

## CREATING NEW STRATEGY FOR BUSINESS SUSTAINABILITY THROUGH BUSINESS MODEL CANVAS ( BMC ) EVALUATION IN PAPER MANUFACTURING

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**Abstract:** In addition to increasingly fierce global competition, the company is also faced with existing products that have entered the declining phase, newsprint and HVS Recycled paper so that the company must create new branding, new marketing for packaging paper and implement new strategies so that the company's revenue does not decline, but can be improved, both in terms of revenue and profit, and reduce operating costs. The analysis is carried out on each element of the Business Model Canvas, namely Customer Segments, Channels, Customer Relationships, Value Propositions, Revenue Streams, Key Resources, Key Activities, Key Partnerships, and Cost Structure. In the manufacturing industry, the hardest challenge is at the back stage, where companies are required to operate excellence in order to achieve cost efficiency and increase company profits. This research was conducted for six months starting from Januari 2021 to June 2021. In this study, the informant were 5 employees, consisting of 1 General Manager and 4 managers (production manager, purchasing manager, marketing manager and QC manager ). The data analysis technique used is descriptive analysis (Creswell,2014). Data testing in this study was carried out using the data triangulation method. This research was conducted at PT. Adiprima Suraprinta which is engaged in paper manufacturing with the aim of creating new strategies that are useful for business sustainability through Business Model Canvas (BMC) evaluation can be applied immediately.

**Keywords:** *Sustainability, BMC, Strategy, Paper Manufacturing.*

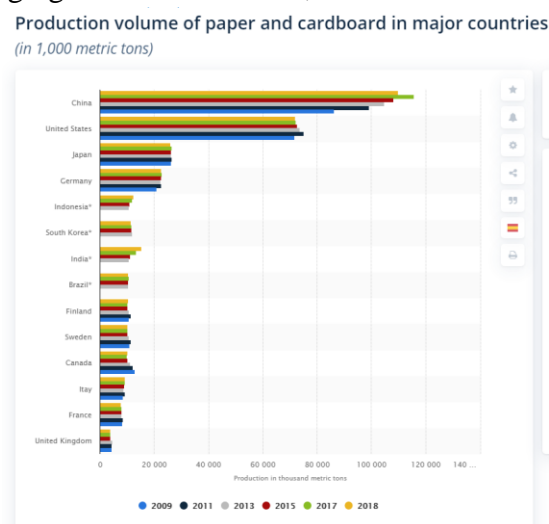
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### 1. Introduction

Almost all industrial sectors in Indonesia are currently experiencing big challenges, especially with the fast development of industrial sectors in China. The production costs are very cheap and the capacity is very big, enable China to make a very competitive offer, and making the business competition become so tight. In the paper manufacturing industry, too, China is very bold in offering the highest price while purchasing the recycled raw materials, but on the other hand, the selling price of finished goods is very competitive or cheaper than the offer price from the paper industry of other countries, especially from Indonesia. To be able to survive in a very tight industrial competition, a strategy is needed to be able to win the competition. The strategy is made to be able to achieve the company's vision and mission. With a good strategy , the company can optimize Competitive Advantage (Wheelen & Hunger, 2018). All industries during the disruptive era need to design a lean organization

with the Lean Startup concept so that they can optimize existing resources to win the competition (Reis, 2011). All of these concepts can be made into a model to be able to optimize resources both in Frontstage in the marketing section or in the Backstage section in operations (Harianto, 2018). As seen in figure 1, the total production of paper and cardboard China occupies the first position, then the second position is the USA and the third is Japan. Indonesia still has a chance because it is still in the top 15 for paper production in the world.

Figure 1  
Pulp, Paper and Packaging in the next decade, Transformational change, August 2019.



Source : McKinsey & Company, Peter Berg

All industries must really think about the sustainability of their business, especially for paper manufacturing companies considering the very heavy working capital. Referring to Arie de Geus (De Geus, 1997), a long-lived company has four characteristics: having the ability to learn continuously, being solid and cohesive because it has a strong identity, being tolerant and open to innovation, and implementing rational investment management. To be able to maintain the sustainability of an industry, a competitive strategy is needed so that it can create and improve performance (Porter, 1985). A reliable strategy can create a competitive advantage that can win the competition in a business (Gunther R., (2013).

