

The Business Plan for Sentuh Awan Enterprise: Proposing a New Subsidiary of Palm Oil Nursery Industries

Ardi Yusnar Md Nasir¹ & Siti Sarah Omar^{1,*}

¹Faculty of Technology Management and Business,
Universiti Tun Hussein Onn Malaysia, Johor, 86400, MALAYSIA

* Corresponding Author

DOI: <https://doi.org/10.30880/rmtb.2022.03.02.055>

Received 30 September 2022; Accepted 01 November 2022; Available online 01 December 2022

Abstract: Sentuh Awan Enterprise is an agricultural-based company, especially in palm oil seedlings production and services. Sentuh Awan Enterprise (SAE) has high customer demand, but the available stock is insufficient to meet their need. This problem has lasted for almost ten years, and now the demand is increasing because the oil palm seed breed sold by the SAE company is a premium breed in the market. With a shortage of stock, customers had to make early bookings, and sometimes, they had to pay in advance to get the supply of palm seeds. The oil palm nursery industry is a high-risk business as it involves high skills to manage at the initial stage from seed until it reaches the maturity age of 12 months. After 12 months, palm oil seeds can be sold. It also takes up to 14 months to ensure the roots become strong when planted in oil palm plantations. To overcome this problem, the company needs a business plan to open another palm oil nursery branch to suffice the stock and meet customer demand, especially from smallholders. SAE companies also need to analyze Political, Economy, Social, and Technology (PEST) and analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT) to get an overview and strategies to start a new oil palm nursery project. In order to comply with MPOB regulations, be recognized under the Code of Good Nursery Practice for Oil Palm Nurseries (CoPN), and persuade customers that they produce high-quality palm oil seedlings, palm oil nurseries must also undergo an evaluation by SAE Company and follow the best management practices (BMP) guidelines to get the best results.

Keywords: Business Plan, Agriculture, SWOT Analysis

1. Introduction

The palm seed nursery market is still relevant as the demand from countries that need palm oil is increasing due to the increase in population, such as in China and India. The production of food products, cosmetics, daily necessities, and biodiesel has made palm oil more popular due to its low price compared to vegetable and soy oils. Palm oil is also better quality than vegetable oil due to its low saturation level of fat. Oil palm seed suppliers such as MPOB, Sime Darby Plantation, Felda Global

*Corresponding author: sarah@uthm.edu.my

2022 UTHM Publisher. All rights reserved.

publisher.uthm.edu.my/periodicals/index.php/rmtb

Ventures (FGV), and IOI Corporation Berhad are best known for conducting extensive research to meet market demand.

Sentuh Awan Enterprise (SAE) now has an oil palm nursery of 5 acres/2.02 hectares that can accommodate 25,000 oil palm seedlings for a year. Customers' demand increases yearly, requiring abundant stock to meet customer demand. The business has been operating for 15 years and finds demand has increased over the past five years. Among the breeds sown in the SAE company, palm oil nurseries are DxP Calix 600, DxP Chemara, and DxP Yangambi. This premium breed is in high demand because it can produce 2 to 3 tons/acre of oil palm fruit. Sustainable palm oil extraction can reach as much as 26 to 32 percent. The SAE company also needs capital for the cost of opening a new oil palm nursery of 5 acres/2.02 hectares with an estimated cost of RM400,000. If this project is successful, the total supply stock of oil palm seeds for a year will increase to 50,000 and meet the growing demand of customers and suppliers. Investment in projects to open palm oil nurseries is also highly encouraged to reap multiplied returns as the prospects for palm oil for the coming years are high, given the growing global population. Ongoing research using the latest technology will improve the quality and source of diversity, especially from oil palm. Palm oil in Malaysia is an essential contributor to the highest commodity exports and helps generate an excellent national economy.

1.1 Background of Company

Sentuh Awan Enterprise is a company involved in the palm oil nursery business with various premium seedling breeds. The company has opened a nursery in Kampung Parit Yasin, Benut, Pontian, Johor. The company now has regular customers consisting of residents from outside and surrounding areas. The company is facing a shortage of supply stock due to the lack of nursery areas that cannot accommodate many oil palm seeds. Customer demand is getting higher due to the strategic position of the company and the reasonable prices offered.

Sentuh Awan Enterprise has also established trust with its customers by only providing high-quality goods and services to meet their needs. The company has been able to develop a specific strategy and plan for the sale of a diverse range of premium palm seed products. The results obtained from smallholders are satisfied with their results with the production of palm fruit in abundance and quality.

Thus, requests for financial assistance from financial agencies became the starting point for Sentuh Awan Enterprise to increase supply capacity to meet the growing demand. In addition, experience and passion can bring premium breed products from Sentuh Awan Enterprise.

Sentuh Awan Enterprise is registered with the Companies Commission of Malaysia (SSM) to operate legally and is legally certified to carry out transactions regarding palm oil seeds. In addition, SAE also has a license registered with Malaysian Palm Oil Berhad (MPOB) for special permission to sell palm oil seedlings. Without this license, any party is prohibited from selling palm oil seeds in the market. If caught, the MPOB can take legal action against those who break the rules.

1.2 Mission and Objective of the Company

Sentuh Awan Enterprise's mission is "To become an expert in leading the process of preparing and operating in nurseries of premium oil palm seed with high quality and able to meet high customer demand." This mission indicates that customers can have premium oil palm seeds at a reasonable price and the importance of continuing to live to obtain a high and satisfactory income. This mission also gives confidence levels to customers interested in acquiring premium breeds for replanting purposes and helps increase their income. It will indirectly grow the business of buying and selling premium palm oil seeds to customers to meet market demand for palm oil production.

Meanwhile, its objective lies in several strategies, such as becoming a premium palm seed supplier specializing in handling palm oil to offer high-quality premium breeds for large quantity production.

This objective is also to ensure that smallholders can improve their quality of life and reveal the true potential of the products produced with high value. Products to meet the market's needs are mainly exported out of the country, especially oil palm.

