DESIGN OF BUYING CONSORTIUM SYSTEM TO INCREASE THE PRODUCT COMPETITIVENESS 
(CASE STUDY: FOOTWEAR SMEs CENTER SERUNI - SIDOARJO)

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ABSTRACT

Processing Industry is the highest value of GDP contributor among the others. A sub processing industry, which has been developing since the last decade is a footwear industry including textile, leather, and footwear industry. The development of the footwear industry is not only supported by the capital companies, but also the Micro Small and Medium Enterprise Units from all regions.

Since monetary crisis in 2007, SMEs has been being considered as an effective locomotion for national economy. This can be seen from the increasing number of SMEs reaching 51.3 million. Besides, SMEs have contributed almost a half GDP.

However, the development of footwear industries in Indonesia does not influence significantly to the development and economy of footwear SMEs. This matter can be seen from many SMEs that has not still developed well due to some problems such as lack of modal, raw materials, and many others. In anticipating this matter, it is possible to improve the business process of the SMEs, which is in raw material procurement, especially in raw material purchasing. In the footwear SMEs centre, the primary raw materials besides leather are the soles.

To develop the better potential of SMEs, it is possible to implement the buying consortium system to the raw materials purchasing process. This system aims to aggregate the raw materials requirements from all the SMEs center effectively and efficiently. Afterwards, to design the corporate purchasing system, the concept of vendor-managed inventory is used along with the common replenishment epoch method. Besides, SMEs may decide policy of optimum and accurate raw material price policy by using the Activity Based Costing. The pricing activity is the important thing and complex and it requires many considerations. Therefore, the sensitivity analysis is conducted to know whether the stipulated pricing policy is according to preference or not.

Keywords: Activity Based Costing, Buying Consortium, Common Replenishment Epoch, Vendor Managed Inventory