Most companies in the past didn't have good indicators that could predict the company's long-term sustainability. They prioritize measurement from financial performance or most easily by monitoring the growth of physical assets, where all of these information can not provide clues or directions for actions or strategy that must be decided in the present and in the future. The concept of "sustainability business" is a concept that shows the success of a company to exist and have strong competitiveness and its operation can continue in an indefinite period of time. Therefore, it's considered very necessary for the company to review its competitiveness and the picture of the current business model, and a new strategy is needed to deal with global challenges and changes in business models. Changes in company's strategy will be more easier to determine through the evaluation of Business Model Canvas (BMC). So that with the Business Model it is easy to determine long-term strategies and tactics to be executed (Casadeus, 2010).

PT. Adiprima Suraprinta is a paper manufacturing industry based on recycle paper as the raw materials. Most of the finished products are fine papers, and the company started to diversify the end products to industrial paper. The demand for fine papers started to decline drastically since the internet began to boom, social media has become trending, so that the printed media is experiencing a very difficult time. This also affects the company's business. Therefore, the company is required to analyse the current business model and make changes in strategy for business sustainability in the future through the evaluation of Business Model Canvas ( BMC ).

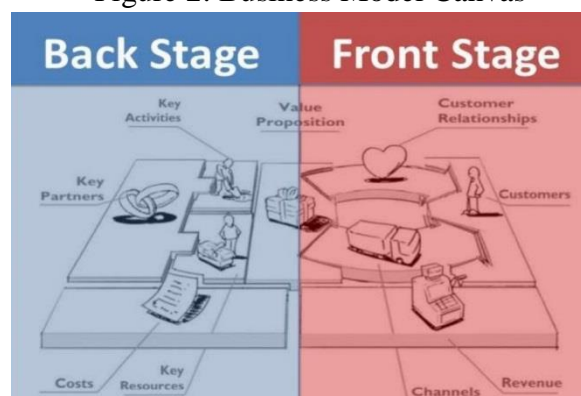
## 2. Literature Review

A business model is a method of doing business so that a company can generate revenue to maintain its business existence (Teece, J. D. ,2010). A good business model remains essential to every successful company, whether it's a start up or established company. A good business model can improve company performance by bringing up new innovations (Magretta, J., 2010). The definition of business model can be divided into three categories : business model as a method business model seen from the elements and business model as a business strategy. Creating a business model is more like writing a story, but to get a better understanding and clear picture on the business model, we might use a tool developed by Osterwalder and Pigneur (Osterwalder, 2012), called Business Model Canvas ( BMC ). A business model describes the rationale for how an organization creates, delivers and captures the value. BMC can help all the organization's members visually understand the elements of a business model and the potential interconnections and impacts on value creation.

When clearly understood, an organization's business model can provide insight into the alignment of high level strategies and underlying actions in an organization, which in turn supports strategic competitiveness ( Casadesus, 2010 ). The purpose of the BMC eventually is for mapping, planning and improving the current business model by finding and implementing new strategy business which is more sustainability - oriented. Concept of authors Alexander Osterwalder and Yves Pigneur, called Canvas, defines business model using nine interconnected components: customer segments, customer relationships, distribution channels, value proposition, key resources, key activities, partners, cost structure and revenue streams. Canvas is a powerful visualization tool that clearly shows all the components and their interconnections.

We might split the canvas into 2 stages : front and back stage, where front stage is focus on the customers and back stage is focus more on the business process, as shown in figure 2

Figure 2: Business Model Canvas



Source : Business Model Generation Book

**1) Value Proposition**

Value proposition is the reason why customers choose our products or services. In other words, value proposition is also the value that we promise to deliver to our customers. Some elements that might contribute to value proposition creation :

**a. Newness**

Product or service that satisfy an entirely new set of needs, in which the customers previously didn't perceive because there was no similar offering. This is often happened in the technology related business, such as cell phone.

**b. Performance**

The product or service being offered can improve customer performance to be more efficient / more effective.

**c. Customization**

Customized product or service to meet the specific needs from individual customer.

**d. Getting the job done**

The product or service being offered can simply help the customer to get the job done.