1.3 Respond to Opportunity

A competitive market for supply and demand, the smallholder cultivation industry, especially in the future, and the production of innovative new seeds are some other elements to consider. For customers to feel satisfied with the services offered, such as company guarantees to products and customers, it is also essential to emphasize the quality of products and business sales services.

According to figures from the MPOB, the oil palm nursery industry had a significant impact on the development of the country's commodity sector, which has seen an increase in palm oil production, especially exports. It shows the government's direct involvement in selling oil palm seedlings, overseen by MPOB and Procter and Gambler (P&G) and approved by the Malaysian Sustainable Palm Oil (MSPO) for smallholders who produce sustainable palm oil.

In terms of marketing, the corporation must assess the impact of market competition on the palm oil nursery industry and the prospects of smallholders based on the supply and demand of Malaysian palm oil. As a result, smallholders will have a bright future if there is a huge demand for palm oil. Palm oil nurseries will significantly impact their ability to continue to sell oil palm seedlings as more seeds are needed to supply smallholder farms as the oil palm industry markets expand.

Opportunities for the industry to supply premium palm seeds are wide open, supported by the government's commitment to add more programs related to palm seed replanting. Touch Awan Enterprise is now trying to become the market leader even though it has been in the industry for fifteen years and has already penetrated the local market. Touch Awan Enterprise analyzes its competitors' strengths and weaknesses, which can be a way for it to excel since the beginning of its efforts to become one of the leading players in the industry.

Sentuh Awan Enterprise must also establish strategies that adhere to best management practices to retain the highest output for high-quality products, particularly for plants that produce palm oil. It will also primarily concentrate on methods for managing palm oil nurseries so that Sentuh Awan Enterprise will focus more on delivering seeds in the future to meet customer demand. Products from Sime Darby Plantation, including DXP Calix 600, DXP Chemara, and DXP Yangambi, are co-products derived from sources that extract between 25 and 28 percent of the oil for crude palm oil (CPO). Additionally, this ensures that the organization prioritizes quality and that customer satisfaction comes from exceptional service.

The importance of a business plan is to help entrepreneurs achieve their desired goals. In addition, it can also help entrepreneurs stay focused on the goals set and as an essential supporting document to obtain financing or invest in their business. This business plan can also look at what the company does. Whether it can grow and be competitive in your industry or not. (Dimov, D 2016). If a business runs without a marketing plan or a clear plan of goals, operations, and strategy, the company is considered weak in planning to set goals. In the end, the business was unsuccessful.

Sentuh Awan Enterprise also sees growing business opportunities in the palm oil industry. It competes in the industry to be among the first to dominate the market, especially in producing quality premium palm seed breeds. SAE also made a business plan to get a financial loan or find investors interested in being with the SAE company to lead the market more widely, especially in the Johor area and nearby. Therefore, the company must find new places to add oil palm nursery branches to increase stock to accommodate the supply to customers and use appropriate strategies. SAE needs to add various premium breeds so customers can choose. To realize this, the company uses SWOT and PEST analysis strategies to identify strengths, weaknesses, opportunities, and threats to increase the company's chances

of monopolizing the palm seed market and overcoming existing competitors. SWOT analysis allows SAE companies to identify competitive advantages, potential areas for business expansion, and weak points. This easy-to-use tool also helps the manager determine any opportunities and risks to his business. The political, economic, social, and technological factors influencing this strategy and improving current services and products are also necessary to analyze it. It will help the organization better assess the critical external factors that affect its operations and improve its ability to compete in the market.

1.4 Marketing and Sales Activities

Due to cutting-edge technology and innovation, the SAE firm intends to be the first nursery to monopolize the market for the most recent oil palm seed kinds. The company constantly seeks information from suppliers to ensure it keeps up with the oil palm seed sector. Customers' relationships are also consistently upheld to improve oil palm plantation management, create bountiful yields, and significantly increase the amount of fruit. Customers are given information about the RSPO and MSPO programs through media platforms like WhatsApp for individuals who require financial support to help smallholders raise capital for effective farm management. The MPOB's registration of SAE firms gives them the assurance they need to continue obtaining oil palm seeds in the requisite quantity. The SAE company is also anticipating the release of the "Genome 6" breed of oil palm by seed suppliers since it will be more resistant to the elements and fungi-related diseases. It produces more fruit and more sustainably extracted oil than existing breeds. This new breed may also help to improve palm oil production by reducing the need to explore new areas for palm oil agriculture.

A guarantee on the palm oil species purchased is also provided so that customers are always satisfied with the services offered. This business is high risk and has low margin costs. The company can cover operating and other expenses when sold with a maturity period of 10 to 12 months and in large quantities. The SAE company also had to wait almost a year to get results and returns from this business. Business activities are running as usual, where MPOB will continuously monitor the company's premises to ensure that the nursery produces high-quality palm oil to produce sustainable palm oil. The sales approach involves offering prices far below market value to increase consumer interest in purchasing oil palm seed supplies. After considering the company's expected profit and loss, as shown in the financial projections segment, the cost of sales will be considered. The secret for SAE companies to be more sophisticated and competitive with current competitors is to evaluate service before, during, and after sales. A product warranty is essential to ensure that customers appreciate the product more because they are always looking for a way to get quality assurance as a backup plan in case the oil palm seeds are damaged.

2. Literature Review

2.1 Industry and Market Overview

Malaysia's position as the world's leading producer of Palm Oil has allowed the industry to grow unprecedentedly. Various parties, especially the government and the private sector, produce different types of by-products due to continuous R&D efforts, making downstream manufacturing an industry. It also allows Malaysia to stay above its other competitors.

In 2020, Malaysia accounted for 25.8% and 34.3% of the world's palm oil production and exports, respectively. If we consider the oil & other fats produced in this country, Malaysia accounts for 9.1% and 19.7% of the total production and export of oil and fat in the world in the same year. "Being one of the biggest producers and exporters of palm oil and palm oil products, Malaysia has an important role to play in fulfilling the growing global need for oils and fats sustainably" (MPOC, 2021).

