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## Design Of Key Performance Indicator On Lawet Coffee

Stellin<sup>1</sup>, Evi Silvana Muchsinati<sup>2</sup>

Universitas Internasional Batam

Email correspondence: [1941029.Stellin@uib.edu](mailto:1941029.Stellin@uib.edu), [evi@uib.ac.id](mailto:evi@uib.ac.id)

### Abstract

Lawet Coffee is a business that engaged in the field of culinary that mainly focus on coffee which located in Nusantara Street, Tanjung Balai Karimun. This Lawet Coffee business is included as Small and Medium Enterprise (SME) that gives satisfaction and sustain the customers loyalties. However, this business has a problem regarding the performance evaluation of the employees, which could cause the business does not able to reach the target of sales and could end up the business need to be shut down forcefully. A method for evaluate the employees performances are necessarily needed, it will be effective and efficient by using a method called Balance Score Card which part of Key Performance Indicator. Result and surface is an internal and external of SWOT analysisist method, result of mapping strategy and combination of the SWOT analysisist results are a formation of KPI. Business partner is having changes regarding the KPI formula which necessarily created for helping the partner of the business in evaluating from internal side as well as external side. Suggestion for the next study or research, expected to be able to design long time period and short time period of sales targets in order to expand the partner business quality with the new innovation.

**Keywords:** *Key Performance Indicator, Balance Score Card, SWOT*

### Introduction

It is necessary for a business to implement measurement of employees' performances which are effective and efficient. This Lawet Coffee business is including into the group of UMKM that makes an effort to gives high satisfaction and keep the consumers' commitment. Lawet Coffee business is a business that engaged in the field of culinary coffee drink which located in the Nusantara Road, Tanjung Balai Karimun. The owner of the Lawet Coffee is Mrs. Jocelyn Tay. This business has been around for 15 years since year 2007. The operational hour of this business starts at 11:00 WIB until 22:00 WIB. At this time, this business is still very crowded which because of the nice coffee scent and has a different kind of food menu from other businesses. Other than serving their own menu, there is also packaged coffee that can be bought by the customers when they could not dine-in the coffee shop. Currently, this business has round 12 employees who are running it. However, part of the problem from this business is the business does not have any measurement of employee's performances that will cause the sales target not

achieved so it does not generate turnover that will cause the business forcedly close. To determine the performance of characteristic level, it is necessary to make a planning of measurement that will point to the purpose of UMKM. The purpose of this project is to help and encourage partner to improve the quality of employee's evaluation and improving employee's soft skills and leadership spirit (Elok S. P., et, al, 2018). It is necessary for an enterprise to implement an employees' performances measurement which efficiently and effective. One of the plan and implementation in a enterprise for performances measurement is by using *Balanced Scorecard* method and source of information guidelines the extent of success in creating a procedure that has been agreed and determined by using *Key Performance Indicator*. From that method, it is expected to be able to accommodate a business in analysing and monitoring how far the enterprise can achieve the expected targets. In implementing the application which able to help partner to be able to increase the quality of employees' evaluations and increases the soft skills as well as leadership of their employees.

### Methods

One of the plan and implementation in a business to measure the employee's performances is by using Balanced Scorecard method as analyzing and monitoring how far the company's target can be and Key Performance Indicators (KPI) is a role as guidance for resources of how successful in term of creating the procedure that has been agreed and appointed. The design of *Key Indicator Performance* which is the first point of goal setting, and this execution covers a number of criteria, such as *Specific, Achievable, Realistic, and Timely*. The *Balanced Scorecard* method is showing the comprehensive framework that could be explained as vision into the strategic targets that using perspective which are *Financial Perspective, Customer Perspective, Internal and Process Business Perspective, and Learning & Growth Perspective.*s The data collection technique that has been done by student in the implementation of PkM is performing an interview via online as well as offline and do a direct observation at Lawet Coffee.