**e. Design**

The product or service offer more artistic value than functional value.

**f. Brand**

A high class brand gives social status to its buyers.

**g. Price**

Offering a competitive price or affordable price according to its customer segments.

**h. Cost Reduction**

Helping customers to reduce their cost ( to be more efficient ).

**i. Risk reduction**

Reducing the risk that may incur when purchasing the product or service. Ex : purchasewith guarantee.

**j. Accessibility**

Making product or service available to customers who previously lacked access to them.

**k. Convenience / Usability**

Making things more convenient or easier to use. Ex : Walkman to Ipod.

From the 11 possible value proposition, we need to see 3 values that really represent our organization.

**2) Customer Segments**

Customers comprise the heart of any business model. Without ( profitable ) customers, nocompany can survive for long. A company may define one or several small or large customer segments. There are different types of customer segments, asf :

**a. Mass Market**

One large group of customers with broadly similar needs and problems. Ex : consumerelectronic sector

**b. Niche Market**

Market segment with has specific, specialized customer segments. Ex : car part manufacturers depend heavily on purchases from automobile manufacturers.

**c. Segmented Market**

Market segment with slightly different needs and problems but still in the similar category. Ex : watch industry, the medical industry.

d. Diversified Market

An organization with a diversified customer business model serves two unrelated customer segments with very different needs and problems . Ex : Amazon, tokopedia.

e. Multi sided platform / multi sided market

Multi sided market means the company serves two or more interdependent customer segments. Ex : credit cards company needs a large number of credit card holders and also merchants who accept the credit card.

3) Channels

Describes how a company communicates and reaches its customer segment in order to deliver its Value Proposition. A company can choose between direct channel (own channel) or indirect channel ( partner channel ) to reach its customers. Channels have five distinct phases and each channel can cover some or all of the phases.

a. Awareness

The initial step to inform customer and increase awareness of our product or service.

b. Evaluation

Helping customers to evaluate our value proposition.

c. Purchase

Customer's purchasing methods

d. Delivery

the way we deliver our value proposition to our customers.

e. After sales

Customer service / support after sales.

4) Customer Relationships

A company should clarify the type of customer relationship it wants to establish with each customer segment. Customer relationships may be driven by some motivations such as : customer acquisition, customer retention or boosting sales ( upselling ). Several categories of customer relationships that might establish with a particular customer segments :

a. Transactional

A relationship ended when the transaction is completed.

b. Long Term

There is a membership or a subscription so that the relationship is considered long term.

c. Personal Assistance

One sales representative can serve / assist more than one customer.

d. Dedicated Personal Assistance

One sales representative specifically dedicated for an individual client / customer. It represents the deepest and most intimate type of relationship and normally develops over a long period.

e. Self Service

In this relationship, a company maintains no direct relationship with customers or in other words, customers can assist themselves.

f. Automated Service

A more sophisticated form of customer self-service which can recognize individual customers and their characteristics and offer information related to orders / transactions.

g. Communities

In order to be more involved with customers, many companies are utilizing user communities. It can facilitate connection between community members, exchange knowledge and solve each other's problems. It also can help companies better understand their customers.

h. Co – Creation

Company provide a place where all customers can write reviews and ideas.

5) Revenue Streams

It's about how the company generates its revenue streams. And there are some ways suchas :

- a. Asset sale
- b. Usage Fee
- c. Subscription Fees
- d. Lending / Renting / Leasing
- e. Licensing
- f. Brokerage Fee
- g. Advertising

Each Revenue stream might have different pricing mechanisms. The type of pricing mechanism chosen can make a big difference in terms of revenues generated. There are two main types of pricing mechanism :

Fixed and Dynamic pricing ( as shown in figure 3). Fixed pricing is predefined prices that based on static variables. Meanwhile the dynamicpricing is changing price based on market conditions.