Crude palm oil refining started in the early 70s in response to the Government's call to increase industrialization. The advent of refineries marked the introduction of various processed palm oil products. High petroleum prices have also stimulated the rapid development of the biofuel industry in the European Union, the United States, and, to some extent, Malaysia. Biofuels offer strategic advantages for various sectors and stakeholders.

For the Malaysian palm oil industry, it creates a new market demand that will increase commodity prices. It reduces the risk of prices falling too low, as seen during the oversupply period in 2001. Farmers in the EU and US see biofuels as an outlet for local vegetable oils. But subsidies are needed to make their oil prices competitive. Subsidies for biofuels in these countries have naturally attracted imports of cheaper palm oil as an alternative raw material. In addition, the governments of China, India, Turkey, and most recently, Estonia, the Czech Republic, and Hungary have started buying palm oil recently (Bharian, Sept 2022).

2.2 Competition

(a) Strengths, Weaknesses, Opportunities and Threats (SWOT)

The palm seed market is currently highly favourable, particularly for Malaysia's primary export industry, palm oil. Because there are more people in the world, notably in China, India, and other nations, there is a significant need for palm oil. In addition to being used in food products, palm oil can be converted into biodiesel for use in the heavy machinery sector. Palm oil is also used in many items that are used daily, including shampoos and bath soaps. With the most recent research and technology, there are numerous further uses. Sustainable palm oil production also benefits from high-quality palm seeds. The premium palm seed breed market is in great demand to meet the global need for palm oil. Many nations manage oil palm plantations. However, Malaysia has carried out a significant amount of technological research under the direction of MPOB as a nation representing Asia. Several commercial sectors, including IOI, FELDA, FELCRA, and others, are also pursuing research to generate high-quality oil palm seeds. The creation of technology that can breed better-quality animals for the oil palm industry market is the key to advancement in this sector. The same commodity, premium oil palm seeds, is produced by almost all businesses that operate oil palm nurseries. Many different breeds are available, including DXP Calix 600, DXP Yangambi, DXP Chemara, and wide other high-quality varieties.

Naturally, the competition between oil palm nursery owners takes the lead by developing high-tech seed breeds, such as those that produce oil palm fruit that is manageable and yields a lot, as well as sustainable palm oil. Premium palm oil seed breeds are used as the main product by SAE enterprises to manage their marketing plan and draw in clients. Additionally, because most clients expect high-profit returns and are open to trying novel oil palm seeds, the most recent breeds also help SAE oil palm nurseries become more widely known. SAE businesses are also competitive in the market thanks to venue selection factors. The SAE oil palm nursery now has a monopoly in the Benut Area, Pontian, Johor, because of its advantageous location, which keeps rivals at a distance. To draw customers and acquire goods in large quantities, it also helps to have comparatively low prices compared to rival businesses.

Additionally, suppose customers hear that MPOB has granted them a license to run this business. In that case, they are more likely to buy a supply of premium palm seeds because MPOB routinely conducts site checks of the company's facilities and sales records to ensure SAE enterprises adhere to regulations. Generating sustainable palm oil will guarantee the production of high-quality palm seeds. The business must employ nursing techniques that result in exceptional productivity if it wants to ensure that the premium oil palm seeds it sells are always of the highest quality and that its clients have positive reactions. The next tactic requires SAE companies to be recognized by getting CoPN recognition from MPOB. One way to assess how well a standard has been implemented and how well it is being followed

is through certification. Certification is crucial to assure customers that the good or service meets requirements.

Naturally, the competition between the owner of the palm oil nurse leads to the development of high-tech seeds, such as producing manner that can be managed and produced, as well as sustainable palm oil. Premium palm oil seeds are used as a major product by SAE companies to manage their marketing plans and attract customers. In addition, as most customers expect high and open profit returns to try premium oil palm oil, the most recent breed also helps the SAE oil palm, becoming more commonly known. SAE's business is also competitive in the market and is more likely to be a strategic selection factor. Nursery Palm Oil of SAE now has a monopoly in Benut, Pontian, Johor, because of its strategic location and is far from competitors. However, to attract customers and acquire palm seeds in large quantities, it can help provide a relatively low price compared to competitors.

In addition, customers know that SAE companies have recognition from MPOB and having a valid license makes customers more trusted by SAE sold. In this regard, they are more likely to buy premium palm oil supplies as MPOB regularly conducts a site inspection of the company's facilities and sales records to ensure that SAE Enterprises complies with the rules. Generating sustainable palm oil will guarantee high-quality palm oil production. Businesses must use nursing techniques that produce incredible productivity to ensure that the premium oil palm oil is always high quality and its customers have a positive reaction. The next tactic requires the SAE company to be recognized by obtaining COPN recognition from MPOB. One way to evaluate the extent to which the standard has been implemented and how well it is followed is through certification. Certification is vital to assure customers that suitable needs or services meet them.

In addition, using the SWOT matrix analysis technique, SAE companies can know their weaknesses and threats, turn them into strengths, and create new opportunities for the company.

(b) Market Share

Sentuh Awan Enterprise has almost the same market share as its competitors because all kinds of premium breeds have devoted customers to contribute to increased sales. Sentuh Awan Enterprise has chosen the emphasis of its company based on its objective to be the leading market leader in producing premium breeds that consumers can own.

(c) Local Links

Sentuh Awan Enterprise does not have an agent, but with the quality of the premium palm seed breeds that are sold, it dramatically benefits smallholders and helps promote through word of mouth. Some suppliers want large quantities of oil palm seeds, but not everyone can buy them due to limited stock. Indirectly, this provides an opportunity for SAE companies to be more viable in opening new nurseries to meet increasing customer demand. Although there are many competitors in the market, the chance that SAE companies have to monopolize the local market is still relevant because of the location's position far from competitors and the need to be more aggressive in opening additional branches to cover the lack of stock or supply.

(d) Innovation and Technology

The palm seed breeds sold by SAE are premium and still in the top ranks. Producers such as Sime Darby Berhad and Felda Global Venture (FGV) are among the organizations MPOB has recognized for superior breed seeds. With production results using the latest innovation and technology, SAE companies always take the opportunity to obtain premium seeds through information channelled by suppliers. SAE always contacts suppliers to get more information regarding the latest premium seed production. Indirectly, technology in creating premium palm seeds helps the growth of products that

lead to the latest innovations without involving extensive land use. The products produced can cover the production needs of crude palm oil for wholesalers and consumers.

