

## ANALYSIS OF THE IMPLEMENTATION OF OPERATIONAL MANAGEMENT IN YMS CHICKEN WHOLESALE

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### Abstract

*This research discusses the implementation of operational management in the YMS Chicken wholesale chicken business. This business was established in early 2023 with family-based ownership. In facing tight business competition and frequently changing market demand, the YMS Chicken poultry wholesale business faces various challenges in managing stock that often runs out, service quality, and business competition. The research was conducted using qualitative methods with primary data sources, namely interviews and observations, as well as secondary data sources, namely sales data from the past year. This research is important to understand and analyze how effective operational management practices can enhance the efficiency and productivity of a business in strategic decision-making, resource management, and value creation for customers and stakeholders. The research results indicate that the implementation of strategies such as reorder point safety stock needs to be carried out to meet customer demand. In addition, managing relationships with backup suppliers is one of the steps that can optimize the flow of goods and customer trust. Therefore, it is recommended that the YMS Chicken poultry wholesale business implement a more systematic inventory capacity planning, strengthen collaboration with suppliers, and provide training to employees to improve service quality*

**Keywords:** Operational Management, Inventory and Demand Capacity Planning, Supply Chain, Total Quality Management

### Introduction

Systematic and planned management is highly needed in today's business world, whether for large-scale or small-scale businesses. One study suggests that every company aims to be at the forefront of meeting consumer needs in the market in order to survive amidst competition. The research also mentions that to fulfill and realize the company's vision goals, at least three basic management functions must be implemented in a company, one of which is operational management (Faiq, Muhammad, and Rusdin, 2021:137). Many companies now view operations management as a competitive strategy tool to create new innovations, improvements, and operations management used by business actors to provide products or services with the best quality while paying attention to the management of all business activities they conduct. (Agustyn, Rizky dan Dhea, 2023:66). However, many business practitioners often make mistakes in implementing operational management, and there are still some who have not yet applied operational management in every business activity. In fact, a business needs an operational management strategy to ensure its sustainability. According to Faiq, Muhammad, and Rusdin (2021:137), "operational or production management is a series of activities or processes in creating goods, services, and activities that change form by making or adding value to a good or service used to meet human needs." The wholesale chicken business has recently become one of the ventures that many businesspeople are interested in. This is due to the increasing demand for broiler chickens among the community and culinary entrepreneurs. Referring to data from the Department of Agriculture, the population of broiler chickens from 1984 to 2023 has experienced rapid growth, averaging 10.95% per year. The growth of the broiler chicken population over the last five (5) years has been 1.91%, which is much lower compared to its growth since the beginning in 1984.

The population of broiler chickens in Indonesia in 2023 reached 3.17 billion heads. Based on the data, the increase in the population of broiler chickens is caused by the high level of community consumption of chicken meat. This is driven by the public's awareness of the importance of animal protein. Therefore, chicken meat has become one of the easily accessible alternatives at a relatively lower price compared to other sources of animal protein such as beef and goat meat. YMS Chicken wholesale chicken is a poultry business that provides fresh chicken sold in bulk and retail. Where this business was established in early

2023 with a family business system and is relatively new in the poultry industry. In meeting market demands, YMS Chicken wholesale often encounters obstacles such as frequent stock shortages, low service quality, and emerging competition from similar businesses. These have become the biggest challenges faced by YMS Chicken wholesale, leading to the temporary cessation of operations in mid-2024. From the perspective of the consumer environment, YMS Chicken wholesale has significant market potential, as the rapid development of lifestyle trends leads consumers to prefer products that are easily accessible and affordable, as well as efficient service. However, uncertainty in operational management leads to customer dissatisfaction and loss of trust, making the implementation of good operational management crucial to address. Therefore, research on the implementation of operational management is important to understand and analyze how effective operational management practices can enhance the efficiency and productivity of a business in strategic decision-making, resource management, and value creation for customers and stakeholders. Thus, the research results are expected to provide useful insights for entrepreneurs in optimizing operational processes and achieving competitive advantage in the market. This is very relevant to be conducted on the YMS Chicken wholesale business in order to achieve that goal. Therefore, the author wants to analyze the implementation of operational management at YMS Chicken wholesale with the problem formulation: What are the challenges faced by YMS Chicken wholesale in the implementation of operational management and How is the implementation of operational management at YMS Chicken wholesale to achieve business sustainability in facing market challenges?

