

## IMPROVING BUSINESS MODEL CANVAS (BMC) WITH THE APPROACH OF STRENGTH, WEAKNESS, OPPORTUNITY AND THREAT FACTORS AT SEYMOUR BUSINESS UNIT

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**Abstract.** Seymour is a business unit engaged in the footwear business located in the city of Bandung. Currently, Seymour needs help in the form of declining sales due to customer purchasing behavior preferring online shopping and high competition. Other problems include high costs due to relatively unproductive offline stores. Seymour also needs a comprehensive business strategy/model. This research proposes a new improvement program for Seymour's Business Model Canvas. In formulating the program, the approach used is to analyze the strengths, weaknesses, opportunities, and threats of the nine blocks of the Business Model Canvas. Based on the research results, Seymour has fulfilled the nine blocks of the Business Model Canvas. From the analysis of the Business Model Canvas's strengths, weaknesses, opportunities, and threats, Seymour has 15 strengths and five weaknesses for internal factors. In contrast, Seymour has eight opportunities and nine threats for external factors. After conducting the analysis, the matching was carried out and resulted in 11 improvement programs. Grouping was then carried out from all 11 improvement programs, resulting in 9 improvement programs for the new Business Model Canvas. Of all the Business Model Canvas improvement programs, there are five priority improvement programs: adding customer segments, adding product variations, adding sales channels, creating new unique values, and adding human resources..

**Keywords:** footwear; business model canvas; strengths weaknesses opportunities; threats approach; digital marketing

Seymour focuses on creating a sandal product with a classic design that is very simple and favored by men and women from time to time at an affordable price. These activities are to external parties (employees) who play a role in product production and distribution. The increasing number of MSMEs has resulted in fierce competition between business actors. New strategies provide opportunities for business actors to compete and develop. The increase in the number of MSMEs in Indonesia shows local businesses' strong drive and interest to develop their business. This reflects the positive economic development and huge market potential in Indonesia. As the number of MSMEs increases, competition among business owners becomes more intense. In the fashion industry, MSME owners must strive to attract consumers' attention, differentiate their products, and offer unique added value to compete in a competitive market. It can be seen based on the data above that Seymour experienced a decline in sales in 2022; researchers dug up information by interviewing the owner of Seymour to find out the problems faced by Seymour. The revenue is obtained from sales through offline stores and online stores. One business model concept that has high popularity is the Business Model Canvas or the business model canvas. The development of a competitive strategy aims for the industry to objectively see internal and external conditions to predict changes in the internal environment that are very important to save and gain

an advantage in competing and have the right products according to consumer demand with optimal support from the resources at hand [1]. Therefore, Seymour must have a new program to increase sales.

Based on the above context, it is concluded that to overcome the problem of declining sales faced by Seymour in 2022 and develop its business in order to compete and increase revenue, it is necessary to implement a new strategy based on the Business Model Canvas. The Business Model Canvas includes nine critical elements: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structures. By analyzing the strengths, weaknesses, opportunities, and threats, Seymour's business can determine the right strategy to face these problems and achieve success.

According to Law No. 20/2008 on MSMEs (Law of the Republic of Indonesia No. 20/2008 on Micro, Small, and Medium Enterprises), MSMEs are productive businesses that stand alone, have a particular net worth, and meet the established business size criteria. According to the Indonesian Employers Association (APINDO), MSMEs are defined as a type of business with several employees below a specific limit and a relatively small asset value. Micro, small, and medium enterprises (MSMEs) are crucial to the country's economy. Currently, MSMEs are proliferating and are actively run in various regions in Indonesia [2]

According to [3] Strategic management can be considered a combination of art and science skills that involve formulating, implementing, and evaluating various decisions to help the company achieve its goals. One of the main objectives of Strategic Management is to identify, utilize, and create new and different opportunities or potential, focusing on the company's future.