Now, only with the production of premium palm breeds that are durable and produce oil extraction of almost 38 to 43 percent nearly successful with research by using the technology that helps the development of the company to offer the best products to customers. It can be said that technology is the key to corporate growth, and it helps a lot to lead to innovation. The use of technology in business has become a necessity as the concept and model of the company have evolved. In addition, business players like Sentuh Awan Enterprise companies must use technology to be relevant and efficient in this technology era as it is used in all business transactions. It has been shown that using technology to do business is faster, easier and more efficient, offering security and assistance as well as high-quality products.

2.3 Target Market

The nature of the business is long-term, and the company's value is a high prospect because it involves commodities in the world market. Despite the competition in each country, Malaysia still attaches great importance to the export value of palm oil abroad (BH Bernama, 10 February 2019).

Due to the sale of cooking oil and the use of daily products such as soap, shampoo and others, the consumption of Malaysian palm oil is increasing every day. However, what if the latest technology can be used as suitable for biodiesel? (Abdullah, Moot Abadi, Bhatia, 2009). If so, the demand for palm oil may continue to increase domestically and internationally as the cheap cost of crude palm oil can play a significant role in the biodiesel sector. In addition, palm oil positively impacts the environment because moving cars have no harmful emissions. Demand for this item is increasing rapidly due to the need for edible oil in consumer countries, especially China, the EU, Pakistan, India, and the US. Using palm biodiesel also supports this increase in demand, partly supporting higher prices for palm oil. It develops new business and job prospects in Malaysia. Additionally, it offers the potential to extract phytonutrients such as carotene (pro-vitamin A) and vitamin E (palmoilworld.org/biodiesel.html). Unlike soybean and vegetable oils, the global market for palm oil is still significant. According to consumption data, although many countries have made efforts to develop palm oil trees, the global demand for palm oil is increasing. Malaysia must do more research to increase consumer demand and increase the production of various goods. If not, this will affect the Malaysian oil palm business, especially smallholders, plantation owners and oil palm nurseries. Regarding the palm oil industry profile, the government continues to promote the palm oil sector through the Malaysian Palm Oil Board (LMSM) or the Malaysian Palm Oil Board (MPOB) in Malaysia. (BH Bernama, 2018) & (BH Bernama, 2019).

The government also manages oil palm nurseries through the Federal Land Consolidation and Rehabilitation Authority (FELCRA), the Rubber Industry Smallholder Development Authority (RISDA), and the Federal Land Development Authority (FELDA). The private sector also maintains oil palm nurseries, including the government mentioned above. The demand for oil palm seeds from large businesses and smallholders impacts the market. Oil palm trees may produce high-quality oil palm fruits and help farmers and smallholders because of the DxP breed mix, so the sowing of oil palm seeds also depends on the quality of goods made using technology and innovation. Businesses must compete in this market to grow into oil palm nurseries that generate high-quality oil palm seeds to meet the needs of settlers and smallholders. Breeds already on the market, such as Felda Yangambi DxP, Golden Hope 500 Dxp Sime Darby, Dxp Sime Darby Calix 600 Dxp, and many more, are among the best breeds developed by researchers in the public and commercial sectors.

To meet market demand and compensate for the lack of supply stock to buyers from smallholders and suppliers, maintaining the quality of oil palm seeds that produce excellent oil palm fruits is essential. The firm must work with all parties, including the government and the commercial sector, to gain

knowledge on developing new hybrids to produce high-quality palm fruit. Corporations must manage oil palm nurseries effectively to maintain consumer confidence in the planted oil palm seeds. To persuade customers to experiment with new technologies and developments, the company must consistently offer businesses leadership and control of the latest palm seed market created by researchers. Organizations that produce palm seeds can also provide current information. SAE company should take advantage of this opportunity to continue purchasing the company's oil palm seeds from Sime Darby Plantation in Layang-layang, Johor and Felda Global Venture (FGV). The DXP Calix and DXP Yangambi breeds are the best breeds with significant market demand.

According to the customer's verbal comments, they are satisfied with the breed sold and plan to continue buying this oil palm seed. However, some weaknesses need to be fixed. The company needs a strategy to expand its palm seed business because it cannot meet customer demand. The company, which has a land area of 5 acres in TL 85/86, Parit Yasin, Benut, Johor, could not meet consumer demand as there was a shortage of 12-month-old seedlings. Only seeds that are at least one year old can be sold, according to the MPOB sales law. Care considerations for oil palm seedlings aged 12 months and above are less risky than seedlings younger than 12 months, which are more vulnerable to wild animal attacks, extreme weather and disease attacks.

Business managers must assess any risks resulting from opening a nursery. The prospect of a local competitor entering the market may be one of these risks, even though the company does not yet have any shares. According to data collected through sales, only 25,000 seedlings can be maintained in the 5-acre (2.02-hectare) area at any given time, and there is a constant shortage of oil palm seedlings each year. It is crucial to monitor the oil palm seedlings to ensure they obtain sufficient mineral resources for healthy development. It includes using fertilizers, pesticides, herbicides, water, and goods made using mineral resources. Additionally, using additional items created from mineral resources is required. Only people with prior experience in the field and knowledge of the subject can work on this component.

To establish new oil palm nurseries and address the lack of oil palm seed stocks, the company's managers must consider their business structure plan and conduct market research to develop a specific plan for obtaining business financing from banks and other financial organizations. Corporations must refer to operational strategies and financial projections to establish oil palm nurseries. It is essential to evaluate the area to determine if it is suitable for water facilities and if it is in a strategic location that will make it easy for customers to get there if you want to compete with the business with oil palm nurseries. The company must analyze the area carefully to assess whether the site is suitable for oil palm nurseries. If the plan is successful, the corporation has 10 acres (4.04 hectares) ready to give oil palm seedlings to those in need. The world crude oil sales market affects the demand for oil palm seedlings. However, businesses must also develop backup strategies if oil prices fall, which may significantly impact their financial position.