### **Operational Management**

In an activity, a controlling element is needed so that the entire activity can run smoothly, and everyone involved in the activity must perform their functions accordingly. This is what is called operational management. In simple terms, "Operational or production activities can be briefly described as a series of activities or processes to transform input into output." (Zainul, 2019:5). Meanwhile, according to Saragih (2024:12), operational management is an integral component of business management that focuses on the planning, organizing, controlling, and improvement of daily operations within an organization. Meanwhile, operations management is also an aspect that requires significant investment for the company. The concept of operations management refers to the actions of the company in creating goods and services offered to consumers. With this approach, all of the company's revenue will be integrated to produce valuable outputs, whether they are final products, semi-finished products, or services. (Agustyn, Rizky dan Dhea, 2023). Operational management is also often referred to as one of the important parts in refining the company's strategy and ensuring the company's long-term sustainability. The basic principles of operational management are essential in the implementation of operational management itself. This serves as a reference in management and decision-making to ensure that a company's activities remain well-controlled. Whereas according to Saragih (2024), the principles of operational management consist of the principle of sustainability, the principle of quality control, the principle of planning and organizing, the principle of inventory management, the principle of supply chain management, the principle of business process development, the principle of technology and innovation utilization, the principle of risk management, the principle of customer service quality, and the principle of capability development. All the principles in operational management are expected to help create competitive advantages and meet consumer desires in a dynamic business environment. The principles of operational management must align with operational strategy, where the process of developing operational strategy is an important step in operational management that includes the planning process explaining how the organization will carry out its operations to achieve the predetermined operational goals.

### **Capacity Planning for Inventory and Demand**

Capacity planning is closely related to operational strategy, where in this case, capacity planning is needed to determine the amount of goods that a company will provide to meet consumer demand. Capacity is the level of a company's ability to produce or provide goods and services, supported by the availability of facilities such as labor and equipment, and is usually expressed in the amount of output that can be produced over a specific period (Rani, 2019:39). Capacity planning itself consists of long-term capacity planning and short-term capacity planning. The types of capacity planning can be stated by Riadi (as cited in Dewi et al., 2022:263), namely short-term capacity planning and long-term capacity planning. "Inventory management plays a crucial role in supporting the success of a company, which includes information on estimated demand for goods and services, the amount of inventory in the warehouse, the capital needed, and the time with the highest demand." (Handoko, 2015, seperti dikutip

dalam Benny et al., 2023:365). In general, inventory is one of the most effective elements in a company's operations, continuously acquired, transformed, and then resold. (Vikalina et.al, 2020). Anantia et al (2023) state that there are four types of inventory that are important to know. First, raw material inventory, which consists of raw materials that have been purchased but not yet processed. Second, work-in-process (WIP) inventory, which consists of semi-finished products. Third, maintenance/repair/operating (MROs), which are supplies used specifically for the maintenance and repair of machinery to keep it operating efficiently. Finally, there is finished-goods inventory, which includes items that have been fully produced and are ready for sale. To manage inventory effectively, companies can implement two systems: first, the classification of inventory items using ABC analysis, and second, accurate recording of inventory items through record accuracy and cycle counting.

### **Supply Chain Management**

Competition among business actors has been very tight lately, especially among those with similar businesses. Many of them are starting to improve and seek opportunities to remain in the spotlight of customers. One of the aspects emphasized by business actors in their efforts is supply chain management. (supply chain). According to Faiq, Muhammad, and Rusdin (2021), supply chain management is the process of managing a company's activities to obtain raw materials, transform them into finished products, and distribute them to consumers. Overall, the implementation of supply chain management in companies can provide various benefits, such as increasing customer satisfaction, boosting revenue, reducing costs, maximizing asset utilization, increasing profits, and expanding the scale of the company. Meanwhile, Utama et al. (2019) stated that supply chain management is an integrative approach used to manage the flow of products, information, and finances in a unified manner, involving all parties from upstream to downstream, including suppliers, factories, distributors, stores or retailers, and logistics services. One of the challenges in managing SCM (supply chain management) is the complexity of the structure involving many parties with different interests and the cultural differences between companies. The next challenge is demand uncertainty, supply uncertainty such as the price and quality of raw materials, and internal uncertainty such as machine breakdowns or suboptimal machine performance. the role of information becomes important because it provides facts used by managers to make decisions (Novitasari, 2022:116). To face the existing challenges, supply chain management needs to be managed with two concepts that are widely used and developed to improve the efficiency and effectiveness of the supply chain flow, namely reducing the number of suppliers and supplier partnership or strategic alliance. (Novitasari, 2022:118)