### Implementation Schedule and Budget

For the first stage which is pre-implementation stages are being done on the first 3 weeks of September 2022. After the pre-implementation stages, it will surely continue to the implementation stages for 3 weeks as well, 1 week in September 2022 and the other 2 weeks in October 2022. For the next stage is preparation of reports stage which was ongoing for a week on 3<sup>rd</sup> week of October 2022. In carrying out the activities of implementing this practical report, writer does an exposure to partner regarding the internal and external analysis via SWOT analysis. Results of strategy mapping and combination results of SWOT analysis which is formation of KPI that has been detailed as follows:

#### Internal and External Analysis via SWOT Analysis

Internal Environment	
<i>Strengths</i>	<i>Weakness</i>

<ul style="list-style-type: none"> <li>• Provides a convenient Environment</li> <li>• Unique coffee scent</li> <li>• Affordable prices</li> </ul>	<ul style="list-style-type: none"> <li>• Surrounding areas are providing similar menu</li> </ul>
<b>External Environment</b>	
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> <li>• Increasing coffee culture</li> </ul>	<ul style="list-style-type: none"> <li>• Existence of similar rivals</li> </ul>

### **Strategic Mapping Plan with *Balanced Scorecard* Method**

Perspective	Strategic Planning
<i>Financial Perspective</i>	<ul style="list-style-type: none"> <li>• Increase turnover</li> </ul>
<i>Customer Perspective</i>	<ul style="list-style-type: none"> <li>• Increase customers' loyalty and relationship with new customers</li> </ul>
<i>Internal and Process Business Perspective</i>	<ul style="list-style-type: none"> <li>• Quality product development with innovation</li> </ul>
<i>Learning and Growth Perspective</i>	<ul style="list-style-type: none"> <li>• Increase satisfactory of employees' works</li> <li>• Expand employees' knowledge</li> </ul>

### **Key Performance Indicator Formula**

After set the SWOT analysis and strategic mapping with BSC method, the next step is setting KPI for each strategic targets that which evaluation is explained for each strategic targets and set targets that is proposed by Lawet Coffee business internal side.

Strategic Targets	Code	KPI	Target
<i>Financial Perspective</i>			
Increasing profit	F1	Increased selling	10 %
	F2	Increased financial percentage	20%
<i>Internal and Process Business Perspective</i>			
Quality product development with innovation	B1	Total of innovated new products	5 Products Decreased by 5% 100%
	B2	Percentage of uninterested products by customers	
	B3	Percentage of resolved complains by customers	
<i>Customer Perspective</i>			
Increasing customers' loyalty and relationship with new customers	C1	Index of customers' satisfactory	100%
<i>Learning and Growth Perspective</i>			

<ul style="list-style-type: none"> <li>• Increasing employees' working satisfaction</li> <li>• Expanding employees' existence knowledge</li> </ul>	P1	Employees' satisfaction level	100%
	P2	Percentage of employees' participation on training	100%

## Result and Discussion

### Result and Discussion

In the implementation process of this practical work, writer has planned external design of KPI that is going to be applied to Lawet Coffee. Process of formulating KPI started from observation stage, agreement of practical work in partner's business stage, performed interview by the writer stage and regarding faced problem by partner and implementation stage.