2.4 Product Life Cycle

Palm oil nurseries involve a lot of expenses and require careful care. A nursery is an area where young oil palm plants grow. When the oil palm is big enough, it is planted on an oil palm plantation. Pre-nursery receives both germinated seeds and tissue culture (ramets) produced by plants grown in relatively small areas where shade and humidity can be controlled. Once the young plants are planted, they are transferred to the main nursery in pots and tend to produce field-ready plants. Sustainable palm oil production depends on financial gain without increasing cultivated land area. Investing in oil palm plantations is a profitable business for smallholders in all locations considered in this study. Palm oil is an edible vegetable derived from the palm fruit's mesocarp (reddish pulp). Oil is used to produce food, beauty products, and biofuels. Palm oil accounted for about 33% of global oil produced from oil crops in 2014. The palm oil industry has helped lift millions of people out of poverty in Indonesia and

Malaysia, accounting for about 85 percent of global production. Oil palm plantations have created millions of high-income jobs and allowed tens of thousands of smallholder farmers to own their land.

2.5 Market Research

Market research has been used to assess customer perceptions of the oil palm seed industry and determine the elements influencing their purchasing decisions. The results of this research determine the suitable method for the Sentuh Awan Enterprise marketing strategy.

2.6 Population of Sample

Market research has been used to assess customer perceptions of the oil palm seed industry and determine the elements influencing their purchasing decisions. The results of this research determine the proper method for the Enterprise Cloud Touch marketing strategy.

People who live in SAE nursery areas, especially in Benut, Pontian, Johor, and citizens, will be the target respondents. The main target is only aimed at smallholders who are regular customers and those who want to buy palm seeds to get feedback and experience with SAE company, as stated in the survey question. The required sample size is at least 10 respondents or more.

2.7 Questionnaires and Results

A survey instrument was conducted through the distribution of questionnaires through Google Forms. The questionnaire consists of three main components and three sub-sections. The three main components are demographics, premium breed seeds, and influencing the decision to purchase oil palm seeds. The factors influencing the purchase decision of premium oil palm seed are divided into three sub-sections (brand awareness, product quality, and price). The survey garnered a total of 12 responses. The results of the demographic study are illustrated in the following Figure 1, Figure 2, and Figure 2.

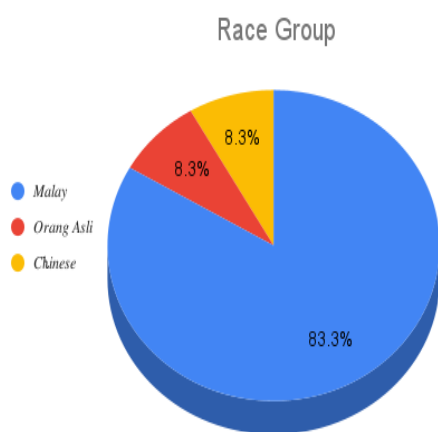


Figure 1: Race Group of Respondents

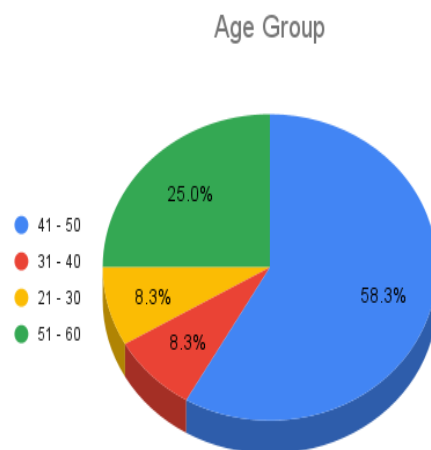


Figure 2: Age Group of Respondents

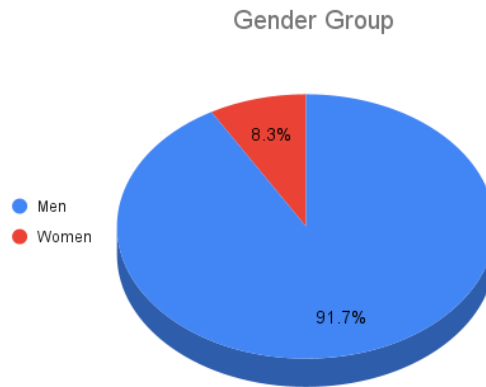


Figure 3: Age Group of Respondents

Table 1 shows the questions presented to the respondents regarding the purchase attitude of premium palm seeds and the factors that influence the decision to purchase palm seeds.

Table 1: Purchasing Premium Breed Section Response

| Purchasing Premium Breed Seeds | Selection of answer | Percentage, % |
|---|-------------------------|---------------|
| How well do you know DxP Calix 600 and DxP DxP Yangambi? | Get to know | 100 |
| | Don't know | 0 |
| | Never take notice | 0 |
| Which of the following criteria influences your choice in purchasing palm oil seeds? | Price | 36 |
| | Quality | 30 |
| | Product | 29 |
| | Place | 5 |
| Which breed results in high-quality fruit production and profitable return on investment? | DxP Calix 600 | 57 |
| | DxP | 43 |
| | Yangambi | |
| Will you buy DxP Calix 600 and DxP Yangambi after knowing the advantages? | Yes | 100 |
| | No | 0 |
| If there were other new places for opening new nurseries, would you come to buy? | Yes | 100 |
| | No | 0 |
| Reasons for purchasing premium breed seeds? | Replanting | 23 |
| | Good quality | 51 |
| | Investment | 26 |
| Frequency of purchasing premium breed seeds? | Several times per week | 0 |
| | Several times per month | 4 |
| | Several times per year | 86 |
| | Less often | 10 |
| | | |

This poll component measures the public's propensity to purchase premium seed breeds sold by SAE. Most respondents stated that they know the premium seed breeds sold, such as DxP Calix 600 and DxP Yangambi. This study also shows that the criteria that influence the purchase of palm seeds are the price criteria, with 36 percent of respondents agreeing. 30 percent of the respondents mentioned their purpose of buying because of the quality, while 29 percent chose buying because of the type of breed seeds can be found in the market and the rest because of the easy access to the sales point close to their orchard. 57 percent of respondents chose the DxP Calix 600 breed, and the rest chose the DxP Yangambi breed. It is possible that due to the different price factors for these two types of breeds, buyers tend to choose DxP Calix 600. However, almost all respondents agreed to buy these two types of premium breeds after knowing the advantages of the oil palm fruit produced, which gives a reasonable return if cared for with the right. The respondents also agreed to buy again if the SAE company opens a new nursery. It shows buyers are very fond of the palm seed varieties sold, which supports the SAE company in expanding its monopoly control of the local market. In addition, as many as 51 percent of respondents stated that the primary purpose of buying oil palm seeds was the quality produced.