### **Total Quality Management (TQM)**

Quality is a key factor in determining the success of a company. Improving quality helps companies increase sales and reduce costs, which in turn can boost profits. Sales increases usually occur when companies accelerate responses, lower selling prices, and build a good reputation through quality products. By improving quality, costs can be reduced because companies can enhance productivity and reduce rework, material waste, and warranty costs (Sukmono and Supardi, 2020). Additionally, according to Sukmono and Supardi (2020), the Influence of Quality Quality is an important element in operations, and there are three reasons why quality is important: as a company's reputation, product reliability, and global engagement. Whereas according to Tjiptono (2019), the quality of a service has certain indicators such as: reliability, responsiveness, assurance, empathy, and physical evidence. (tangible)

### **Research Method**

In this study, a qualitative approach was used to explore the issues encountered in the field. Qualitative research methods are research methods based on the philosophy of post-positivism, used to examine the conditions of natural objects, where the researcher acts as the key instrument data collection techniques are carried out through triangulation (combination), data analysis is indicative or qualitative in nature, and qualitative research results emphasize meaning rather than generalization. (Sugiyono, 2017:9). In this qualitative research, two sources of data are used, namely primary data obtained from interviews and field observations of the YMS Chicken wholesale chicken business manager. Meanwhile, secondary data is obtained from documents and reports related to the operations of the YMS Chicken wholesale chicken business, such as sales reports and inventory records, as well as relevant literature on operational management.

### **Results And Discussion**

Operational Management in the YMS Chicken Wholesale Business. The YMS Chicken chicken wholesale business is a newly developing venture with a family business system, so the implementation of operational management is still done in a simple manner. Viewed from the strategy in facing business competition, the YMS Chicken wholesale chicken business implements product verification in the sale of chicken. According to Abdullah and Faisal (2016), product verification is defined as one of the efforts made to implement functional changes to the products offered by the company with the aim of enabling those products to compete with competitors and succeed in the market. Product diversification refers to the company's efforts to develop various types of new products or variations of existing products, in order to expand market share and meet diverse consumer needs (Syafi'I, Shobichah, and Mulyani, 2023:593).

The product diversification carried out by the YMS Chicken poultry wholesale business involves selling chicken based on the type of chicken adjusted to its weight. This becomes an attraction for customers, as they can adjust their chicken purchases according to their needs. In addition, this business does not only sell whole cut chicken meat, but customers can also purchase half portions. Not only that, YMS Chicken's wholesale chicken business also provides consumers who only want to buy chicken feet, liver, and gizzards. The diversity of products offered by the chicken wholesale business indirectly implements successful product verification through the development of its main product, which is chicken. By providing various options for purchasing chicken, this not only expands the market but also meets the diverse needs of different consumers.

The YMS Chicken wholesale chicken business, when viewed from an operational management perspective, focuses on efficiency with simple equipment. Like the cutting tools that still use manual methods, which sometimes become an obstacle in meeting customer demands. Many customers, especially those in the culinary field, have specific requests related to chicken cutting, so the inflexibility of the existing tools can hinder the production and service processes. Innovating in cutting tools can help increase speed and consistency in operational processes, allowing customer demands to be handled much better. One study suggests that investing in more advanced equipment can increase operational efficiency by up to 30%, which can have a positive impact on improving business competitiveness. (Smith dan Jones, 2020). In this case, the adoption of more modern technology needs to be implemented to improve the efficiency of operational processes in meeting customer expectations and minimizing the occurrence of cutting errors that may happen with manual tools. In addition, in the operation of the new cutting tool, trained employees who understand how to operate the tool are also needed. Providing training to employees is one of the ways that need to be implemented to improve the quality of employee performance, which will later impact the operational management process of a company.

