SUMMARY

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Buffalo is one of the agribusiness commodities that has high economic value. The largest populations of buffalo in the world is in Southeast Asia. Philippines is the country that has the most buffalo population in Southeast Asia, as many as 2.9 million. (FAO, 2015). Philippine’s Department of Agriculture began to develop buffalo as a dairy product. One of the products that produced by buffalo is milk. Even though there are increases of buffalo milk produce in every year, there are also spoil milk every year. This spoil milk causes a milk disposal because the milk cannot be processed anymore.

The purpose of making this Business Development Study is to formulate business development ideas and assess business feasibility based on non-financial aspects such as aspects of production, marketing, organization and management, human resources, and collaboration and financial aspects analyzed using cashflow by looking at investment criterias (NPV, IRR, Net B/C, Gross B/C, and Discounted Payback Period), income statement, and switching value analysis.

Milka Krem is a section of the Philippine Carabao Center that develops buffalo milk into variant products such as pasteurized milk, choco milk, yoghurt, etc. They get the milk from the farmer around Nueva Ecija, Philippine. The idea of developing this business was obtained based on the lack of handling of spoil milk in Milka Krem and there is no a typical souvenir from Nueva Ecija in the form of non-food product. Based on these factors, the idea of business development is carried out, the idea is a combination of internal and external factors of the company. The establishment of this business unit is done by processing spoil milk into a keychain so that it can be used as a typical souvenir from Nueva Ecija.

This analysis is said feasible based on non-financial aspects including marketing planning for market opportunities, from the production aspect the availability of raw materials, rigorous and honest aspects of organization and management and collaboration aspects have a fixed input production raw material supplier. Based on financial aspects, business planning is said to be feasible to run with the NPV of PHP 120 734, IRR 59%, Net B/C 2.80, Gross B/C 1.07, and DPP is 2 years and 6 months. The results of the switching value analysis carried out resulted in a tolerance limit for the increase in the cork bottle input price of 15.743% (as many as PHP 1.732 from PHP 11) and a decrease in production of 6.706% (as many as 60 pcs from 900 pcs) which means the business is not feasible.

Keywords: feasibility, keychain, spoil buffalo milk