In comparison, 26 percent chose for investment purposes and the rest for replanting purposes. Almost 86 percent of respondents stated the frequency of purchasing oil palm seeds each year, 10 percent of respondents stated less often, and another 4 percent would buy every month. It is likely that these people have a large garden area and aim to replant some to replace damaged trees.

Table 2 presents the factors affecting premium breed purchasing decision response.

Table 2: Factors Affecting Premium Breed Purchasing Decision Response

| Factors Affecting Decision | Selection of answer | Percentage, % |
|--|----------------------------|----------------------|
| 1. Breed awareness | | |
| I choose the well-known premium breed | Yes | 95 |
| | No | 5 |
| I usually choose expensive premium breed seeds | Yes | 95 |
| | No | 5 |
| I think the higher price of breed seeds, the better the quality | Yes | 85 |
| | No | 15 |
| I prefer to buy the best-selling premium breed seeds | Yes | 94 |
| | No | 6 |
| 2. Breed Seeds quality | | |
| I try to get the highest quality when purchasing premium breed seeds | Yes | 85 |
| | No | 15 |
| I usually try to buy the best quality of premium breed seeds for a profitable return on investment | Yes | 100 |
| | No | 0 |
| My expectation of premium breed seeds I buy are very high | Yes | 94 |
| | No | 6 |
| 3. Price | | |
| I buy as many breed seeds as possible at a promotion price | Yes | 98 |
| | No | 2 |
| I can save money as much as I can when purchasing a premium breed | Yes | 46 |
| | No | 54 |
| I prefer to buy premium breed at a reasonable price | Yes | 100 |
| | No | 0 |

Three main aspects can impact a customer's purchasing decision regarding premium breeds. The first element, breed awareness in the market, does not seem to affect buyers buying oil palm seeds as most want to buy premium seed breeds. Respondent is very interested in choosing a well-known premium breed with an average selection of 95 percent. In comparison, 5 percent is not interested in the type of breed and origin to be able to have oil palm seeds at a reasonable price. Respondents also usually choose expensive premium breed seeds to replant or open a new oil palm plantation to get a good income, while 5 percent do not choose premium breeds. It is possible that they only aim to replace trees that have been damaged. Most respondents agree that the high selling price involves high-quality palm seed breeds. While 15 percent do not agree that the high selling price is only for quality breeds, and they likely have experience with high purchase prices, the oil palm seeds obtained are not premium breeds. 94 percent of respondents expressed the desire to buy best-selling breed seeds, which may be a word-of-mouth promotion method. Another 6 percent responded that they don't care about best-selling, influencing buyers who are more inclined to choose lower prices in the market.

The second element is the selection of quality sweet seed breeds in the market; buyers are more inclined to choose premium breeds of quality compared to the market price. Most respondents chose high-quality palm seeds, with an average choice of 85 percent, while 15 percent did not tend to choose high quality. Most choose to buy a high premium breed for a profitable return on investment, and these people have a high income to have a quality premium breed, given the recent price increases brought on by higher production costs. It includes those for fertilizers, insecticides, and herbicides, the cost of premium oil palm seeds and a polybag, and other factors directly related to operating costs. Respondents who did not select high-quality premium breeds are likely to only focus on the selling price in the market. In addition, most buyers are aware of the primary type of breed, such as the premium one, because the buyer's expectation is high, with a 94 percent respondent rating. In comparison, the other respondents are only 6 percent because there is likely no other choice.

The third element, the price offered in the market, becomes a measure for each buyer to have a premium palm seed breed. A low-price offer is desirable to buyers; an average of 98 percent of respondents will buy more palm seeds if the price is lower than the market price, such as the promotional price. It is likely because buyers rarely get an opportunity with a low-price offer for a premium breed, and the important thing is that they can have it at a low price for future investment. It is also seen that the factor affecting the price is the high-quality product, with 46 percent of respondents believing they can save money to have a premium breed. The selling price of crude palm oil may be slightly increased, making buyers more confident in the future performance of palm fruit sales.

In contrast, 54 percent of respondents are not confident that having a premium breed can save the cost of buying oil palm seeds because of the high market price and the significant capital to have premium breed seeds. Almost all respondents agreed to buy premium breeds at a reasonable price. It makes the SAE company more effort to provide a price comparable to customer demand to maintain the company's primary goal to help smallholders improve their economic structure at a comfortable level.

2.8 Market Analysis

SAE Company chooses SWOT Analysis and PEST Analysis (Table 3 and Table 4) to examine essential concerns that arise internally and externally. This analysis provides SAE companies with a framework to assess their strengths, weaknesses, opportunities and threats.