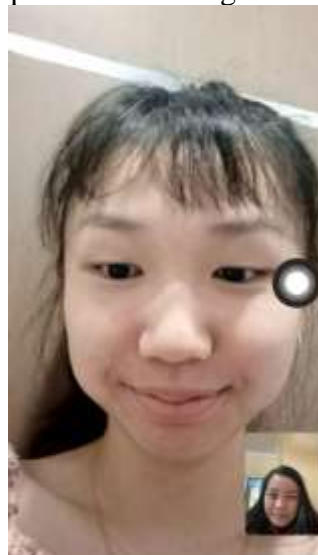


Image 1: Project Activities

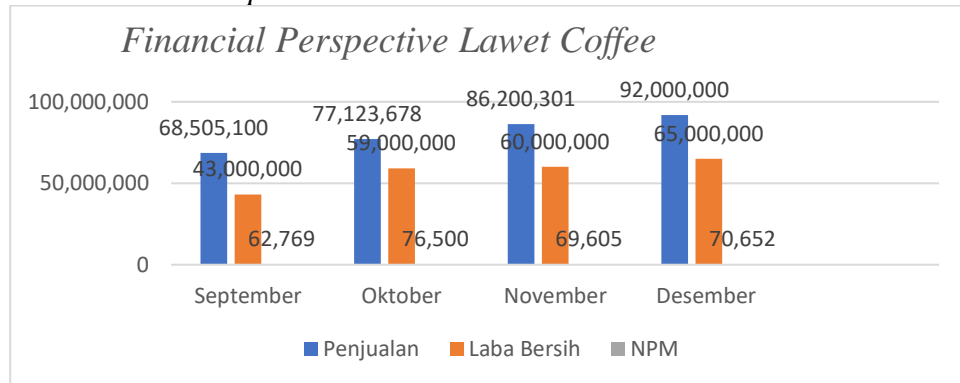


Image 2: Implementation of KPI to Lawet Coffee

KPI presentation on Lawet Coffee is a focus point to achieve selling targets that has been set and also as an employee's performance measurement which is effective and efficient. The condition of Lawet Coffee after implementation, partner's business experienced changes regarding the KPI formula. The formulated KPI is really helpful for partner to recruit and evaluate those employees effectively.

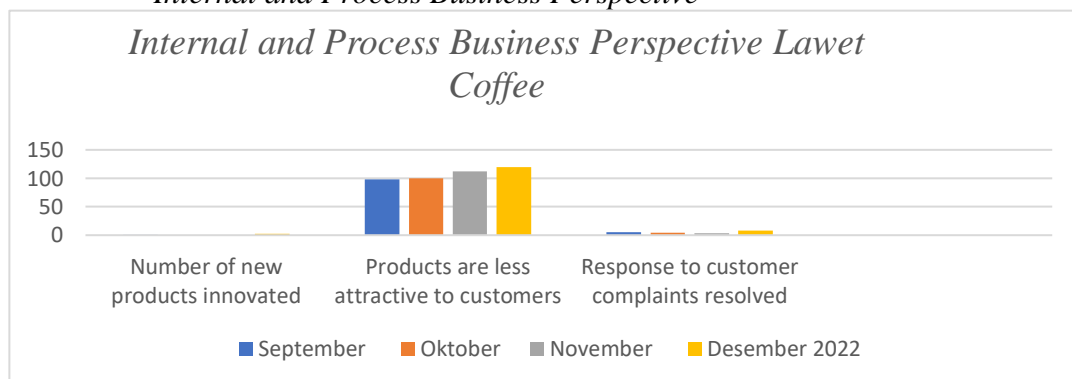
Partner uses KPI in terms of sales which resulting the monthly target sales are higher than previous month. Result of KPI application and implementation that has done by the owner from month of September – November 2022 as follows:

- *Financial Perspective*



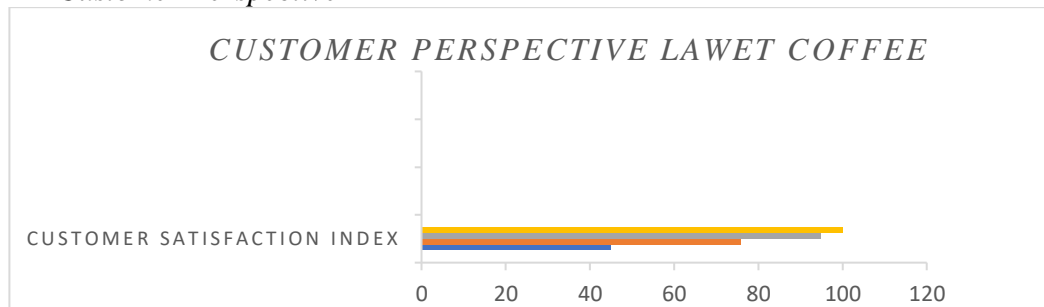
From this *Financial Perspective* graphic, Lawet Coffee in September has selling point of 68,505,100. The net profit that has been received 43,000,000 and NPM is 62,769. As for selling point in October is 77,123,678, whereas the received net profit is 59,000,000 and the NPM is 69,605. For the financial perspective in November has selling point of 86,200,301, the received net profit is 60,000,000 and the NPM is 69,605. For the last month which is December has experiences increases on the selling point of 92,000,000, while the received net profit is 65,000,000 and the NPM is 70,652.