According to [4] distribution channels function as a tool that connects the transfer of products from producers to consumers. Direct marketing is done through ordering by mail, telephone, email, and websites owned by producers or parties affiliated with related companies. In general, distribution is an activity that involves the delivery of goods and services from producers to consumers according to their needs, including aspects of price, type, location, and quantity. Based on the distribution concept, it is possible to build a website-based system, one of which is E-Commerce, which connects business people with consumers [5].

According to [6], digital technology is the use of digital technology in operating a system, where it no longer relies on manual human labor but uses a computerized system or format that a computer can read. The term digital transformation of business models refers to the steps taken by a company to improve its performance and create value by changing its business model through the digitization process [7]. One example is e-commerce, which significantly impacts the economic sector, where most human activities depend on the internet. Through digitization, companies can adopt new perspectives in business management, improve operational efficiency, and change business models to be more efficient.

According to [5] Business to Business, Customers (B2B2C), A business concept that combines the Business Business (B2B) and Business Customers (B2C) models, is a model that involves interactions between producers (companies, home industries, or product or service providers) with distributors or retailers. Subsequently, the product is sold by the retailer to the end consumer. B2B is a transaction that can be conducted electronically or physically between one business entity and another. In the B2B, business entities can be companies, organizations, or other institutions that interact and exchange products, services, or information with other business entities. These B2B transactions can include purchasing and selling goods or services, cooperating in joint projects, exchanging data or information, and various other forms of business partnerships. These B2B transactions differ from business-to-consumer (B2C) transactions, where products and services are aimed directly at the end consumer. In the B2B context, business entities usually operate on a larger and more complex scale, focusing on their business partners' or customers' needs and demands.

According to [8], the business model canvas is a concept that describes the fundamental thinking about how an organization or company creates, delivers, and captures value. A business model is a conceptual framework consisting of elements and relationships between these elements that specifically describe the business logic of a company. The Business Model Canvas (BMC) is a framework that describes how a business answers four main interrelated questions.

These questions include: what value the business produces, how the company organizes itself to create that value, how the company delivers value to customers, and how the industry obtains some of the value produced by the business [9].

According to [10] a method often used to analyze and map an organization's resources and environment into four areas: strengths, weaknesses, opportunities, and threats, is SWOT Analysis. According to [11] SWOT Analysis is as follows: 1. Strength is the potential owned by the company that supports the development of the company. Examples include human resources quality and good company facilities for employees and consumers. This strength factor includes specific competencies present in the organization that can lead to the possession of comparative advantages by business units in the market. 2. Weakness is an internal condition of the company that reflects deficiencies or limitations that can hinder the optimal implementation of the company's activities. 3. Opportunities are factors from the external environment, which refer to favorable environmental situations for the company. 4. Threats are challenges or situations that can harm the company's environment. These are unfavorable or adverse conditions in the company's environment.

## II. RESEARCH METHODS

Research is an organized and structured method to provide solutions or answers to the problems being studied [12]. The structured interview was employed to gather data from participants. To facilitate the interview process, a set of questions derived from the 9-block Business Model Canvas (BMC) were provided. These questions were intended to assist in consolidating the current BMC [13]. *Research* is a process that uses scientific methods with systematics that refer to regular and complete procedures. The research aims to test and study phenomena and problems that are essential sources of information in making business and marketing decisions. Therefore, research must be carried out, structured, and controlled following applicable scientific principles. Characteristics of research titled "Improving Business Model Canvas (BMC) Strength, Weakness, Opportunity and Threat Factors at Seymour Business Unit." Using qualitative methods. This research is included in the descriptive research category. Descriptive research is conducted to investigate or explain a symptom, phenomenon, or existing social reality [14]

The stages of the research carried out are as follows. First, the researcher seeks information about the company, then after obtaining information, the researcher identifies the problem, then after the problem is found, the researcher makes a problem formulation; after that, the researcher determines the research objectives; after that, the author conducts a literature review, then compiles a framework of thought, then determines the research method, after that the researcher collects, after collecting the researcher processes the data using the Business Model Canvas and analyzes the strengths weaknesses, opportunities and threats. The analysis results are then used to create action programs to improve BMC. After that, the programs will be grouped and sorted by

category. Next, the possibility of implementation and prioritization of the programs were confirmed by involving Seymour as an internal party who best understands the availability of resources (such as funds/costs, human resources, time, etc.) needed to implement the programs. Finally, the action programs were integrated into upgrading the existing BMC, resulting in a new Business Model Canvas.

