A vital component that has a major impact that supports the production process of processing Coffee dishes is the espresso machine which is part of the Barista tool, which if damaged will have an impact on the overall effectiveness of processed Coffee production at MB Bakery & Coffee. Therefore, the importance of routine prevention and maintenance activities in maintaining company facilities or equipment so that it does not occur or at least can prevent damage during production.

#### **Porter's Five Force Model Analyzed at MB Bakery & Coffee**

The essence of formulating a competitive strategy is to link and seek the company's relationship with its competitive environment. To describe the relevant competitive

environment is very broad, it involves social circumstances as well as the ongoing economic situation (in a broad scope, such as the social and economic situation of a region), but the most important aspect is to understand the company's current competitive environment, that is, the industry environment in which similar companies compete.

Five Force Analysis is used to analyze the company's external environment based on competition among similar companies, the threat of new entrants, the threat of substitute products, the bargaining power of buyers, and the bargaining power of suppliers (Porter, 2008). To see the competitive strategy at MB Bakery & Coffee, it is done by using Porter's Five Force Analysis proposed by Michael Porter.



**Figure 3. Five Force Porter Analysis Model**

Source : Porter (2008)

### 1. Threat of New Entrants

According to Porter (2008) that new entrants to an industry bring new capacity, a desire to gain market share, and often key resources. As a result, prices may fall or costs may rise, reducing profitability. The threat of a new entrant into an industry depends on the entry barriers that exist, combined with the reaction of existing competitors to be expected by the new entrant.

Based on the research, the author sees that of course the threat of new entrants is one of the challenges for MB Bakery & Coffee. In Palu City, in the coming year there will be another 1 (one) newcomer. Of course, the presence of these newcomers adds to the increasingly fierce competition in the Coffee shop industry in Palu City. Business in the Coffee shop industry in Palu City must be recognized as quite promising. This is supported by the source of raw materials such as local Coffee beans that can be obtained quite easily in Palu City. So it is not surprising that in the coming year there will be several new café or Coffee shop entrants.

However, with the presence of these newcomers. The increasing level of competition does not necessarily make the Management of MB Bakery & Coffee pessimistic. In fact, these conditions have good implications in terms of stimulating the Management of MB Bakery & Coffee to continue to innovate in order to always exist in the midst of increasingly fierce competition. Whatever conditions occur, it should not be used as an excuse for MB Bakery & Coffee to drown in competition. Indeed, in terms of buildings, MB Bakery & Coffee still has quite a lot of parts that need to be restyled and including the parking area at MB Bakery & Coffee that needs attention.

Apart from that, the opportunity from the location of MB Bakery & Coffee which is positioned in a strategic place because it is in the center of Palu City so that access to visitors becomes easier and the location of MB Bakery & Coffee is also around culinary

areas such as restaurants and Coffee shops. In addition, whatever conditions become obstacles such as the presence of newcomers. For MB Bakery & Coffee, the commitment is to continue to exist. By utilizing all opportunities and constantly updating the strategy, MB Bakery & Coffee will continue to grow.

## **2. Bargaining Power of Buyers**

Buyers compete with the industry by forcing prices down, bargaining for higher quality and better service, and acting as competitors at the expense of industry protectability. The strength of each important buyer group in the industry depends on a number of characteristics of its market situation and of the industry as compared to the overall business of that buyer (M. E. Porter, 2008).

Based on the research, the author sees that MB Bakery & Coffee divides its visitors into two groups. Some visitors are categorized as old such as workers, and there are also young people such as students and college students. Until now, the level of loyalty of each of their guests is in the same. High levels of loyalty are guests who have been visiting MB Bakery & Coffee for a long time. The challenge for MB Bakery & Coffee is the lack of new guests. This is due to the increasingly high level of café or Coffee shop competition in Palu City. Coupled with the dynamic direction of visitors' desires.

## **3. Threat of Substitutes**

Identify substitute products according to Porter (2008) is a matter of finding another product that can perform the same function as the product in the industry. Sometimes doing this can be quite a complex task, and one that takes the analyst to businesses that seem very far removed from the industry. Positioning in the face of substitutes may be a matter of collective industry action.

Based on the research, the author sees that MB Bakery & Coffee does not get significant challenges from the aspect of pressure from substitute products. Indeed, MB Bakery & Coffee adds aspects to its program to attract visitors. This is not a problem. Instead, it is considered as a renewal effort in the midst of competition. The innovations made by MB Bakery & Coffee are still related to the Coffee shop industry, and do not leave the field. Even the innovations made by MB Bakery & Coffee have a good impact on increasing the number of visitors because they are in accordance with market appeal. The innovation made is to make a promo with the theme Friday Blessing, this promotion is carried out every Friday. This blessed Friday promo offers a 50% discount from the original price on every beverage product purchased by visitors to MB Bakery & Coffee. For the past few years MB Bakery & Coffee has facilitated applying this promo to its visitors, MB Bakery & Coffee also sometimes holds game match events such as Mobile Legend, a game that is quite popular in every circle and provides special prices for visitors who participate in the event.

The presence of this innovation has a good impact on increasing the number of visitors to MB Bakery & Coffee. It would not be wrong to call the innovation the right idea. The attraction of MB Bakery & Coffee is the building model and services. Which is where the MB Bakery & Coffee building is a semi outdoor model building. The facilities offered are also quite good starting from electricity facilities, wifi which is quite fast, as well as services from MB employees who are friendly and have a fast response.