- *Internal and Process Business Perspective*



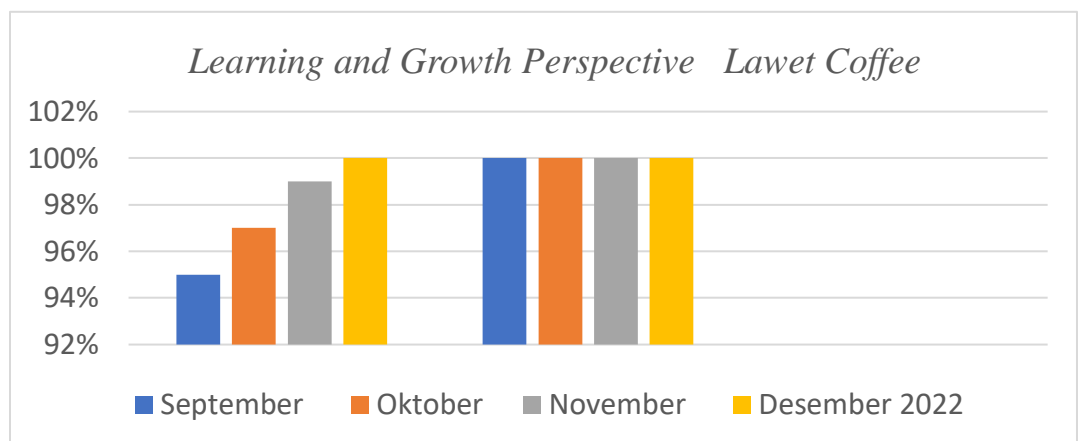
In September the number of new products innovations is 1 product, the uninterested products by customers reached 98 and received 5 complaints in total from the customers. As for month of October and November there is no innovation of new products. For the products that is interested by the customers and received customers' complaints from October increased by 8%

- *Customer Perspective*



For this Customer Perspective, the level of customer satisfaction in September was 45 customers, in October it reached 76 customers while in November it reached 95 customers and in December it reached 100 customers.

- *Learning and Growth Perspective*



From this graphic shows that in September, the satisfaction level of employees has reached 95%, in October has reached 97% while in November has reached 99% and in December the satisfaction level has reached 100%. For the participation of employees' training in month September until December has reached 100% in the last 4 months of 2022 year.

**Conclusions**

Lawet Coffee is a business that engaged in the field of culinary which located in Nusantara Road, Tanjung Balai Karimun. Lawet Coffee has been around for 15 years and have 12 employees. However, there are a few problems occurred in this business which are does not do any evaluation on employees' performances that caused the café could not achieve desired sales target which will endanger the company. One of the plan and implementation for company to measuring its performance is formulate Key Performance Indicator with Balanced Scorecard method. Implementation method that is done is the observation stage, agreement of practical work in partner's business stage, performed interview by the writer stage and regarding faced problem by partner and implementation stage. Results and outcomes are internal and external analysis through SWOT analysis, results of strategy mapping and combination results of SWOT analysis which is formation of

KPI. Based on the obtained results and summary, a few suggestions have been recommended by the writers for Lawet Coffee as follows:

The design results obtained; the writer can only be a baseline for Lawet Coffee to apply performance measurement with Balance scorecard method. With strategy mapping and performance design, all parties that related to Lawet Coffee have to make short-term targets and long-term targets which will improve Lawet Coffee as good quality with new innovation that will bring to consumer and improving employees' performances.

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