### III. RESULTS AND DISCUSSION

#### Seymour's Current Business Model Canvas

Based on the results of interviews conducted with Seymour's internal parties, the Business Model Canvas run by Seymour is obtained at this time. The following is the current Business Model Canvas at Seymour:

##### *Customer Segment*

According to [8] a customer segment is a specific group of markets or consumers with similar characteristics, needs, and preferences for specific products or services. In marketing strategy, grouping customers into these segments helps companies understand and meet the needs of each group more effectively, thus providing better and more relevant added value. The customer segment of Seymour's business unit is only the lower middle class. The relationship between Seymour and its customers is that of a seller and a buyer.

##### *Value Proposition*

According to [8] a value proposition is a statement describing the main benefits offered by a product or service to customers in the context of a business and its business model. The value proposition should describe why the product or service is unique and valuable to the customer and why the customer should choose it over other alternatives in the market. The value proposition should be clear, relevant, and able to differentiate the product or service from competitors. A solid value proposition can help companies attract customers' attention, address their problems or needs, and build long-term relationships. Based on interviews with internal parties, Seymour offers products of good quality at affordable prices so that Seymour can enter all circles, especially Seymour's customer segment, namely the middle to lower class.

##### *Channels*

According to [8] in the Business Model Canvas, channels are a business model component that refers to how a company delivers products or services to customers. Distribution channels are the paths or methods a company uses to convey the value of its products or services from producers to consumers or end users. These channels include the various ways customers can access or obtain products in developing effective distribution channels. Currently, the channels Seymour provides for its customers are only through online purchases, but Seymour only utilizes the marketplace, and social media Facebook and Instagram have yet to use Tiktok.

##### *Revenue Streams*

Revenue streams are revenue streams a business generates by selling products or services to customers or other

sources. Revenue streams are one of the critical components in the Business Model Canvas developed by [8] to describe a company's business model. Seymour's current source of revenue is only from the sales of its main product, sandals, which it sells online.

##### *Key Resources*

Essential resources are significant assets or elements owned and utilized by a company to carry out operations and create customer value. Essential resources cover various aspects, including physical, intellectual, human, and financial, which are the foundation of the company's business model. In the context of the Business Model Canvas developed by Osterwalder & Pigneur, critical resources are one element of the nine main components that make up a company's business model. Human resource management activities encompass the processes related to the recruitment, training, development, and compensation of all employees or personnel within an organization [15]. Seymour's resources are capital, labor, and physical assets in the form of business premises. Seymour currently has adequate resources to run its business processes, but for human resources, Seymour needs creative and professional people.

##### *Key Activities*

According to [8] this key activities block explains the essential things companies must do to keep their business models functioning. Every business model must have critical activities to keep operating. The main activities carried out by Seymour today are producing products and selling products.

##### *Key Partnership*

According to [8] the critical partnership block describes the suppliers or partners that work with the company so that the company's business model functions. Currently, Seymour works with suppliers such as raw material, leather, and sandal box suppliers to fulfill its business needs.

##### *Cost Structure*

According to [8] the cost structure block explains the company's costs to run its business model. This block explains the most significant costs incurred during operations. The costs incurred by Seymour during its business process are in the form of employee salary, production, and promotional costs.

#### **Analysis of 9 BMC Blocks viewed from Strength, Weakness, Opportunity, and Threat Factors.**

In this study, an analysis of the internal strengths and weaknesses of the Seymour company was conducted, as well as identifying opportunities that could be utilized and threats that might hinder its business processes. This information helps companies to understand their internal and external conditions better.

