

# CHAPTER I INTRODUCTION

This chapter describes the background of research project, problem statements, research objectives, research scopes, and the potential benefits of the project.

## I.1 Background

Having an advanced economy and sufficient food needs of the people are often the benchmarks for a prosperous nation. Indonesia is still far from prosperous when using this benchmark. However, it is not impossible for Indonesia to become a prosperous nation by measuring the economy and food needs. This can be achieved with the independence and will of the Indonesian people. It is very important for the independence of a country to produce its own crops, especially since Indonesia has abundant local livestock biodiversity such as Bali cattle, Madura cattle, arrowroot sheep, kacang goat, native chickens and ducks (Usman, Ali, 2016). The productivity of a nation is determined by the community's ability to process and manage the available potential resources.

The poultry sector has an important role in creating a prosperous nation in the field of economy and food security. Food needs can be fulfilled with animal sources or livestock products. In addition, the increase in population from year to year will cause the increase in consumption of animal protein foodstuffs, including chicken. From 2012 to 2016, the number of broilers in the country's livestock grew. This circumstance demonstrates that broiler farming offers chances and development potential. In East Java, domestic meat chicken production increased significantly between 2012 and 2016, rising from 5,685 tons to 36,782 tons (Bappenas, 2016).

The economic sector is primarily reliant on developments in the age of globalization as a gauge of government success. Micro, Small, and Medium-Sized Enterprises (MSMEs) play a crucial role in the growth of a nation, particularly in terms of its economy. In the national economy, MSMEs play a significant and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian economy. (Sudati N, Hanung E, Dian M, 2019)

CV. Cindil Laras is an MSME sized chicken collector company that engaged in poultry industry especially in parent stock chicken (PS) meat production that are targeted for human consumption, the company sells their product to local residents and traditional markets around their farm in Batununggal, Bandung. CV. Cindil Laras has a few thousand ready to sell chicken meat and eggs that will be sold around the vicinity of Bandung especially in traditional market, it is primarily a supplier of live parent stock chickens (PS), approximately 4kg - 5kg in size. This chicken is usually for purposes such as soup, opor, tek-tek noodles, chicken noodles, porridge, etc. It also provide service such as cutting the live chicken on the spot. The sales of chicken per month in CV. Cindil Laras reach between 1000 and 1700 chickens per month As of November 2022 the chicken production has reach 1500 chicken or approximately 7000 kg.

The implementation of ERP system in CV. Cindil Laras is imperative for the problem that CV. Cindil Laras has such as lack of chicken, lack of poultry feed and husk in the warehouse that happened because of no communication and no way to inform from the warehouse division to the procurement division due to the absence of an integrated system that records the amount of stock inside the warehouse, and the difficulty of recording distribution and sales because the lack of systematic data recording in the warehouse which resulted in these problems.

CV. Cindil Laras does not have an integrated in it's business process since it's inception, the business process suffers from a data silo where each branch of the company can't interact with each other seamlessly and each branch need to resolve it's report before being sent to the headquarter to be consolidated with other reports. This makes then process suffers from lack of real-time data that might help prevent the problems that may appear in the warehouse or when the chicken is outbound on the delivery to the customer or other branches.

Because of the current scale of business that the CV. Cindil Laras is in, with the yearly revenue of 5.000.000.000 (five billion) Indonesian Rupiah (IDR) it is still in the range of Micro, Small and Medium Enterprises (MSME), the most appropriate ERP system to use is an Open Source ERP that does not cost a lot to

implement and scales with the growth of the company. Therefore, this research decided to use Odoo ERP web version 16.3 to be used as the ERP Application System to assist the recording of data and also add the integration of data to ease the process of warehouse management of stocks. The implementation of the system will use the Quickstart method that pairs well with Odoo implementation, the researcher will conduct of research with the title of “Implementation Of ERP-Based Open-Source Odoo For Chicken Farm Warehouse Management System Using The Quickstart Method (Case Study: Cv.Cindil Laras)”.

## **I.2 Problem statement**

Based on the background described above, a problem can be formulated as follows:

1. How does CV. Cindil Laras deal with errors in product recording and unreliable product recording information in the warehousing department?
2. Is the result of the ERP implementation in warehouse division with inventory module in CV. Cindil Laras will ease the process of record, manage, list new products inside the warehouse?

## **I.3 Research objectives**

The purpose of this research is conducted to solve the ongoing problem that CV.Cindil Laras currently have in regards to the management of the industry. The purpose is as follows:

1. Using open-source Odoo ERP system can support the recording process of the product inside the warehouse as well as produce a reliable record that can be seen, reviewed and shared among other division inside the company.
2. Implementing ERP system in the warehouse division to provide solutions to problems that are associated with recording of items, management of the goods, and listing a new product inside the warehouse with inventory module.

#### **I.4 Research scopes**

Some limitations that will be implemented in this research are as follows:

1. The research will be limited to warehouse management system inside CV. Cindil Laras company.
2. Primary data from corporate sources and secondary data from earlier studies make up the utilised data.
3. The implementation of the ERP system using Odoo will only be up to the configuration stages.
4. The Odoo Open-Source ERP website version 16.3 is used for the ERP system developed in this study.
5. This research makes no mention of the system's implementation directly inside the company or the system's implementation costs.

#### **I.5 Research benefits**

##### **I.5.1 Research benefits for company:**

1. Implement the ERP system that supports the recording process of the chicken, poultry feed and husk inside the warehouse.
2. Support the tracing of newly bought items to the appropriate place within the warehouse.
3. Implement an integrated business process in CV. Cindil Laras

##### **I.5.2 Research benefits for scientific:**

1. Provide an analysis of an implementation of ERP system that supports the management of warehouse at CV. Cindil Laras to be used as reference for further studies.
2. Provide an overview for an implementation of an Open source ERP system using Odoo version 16.3 in an MSME company at the scales of Commanditaire Vennootschap (CV) in Indonesia.