So in essence, what MB Bakery & Coffee wants to convey is that the threat of substitute products is not a problem. Indeed, it should be to maintain the existence of the company in the midst of increasingly rapid and fierce competition is to continue to innovate. Not only packaging the programs and packages offered, but also the marketing strategy. For MB Bakery & Coffee itself, there are several advertising accesses carried out so far. This advertising business is handled by the Multimedia section. So far, MB Bakery & Coffee has also built partnerships with Grab, Gojek, and Maxim to assist in the online product transaction process. Also empowering social media such as Instagram and Facebook

ads as a medium to convey information about MB Bakery & Coffee. MB Bakery & Coffee owners also still rely heavily on conventional media such as word of mouth.

In addition, to support the promotion and advertising strategy at MB Bakery & Coffee, the multimedia section together with the owner also plans and prepares the implementation of their activities every month at the beginning of the month, and it is an obligation to release the latest programs such as setting special prices according to certain moments, MB Bakery & Coffee also conducts performance evaluations at the beginning of each month.

#### **4. Bargaining Power of Suppliers**

Suppliers can exercise bargaining power over industry participants by threatening to raise prices or lower the quality of products or services purchased. The conditions that make suppliers strong tend to resemble those that make buyers strong.

Based on the research, the author sees that the power of suppliers to MB Bakery & Coffee is quite high. Almost all materials used at MB Bakery & Coffee are sourced from suppliers. For example, food ingredients for the kitchen processing section, and roasted coffee beans. For food ingredients, MB Bakery & Coffee is very selective in choosing food ingredients. Because the food served to customers must be of good quality.

The basic consideration for MB Bakery & Coffee in choosing food ingredients and other roaster Coffee bean needs from suppliers is not only quality but also competitive prices. If it is found that there is no consistent price problem, it is possible to change the supplier. To fulfill the needs of ready-to-produce Coffee beans in Palu City, there are quite a lot, but in the last few years MB Bakery & Coffee has taken ready-to-produce Coffee beans from well-known roasteries in Palu City, namely Kaili Coffee located in Tinggede Village, Rare Coffee in Talise Village, and Sebatik Coffee or Dombu Coffee in Marawola District.

#### **5. Rivalry of Competitors**

Nowadays, business competition among similar companies is increasingly competitive and fierce. Competition among these companies arises because these companies are trying to achieve competitive advantage, where in this competitive advantage the company can seize as much market share or consumers as possible compared to other companies, with these conditions, the profit obtained by the company is also increasing.

According to Porter (2008) it is this competitive factor among competitors in the same industry that is central to the strength of competition. The higher the level of competition between companies indicates the higher the profitability of the industry, but the profitability of the company may decrease.

Competition between similar companies, for MB Bakery & Coffee, is very clear that the number of competitors in Palu City is very high. Based on data from the Tourism Office of Palu City for the year 2023, the number of Coffee shops in Palu City is 67 places. From this very significant number, the toughest competitor for MB Bakery & Coffee based on information from the owner is Doctor's Coffee & Bakery and the Cafe next door because it has a concept that is quite similar to MB Bakery & Coffee because they also besides serving Coffee also serve processed bakery and desert.

In terms of visitor quantity, MB Bakery & Coffee has experienced a significant increase. The graph of the increasing number of visitors to MB Bakery & Coffee can be seen from the average number of visitors a day at MB Bakery & Coffee since 2021, namely 15 to 20 people a day, then in 2022, namely 30 to 40 people a day, and in 2023, namely 50 to 70 people every day.

#### **CONCLUSIONS**

Based on the results of research and discussion of the Operational Management Strategy at MB Bakery & Coffee, the following conclusions are obtained: MB Bakery & Coffee, which started this business place since 2021 until now, has experienced quite good

development. MB Bakery & Coffee has also implemented ten strategic decisions in operational management at its place of business. By emphasizing the main service concept, MB Bakery & Coffee expects that the strategic decisions they make can provide comfort to every customer who comes. The obstacles that are often faced in this place of business are human resource problems in MB Bakery & Coffee employees who change quite often, especially in the waitress position. Another obstacle faced is the need for improvement and more attention to the maintenance of Barista equipment, especially on espresso machines.

The challenges faced by MB Bakery & Coffee are also in the form of the presence of new entrants, in Palu City there will be a new Coffee shop as a competitor to MB Bakery & Coffee. The strength of people's purchasing power at MB Bakery & Coffee is currently still in the same condition. The majority of guests are old guests with a high level of loyalty. While new guests are still minimal at MB Bakery & Coffee, this is due to the higher level of competition for cafes and Coffee shops in Palu City, coupled with dynamic guest desires. The threat of substitute products is not too much of a problem for MB Bakery & Coffee at this time, but the company is required to continue to innovate to maintain the company's existence in the midst of a storm of increasingly rapid and fierce competition. The power of suppliers at MB Bakery & Coffee is quite high. For food ingredients and Coffee beans that have been roasted, MB Bakery & Coffee is very selective in choosing ingredients, because the dishes served to customers must be of good quality. MB Bakery & Coffee has two main competitors that have the same concept as this place of business. Based on data from the Tourism Office of Palu City in 2023, the number of Coffee shops and Coffee shops in Palu City is 67 business places. This makes the café and Coffee shop industry in Palu City even more fierce.

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