##### *Seymour's Customer Segment*

From the interview with Noval Ginanjar, the owner who also doubles as the finance department, it was revealed that the customer segmentation carried out by Seymour had provided an advantage compared to its competitors around.

### *Seymour's Value Proposition*

Seymour's value proposition is by the needs of Seymour's customer segments. The difference in value Seymour owns is in the price and quality of its products

### *Seymour's Channels*

The effectiveness of the channels used by Seymour is through social media such as Facebook, Instagram, and marketplaces such as Shopee Lazada with a personal account owned by the owner of Seymour. Seymour still cannot reach its customers with its channels compared to competitors.

### *Seymour's Customer Relationship*

In a business, customer relationship is essential. Seymour has a good relationship with customers and can retain its customers.

### *Seymour's Revenue Streams*

Seymour's income statement from 2018-2022 shows that Seymour's profit margin continues to fluctuate. Especially when there was an issue of recession in 2022 and more competitors, Seymour experienced a decrease in margins. However, Seymour can still maintain its business. So the revenue from sales can still be used to pay for operating expenses. One of the causes of Seymour's decline is the number of competitors, especially competitors who offer products at more affordable prices and more variants. Currently, Seymour has yet to be able to see whether competitors have more significant profits than Seymour.

### *Seymour's Key Resource*

Currently, the resources owned by Seymour are employees; Seymour can meet the needs of these resources. Seymour has maximized its utilization.

### *Seymour's Key Activities*

The main activities carried out by Seymour in its business process are production and sales. However, the main activities are maximized in the process but still need to be more efficient.

### *Seymour's Key Partnership*

The partnership between Seymour and its partners is mutually beneficial. Currently, Seymour has enough partners to support its business; these partners can already supply the product stock needed by Seymour and are not in danger of being lost.

### *Seymour's Cost Structure*

Currently, Seymour can predict the costs that will be incurred during the business process so that the costs incurred are efficient. This is because Seymour has been able to estimate what costs are needed for production, promotion, and employee salaries. So that Seymour can maintain its business and increase revenue by reducing costs incurred, such as reducing the number of employees.

### *Improvement Program*

#### *Matching*

At the matching stage, there are essential things that need to be done: to understand the condition of the company through existing information from both internal and external to know what problems the company is facing. From the analysis results, the researcher will carry out program planning to decide what actions must be taken to solve the problems after analyzing the information obtained, namely in

the form of 9 Business Model Canvas elements from internal and external Seymour.

#### *Grouping*

After matching, the results of the improvement program formulation were obtained from as many as 11 improvement programs. From the results of the program formulation, there are several similar programs, so grouping is needed. From the grouping results, nine improvement programs were obtained, as follows: Expanding the market by adding customer segments, increasing product variations, providing bonuses for customers, increasing sales channels in Tiktok and opening resellers, conducting competitor analysis, creating new unique values that are different from competitors, adding professional human resources, managing existing costs for product innovation, adding new activities to maximize the main activities further.

#### *Priority program*

In this research, member checking was carried out as a confirmation to be able to confirm directly to Seymour the improvement program that has been carried out. The researcher asked Seymour's internal parties about the programs that would be prioritized. The selection of priority programs is based on Seymour's resources (availability of funds, human resources, work facilities, and time). From the results of member checking conducted with the owner, Seymour agreed to the 11 programs as Improvement Programs that are needed to improve Seymour's business performance, and for the priority scale, the owner concluded that the five main programs that will be prioritized will fill the six blocks of the Business Model Canvas, namely as follows: Expanding the market by adding customer segments, Adding product variations, Adding sales channels on Tiktok and opening Resellers, Creating new unique values that are different from competitors, and Adding professional human resources.

#### *Seymour's Current Business Model Canvas*

Based on the results of interviews conducted with Seymour's internal parties, the Business Model Canvas run by Seymour is obtained at this time. The following is the current Business Model Canvas at Seymour:

#### *Customer Segments*

From the results of the formulation, by identifying strengths, weaknesses, opportunities, and threats in the customer segment block, there need to be additional programs to maximize the coverage of its customer segments, namely by adding new customer segments. Currently, Seymour's customer segment is only from the lower middle class; Seymour needs to add the middle and upper middle-class customer segments so that Seymour can reach people from all walks of life.