### **Supply and Demand Capacity Planning in the YMS Chicken Wholesale Chicken Business**

Inventory capacity planning is an important thing in operational management, especially for goods or production supply businesses such as the broiler chicken wholesale industry. Where this business must ensure sufficient product supply to meet customer demand. According to Ahamad (2016:68) a plan that has been set now is intended to be implemented in the future. This future situation/time which is full of uncertainty often gives rise to various consequences and deviations, so that the work results that have been achieved are not in accordance with what was planned. It is this uncertainty that is tried to be minimized through planning activities. In planning inventory capacity, the YMS Chicken wholesale broiler business has not fully implemented existing factors such as reorder points, safety stock and fluctuations in market demand. This can be seen from the sales data for the YMS Chicken wholesale broiler business in 2023:

**Table 1 of Sales Data for YMS Chicken Wholesale Chicken Business in 2023**

YMS Chicken Broiler Wholesale Business Sales Data-2023					
Month	Total Wholesale Sales (Tail)	Total Retail Sales (Tail)	Total Sales (Tail)	Average Selling Price Per Head	Total Income
February	300	180	480	38.000	18.240.000
March	550	260	810	45.000	36.450.000
April	580	240	820	45.000	36.900.000
May	400	200	600	42.000	25.200.000
June	420	180	600	42.000	25.200.000
July	450	162	612	42.000	25.704.000
August	430	143	573	48.000	27.504.000
September	464	130	594	48.000	28.512.000
October	520	89	609	48.000	29.232.000
November	550	80	630	48.000	30.240.000
December	600	115	715	48.000	34.320.000
January	580	140	720	45.000	32.400.000

Source: YMS Chicken Wholesale Business

Based on the sales data above, it can be seen that sales conditions at the YMS Chicken broiler wholesale business experience quite fluctuations in demand. The ups and downs of market demand have resulted in the YMS Chicken wholesale broiler business needing to carry out more thorough inventory capacity planning. For example, in February total sales were only 480 head, while in April total sales exploded to reach 820 head. This instability can result in the risk of stock shortages when demand decreases, which has an impact on storage costs and maintenance costs. In anticipation of running out of stock due to fluctuations in demand, it is necessary to plan demand capacity by implementing reorder points in the YMS Chicken wholesale broiler business. Reorder point is the point at which a company or business agency must order goods or materials to ensure continuously controlled inventory conditions (Fahmi, 2014: 135). YMS Chicken wholesale broiler business has not implemented reorder points in capacity planning. As a result, one of the problems that occurs in the YMS Chicken wholesale broiler business is running out of stock. Where suddenly the demand for broiler chickens is high, such as during Eid and the celebration season, this business does not have adequate inventory which will result in lost sales and loss of business reputation in the eyes of customers. So customers will turn to competitors who might be able to fulfill their requests. For this reason, it is necessary to determine the right reorder point so that when stock reaches the minimum stock limit, reorders can be made automatically. Thus out of stock can be controlled which will have an impact on operational management and business income. Apart from implementing reorder points, safety stock is also a concrete step that needs to be implemented in inventory capacity planning. Safety stock or security inventory is an inventory of goods held as a reserve if orders for goods arrive later than the lead time (Renta, Handoyo and Sendhang, 2015: 4). In the YMS Chicken wholesale broiler business, safety stock has not been implemented. Where this business only makes sales based on the stock they have. This becomes an obstacle if one day there is a surge in demand which results in all existing requests not being met. When this condition occurred, the YMS Chicken wholesale broiler business looked for additional stock from fellow broiler chicken entrepreneurs (competitors) to meet the soaring demand. Of course, this is very ineffective because it takes quite a long time.