Table 3: SWOT Analysis for Sentuh Awan Enterprise

| Strengths | Weakness |
|--|--|
| 1. Good customer service. | 1. Poor cash flow or a lack of capital. |
| 2. Unique product features or benefits. | 2. Lack of stock palm oil seedlings. |
| 3. Specialist knowledge or skills. | 3. Competitor's products are superior or cheaper. |
| 4. The product is superior to other competitors. | 4. The budget is limited. |
| 5. Product lifespan or durability. | 5. The staff is untrained in the new process. |
| 6. Costs (compared to competitors). | |
| 7. Manufacturing processes are efficient. | |
| 8. IT system can easily handle expansion. | |
| Opportunities | Threats |
| 1. Increased demand. | 1. Competitors. |
| 2. Using the internet to reach new markets. | 2. A downturn in the economy, reducing overall demand. |
| 3. New technologies that allow you to improve product quality. | 3. Political factors. |
| 4. Poor products are currently on the market. | 4. Threats to animals, insects, and parasites. |
| 5. The potential market for your product or services. | |
| 6. Market developments. | |
| 7. Competitors' vulnerabilities. | |

Table 4: PEST Analysis for Sentuh Awan Enterprise

| Political | Economy |
|--|---|
| 1. Government Regulation (Malaysian Palm Oil Berhad - MPOB). | 1. Consumer habits and financial stability. |
| 2. Competition. | 2. Current economy stability. |
| 3. Location of Nursery Palm Oil and Missing Seedling. | 3. Unemployment rate and competition for jobs. |
| 4. Maintaining Palm Oil Seeds. | |
| 5. Weather problems. | |
| 6. Workers. | |
| 7. Customers and stock of seedlings. | |
| Social | Technology |
| 1. Product quality /eco-friendliness. | 1. The organization's access to new technology. |
| 2. Family size and structure. | 2. The competition's access to technology. |
| 3. Consumer lifestyles. | 3. Government or institutional research. |
| 4. Population growth and demographics. | |

2.9 Marketing Mix

SAE Company practices a group of marketing mix which is "product, distribution, promotion and price strategy to produce and carry out exchange and reach the target market. These four groups are called the "4P" key marketing elements. The 4Ps are required to meet customer needs based on the

problems identified by the seller at the initial stage of the marketing strategy to meet customer demand in the market.

3. Operations

Operations are one of the key areas in business management. It covers the supply chain, production flow and business support systems of a business. Detailed business operations help companies ensure smooth company management, reduce errors and act as guidelines.

3.1 Operational Plan

(a) Production Process

Palm oil seedlings, which are generated for palm oil plantations, are the first stage in palm oil production. The designated functional unit is the seedling. Before planting seedlings in the field, seedling production and proposed mitigation measures move from the pre-nursery stage to the main nursery. At the original nursery of the business in Parit Yasin, Benut, Pontian, Johor, this process ensures that the product is produced according to the correct process flow. All the processes depicted in Figure 4, such as analysis of energy, diesel, fertilizers, pesticides, polybags, and water use, need to be done. They are essential to support a palm seed nursery. The typical flow can be used to create a life cycle for seedling creation.

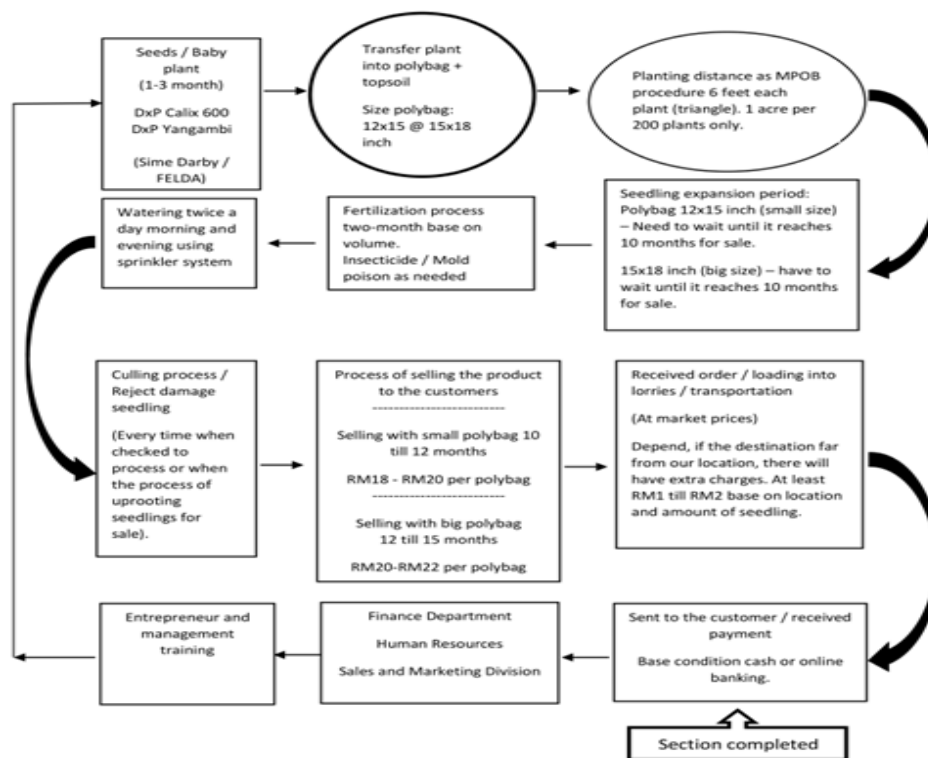


Figure 4: Process Flow for Sentuh Awan Enterprise Palm Oil Nurseries Production Process

3.2 End-to-end Supply Chain

In supply chain management, some components make the process to be integrative. The parts are planned, sourced, made, delivered, and return. It can be further expanded into after-sales service and reverse logistics to optimize supply chain management. Figure 5 illustrates the components of supply chain management.