#### *Value Proposition*

From the formulation results, by identifying strengths, weaknesses, opportunities, and threats in the value proposition block, a new program needs to be added by innovating products and creating new value. With this program, Seymour has a variety of new products and values with the development of sandal models that can attract customers' buying interest.

### Channels

From the results of the formulation by identifying strengths, weaknesses, opportunities, and threats in the channels block, it is necessary to add a program, namely adding sales channels which were originally through Facebook, Instagram, Shopee, and Lazada in addition to using sales channels through Tiktok and opening resellers with B2B. By increasing sales channels, Seymour can reach customers more widely and quickly.

### Customer Relationship

From the results of the formulation, by identifying strengths, weaknesses, opportunities, and threats in the customer relationship block, Seymour can add a new program by providing bonuses to customers, such as giving bonus socks or giving greeting cards to its customers.

### Revenue Streams

From the results of the formulation, by identifying strengths, weaknesses, opportunities, and threats in the revenue streams block, online sales are still increased by conducting online sales by adding sales channels through Tiktok, which aims for Seymour can further develop its business and increase its sales.

### Key Resources

From the results of the formulation, by identifying strengths, weaknesses, opportunities, and threats in the critical resource block, it is necessary to add a program by adding professional human resources. This program aims to develop Seymour with creative resources who can bring out their ideas.

### Key Activities

From the results of the formulation, by identifying strengths, weaknesses, opportunities, and threats in the key activities block, it is necessary to add a program, namely analyzing competitors and conducting market research. This program aims to understand the current market conditions and competitors better.

### Key Partnership

The formulation results identify strengths, weaknesses, opportunities, and threats in the critical partnership block with partners who are currently only suppliers, namely jumbo stores, megastores, and alviando jaya boxes. For the critical partnership section, there is no additional program.

### Cost Structure

From the results of the formulation, by identifying strengths, weaknesses, opportunities, and threats in the cost structure block, it is necessary to add a program, namely managing the costs incurred. This program aims to enable Seymour to see whether the costs incurred are efficient or still need to be more efficient.

## IV. CONCLUSION

After conducting interviews about the Business Model Canvas with internal sources, Seymour has fulfilled the nine blocks of the Business Model Canvas. The results of identifying strengths, weaknesses, opportunities, and threats reviewed through the Business Model Canvas are known that

Seymour has 15 strengths, five weaknesses, eight opportunities, and nine threats. From the results of this identification, a matching was carried out, which resulted in 11 improvement programs which were then grouped to produce nine programs formulated to improve Seymour's new Business Model Canvas. Of the nine programs, five priority programs were selected by Seymour, namely focusing on expanding the market by adding customer segments, adding product variations, adding sales channels, adding new unique values that are different from competitors, and adding human resources. Integrating the nine improvement programs into the existing BMC resulted in a new BMC for the Seymour business unit. This study's recommendations include measures identified and suggested by the researcher after conducting an in-depth analysis. Such measures include improving operational efficiency, introducing innovative products or services, developing more effective marketing strategies, or exploring opportunities in untapped markets. By adopting and implementing these recommendations, Seymour can improve the company's competitiveness, overcome declining revenues, and better face competitors. Seymour needs to consider each recommendation and develop a detailed action plan carefully. Implementing these recommendations may require time, resources, and changes in various aspects of the business. Therefore, the action plan must be well-crafted and consistently implemented to achieve the expected results. In addition, there should be regular monitoring and evaluation of the implementation of these recommendations to ensure their effectiveness. If any changes or adjustments are required over time, they should be made to ensure that the business strategies remain relevant and adaptive to changing market conditions and business environments. By taking these strategic steps and implementing the research recommendations appropriately, Seymour can better face its business challenges and achieve sustainable growth and success.

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