#### **Supply Chain Management in the YMS Chicken Wholesale Chicken Business**

The flow of goods in the YMS Chicken broiler wholesale business is obtained from one permanent supplier using a medium-term contract, namely for 8 months. Where the purchase of goods is made with one order using a delivery order (DO) system. In practice, YMS Chicken wholesale broiler business suppliers often send orders that do not match the agreed quantity of goods. This situation illustrates that there is a mismatch in operations, where the mismatch in the number of deliveries not only disrupts supplies but also creates a sense of customer distrust due to customer demands not being met. In this case, the supplier's performance needs to be questioned because it involves commitments that have been agreed



in the contract. Carrying out an analysis regarding supplier capabilities and looking for additional suppliers is a good step to implement. Adding suppliers is done so that the YMS Chicken broiler wholesale business does not depend on one supplier. So if one of the suppliers experiences problems in delivering goods, at least there is still a backup supplier who can meet demand for goods. Supplier collaboration needs to be carried out in the supply chain to produce a precise and effective flow of goods. One study says that effective collaboration in the supply chain can help problems arise quickly. For example, if there is a change in demand or there is a disruption in the delivery process, the parties involved can communicate directly and find a solution together. This can reduce losses that may arise due to the inability to respond to market changes (Saragih, 2024). For this reason, it is necessary to build good relationships and open communication with suppliers by providing feedback on their performance. This step is taken so that suppliers can provide and improve their services so as to create strong partnerships with suppliers.

#### **Total Quality Management (TQM) at YMS Chicken Poultry Wholesale Business**

The YMS Chicken poultry wholesale business implements several quality management practices in various programs. These steps include the construction of organizational culture, human resource management including workforce management and customer relationship management, as well as industrial relations management with an emphasis on team-building methodologies. (Hakimi, 2019). If viewed from the quality of the products sold, the YMS Chicken poultry wholesale business collaborates with the best suppliers who provide superior quality chicken supplies. This business continuously ensures with the suppliers to provide products that truly meet the requested criteria as stated in the work contract. This is one of the efforts of the YMS Chicken wholesale chicken business in maintaining and preserving the quality of the products sold. The YMS Chicken wholesale chicken business also adopts customer quality management strategies with principles of accuracy, loyalty, and transparency. However, in practice, the YMS Chicken poultry wholesale business has not yet implemented commitments in accordance with its principles. It is still found that there are unmet customer demands due to a shortage of chicken stock. This has a domino effect on service quality because the inability of the YMS Chicken wholesale chicken business to meet customer demands results in customer dissatisfaction. So, customers feel disappointed with the existing service. This is where the opportunity is seized by competitors to attract customers' attention, further compounded by the competitors' offers, leading customers to switch to fulfilling their needs. This situation is what makes the YMS Chicken wholesale chicken business weak in its competitive strategy. However, when viewed from the perspective of labor management, the service provided by employees plays an important role in building the image of a company. Whereas employees of the YMS Chicken wholesale chicken business must have good knowledge about the products sold, such as the weight of the chicken, the cuts of the chicken, and the skills in building good communication. Where employees are the first source of information for customers. If the service provided by employees improves, not only will customer satisfaction be met, but it will also strengthen customer trust in the YMS Chicken wholesale chicken brand.

#### **Conclusion**

Based on the discussion conducted by the researcher, it can be concluded that the implementation of operational management in the YMS Chicken poultry wholesale business is very necessary. The challenges faced by the YMS Chicken wholesale chicken business in operational management include difficulties in managing chicken stock, which result in unmet customer demand. This situation occurs due to the lack of proper strategy implementation in inventory capacity planning, such as the absence of reorder points and safety stock that should be able to mitigate demand fluctuations. In addition, the quality of service also poses a unique challenge for the YMS Chicken poultry wholesale business due to the employees' lack of product knowledge and weak communication skills, resulting in suboptimal service. To address the challenges faced by the YMS Chicken wholesale chicken business, the implementation of effective operational management becomes very important. First, the YMS Chicken poultry wholesale business needs to plan inventory capacity to better adapt to demand fluctuations. This can be done by implementing stock control systems such as reorder points and safety stock. Second, supply chain management also needs to be considered by verifying suppliers and collaborating with them, as well as adding backup suppliers to minimize obstacles during the flow of goods. Lastly, improving service quality is carried out by providing insights and training to employees about products and communication skills. So that customer satisfaction and loyalty can be well maintained. Therefore, by implementing these strategies, the YMS Chicken poultry wholesale business is expected to build a more

efficient operational management process, face existing challenges, and ultimately achieve competitive advantage that impacts the sustainability of the YMS Chicken poultry wholesale business.

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