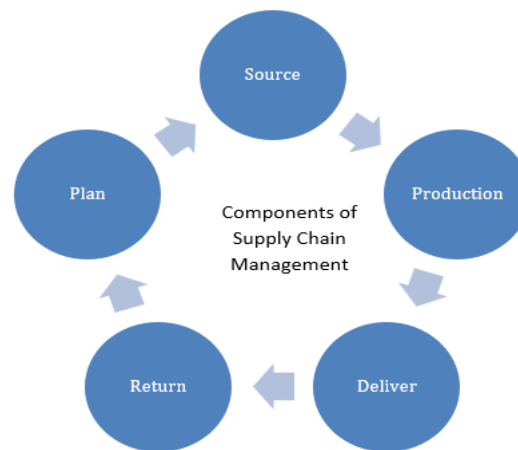


Figure 5: Components of Supply Chain Management

3.3 Business Support System

A business support system (BSS) is a system that helps in business management. Every business has a different support system depending on the nature and needs of its business. The company's business support system has to ensure the business's daily operations. It can help manage enterprises, such as the financial department, human resources, sales and marketing departments, courses and training, extension services and advice, infrastructure support, marketing support, research and project recognition, and support information. In addition, SAE companies need to adopt Best Management Practices (BMP) for palm oil nurseries to ensure the management of palm seed efficiency at the maximum level. The production of high-quality premium breeds involves sustainable crude palm oil production. Therefore, it is in line with Malaysia Palm Oil Berhad's (MPOB) wishes to ensure that every oil palm seed nursery obtains the Code of Good Nursery Practice for Oil Palm Nurseries (CoPN) certificate.

4. Conclusion

This business plan provides an understanding and help government agencies that Touch Cloud Enterprise apply for financial assistance to know the company's plans. Overall, it is a testament to what the company has achieved and the strategy it will take to achieve the goal. The palm oil nurseries industry promises a good future because the export of sustainable crude oil commodities in the palm oil industry is increasing yearly.

Acknowledgment

The author thanks the reviewers for their valuable comments and helpful suggestion. All those who contributed directly or indirectly are thanked.

References

A.Z. Abdullah B. Salamatinia & H. Mootabadi S. Bhatia (2009). Current Status and policies on biodiesel industry in Malaysia as the world's leading producer palm oil. Energy Policy Volume 37, Issue12, December 2009, Pages 5440-5448).

- ANON. (1999). A Proposal: Nursery Project for High Yielding Oil Palm. Compiled by CKM Consult (001197695-V) for RMF Ithbat Sdn Bhd, November 1999. p. 1-5.
- ANON. (1999). A Proposal: Nursery Project for High Yielding Oil Palm. Compiled by CKM Consult (001197695-V) for RMF Ithbat Sdn Bhd, November 1999. p. 1-5.
- Bernama (2019). MPOB supports bodies such as OPEC for palm oil - <https://www.bernama.com/bm/news.php?id=1791737>
- Bharian (2022). Palm oil penetrates new markets in 3 countries. Retrived September 2022, from <https://www.bharian.com.my/berita/nasional/2022/09/1000220/minyak-sawit-malaysia-tembus-pasaran-baharu-3-negara>
- Corley, RHV and Tinker,B (2003). The Oil Palm. Blackwell Science Ltd, Oxford. 562 pp.
- Dimov, D (2016). Toward a design science of entrepreneurship. In JA Katz & AC Corbett (eds), Models of Start-Up Thinking and Action: Theoretical, Empirical and Pedagogical Approaches. Advances in Entrepreneurship, Firm Emergence and Growth. Vol. 18, Emerald Group Publishing Ltd., Bingley, U. K., pp., 1-31.
- Duckett JE. (1999). A Guide to Oil Palm Nurseries. 3rd edition. Incorporated Society of Planters, Kuala Lumpur, 151 pp.
- Erik Meijaard, Douglas Sheil (2019). The Moral Minefield of Ethical Oil Palm and Sustainable Development. Front. For. Glob. Change, 28 May 2019, Sec.Tropical Forests. <https://doi.org/10.3389/ffgc.2019.00022>
- ESNAN, A G; ZIN, Z Z and MOHD BASRI, W (2004). Perusahaan Sawit di Malaysia – Satu Panduan. Edisi Melinium. MPOB, Bangi. p. 63-90.
- Heriansyah & Tan CC (2005). Nursery Practices for Production of Superior Oil Palm Planting Materials. The Planter Magazine, 81(948): 159-171.
- http://econ.mpob.gov.my/economy/EID_web. HTML, Seed: monthly demand of germinated seeds: 2006 & 2007, 2008 & 2009 (No. of seeds). Accessed
- Kushairi, A Soh Kheang Loh, Azman, Elina Hishamuddin, Meilina Ong-Abdullah, Zanal Bidin Mohd Noor Izuddin; Razmah, G, Shamala Sundram, Ghulam Kadir Ahmad Parveez (2018). Oil Palm Economic Performance In Malaysia And R&D Progress In 2017. Journal of Oil Palm Research Vol. 30 (2) June 2018, p. 163-195 - <http://jopr.mpob.gov.my/oil-palm-economic-performance-in-malaysia-and-rd-progress-in-2017-review-article/>
- MPOB (2010). Seed: monthly demand of germinated seeds: 2006 & 2007, 2008 & 2009 (No. of seeds). Accessed on 20 September 2010 – <http://econ.mpob.gov.my/economy/EID>
- MPOC (2020). Malaysian Palm Oil Industry. Retrieved June 2021, from <https://mpoc.org.my/malaysian-palm-oil-industry> on 20 September 2010.
- Siti Fauziah Sharif (2009). Pelaburan Malaysia di Indonesia dalam sektor perladangan kelapa sawit: kajian kes Sime Darby. (Universiti Malaya, Jabatan Pengajian Asia Tenggara).
- Susan Tricia (2020).– Palm Oil Industry ABD Technology NEWS. Asia Palm Oil Magazine Jan-Mar 2020 (Vol. 8 No. 4, Jan-March 2020).
- Tan C.C. and Herirsyah. (2005) Nursery techniques for creating top-notch oil palm planting material. Growers Association, Kuala Lumpur, Incorporated 81 (948): 159–171.
- Turner PD & Gillbanks RA (1974). The nursery. In: Oil Palm Cultivation and Management. The Incorporated Society of Planters, Kuala Lumpur, pg 61-121.
- TURNER, P D and GILL BANKS, R A (2003). Oil Palm Cultivation and Management. Second edition. The Incorporated Society of Planters, Kuala Lumpur. p. 173-254.
- Yee KF, Tan KT, Abdullah AZ, Lee KT (2009). Life cycle assessment of palm biodiesel: revealing facts and benefits for sustainability. Appl Energy. 2009;86(SUPPL. 1): S189–96.