Figure 3 : Business Model Canvas

| Pricing Mechanisms  |   |   |   |
|---|---|---|---|
| Fixed Menu Pricing<br>Predefined prices are based on static variables |   | Dynamic Pricing<br>Prices change based on market conditions |   |
| List price  | Fixed prices for individual products, services, or other Value Propositions | Negotiation (bargaining)                                    | Price negotiated between two or more partners depending on negotiation power and/or negotiation skills                        |
| Product feature dependent   | Price depends on the number or quality of Value Proposition features        | Yield management  | Price depends on inventory and time of purchase (normally used for perishable resources such as hotel rooms or airline seats) |
| Customer segment dependent  | Price depends on the type and characteristic of a Customer Segment          | Real-time-market  | Price is established dynamically based on supply and demand   |
| Volume dependent  | Price as a function of the quantity purchased                               | Auctions  | Price determined by outcome of competitive bidding  |

Source : Business Model Generation pg. 33 , Alexander Osterwalder & Yves Pigneur



6) Key Resources

Every business model requires key resources to allow the enterprise operating, creating and offering the value proposition to the customers. Different key resources are needed depending on the type of business model. Key resources can be physical, financial, intellectual or human. Key resources can be owned or leased by the company or acquired from key partners.

7) Key Activities

The key activities describe the most important things a company must do to make its business model works. Like key resources, key activities also differ depending on the type of business model. Key activities can be categorized as the following activities but can also mix :

a. Production

Production activities dominate the business models of manufacturing firms.

b. Problem solving

Key activities of this type relate to coming up with new solutions to individual customer problems, and widely seen in consultancies, hospitals and other service organizations.

c. Platform / Network

Key activities in this category relate to platform management, service provisioning and platform promotion.

8) Key Partnerships

The key partnerships describe the network of suppliers and partners that make the business model works.

There are four different types of partnerships :

a. Strategic Alliances between non – competitors

b. Coopetition : strategic partnerships between competitors.

c. Joint ventures to develop new businesses.

d. Buyer – supplier relationships to assure reliable supplies.

Companies create alliances in order to :

a. Optimize their business models ( economy of scale )

It's illogical for a company to own all resources or perform every activity by itself. Optimization and economy of scale partnerships are usually formed to reduce costs, and often involve outsourcing or sharing infrastructure.

b. Reduction of risk and uncertainty.

Partnership can help reduce risk in a competitive environment characterized by uncertainty.

c. Acquisition of particular resources and activities.

Some companies rely on other companies to furnish particular resources or perform certain activities. Such partnerships can be motivated by needs to acquire knowledge, licenses or access to customers.

9) Cost Structure

The cost structure describes all cost incurred to operate a business model. There are two broad classes of business model cost structures : Cost-driven and value-driven.

a. Cost-driven

Focus on minimizing cost wherever possible ( focus on cost efficiency ).

b. Value – driven

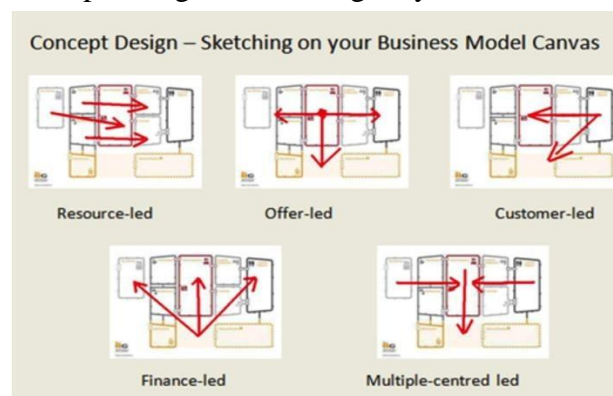
Some companies are less concerned with the cost implications of a particular businessmodel design and instead focus on value creation.

Cost structures can have the following characteristics :

- a. Fixed cost  
Costs that remain the same despite the volume of goods or services produced, such as salary, rents and physical manufacturing facilities.
- b. Variable cost  
Costs that vary proportionally with the volume of goods or services produced.
- c. Economies of scale  
Bigger output will bring down the average cost per unit produced.
- d. Economies of Scope  
Cost advantages that a business enjoy due to larger scope of operations (big capacity).

To start filling the initial block on the BMC can be done in several ways depending on business needs. It can start from offers or trends in the market (offer-led), the resources we have in business (resources-led), existing and familiar consumers (customer-led), capital/funds owned by the company (finance-led) and from some of the strengths we have from the existing nine blocks (multiple centred-led).

Figure 4: Concept Design – Sketching on your Business Model Canvas

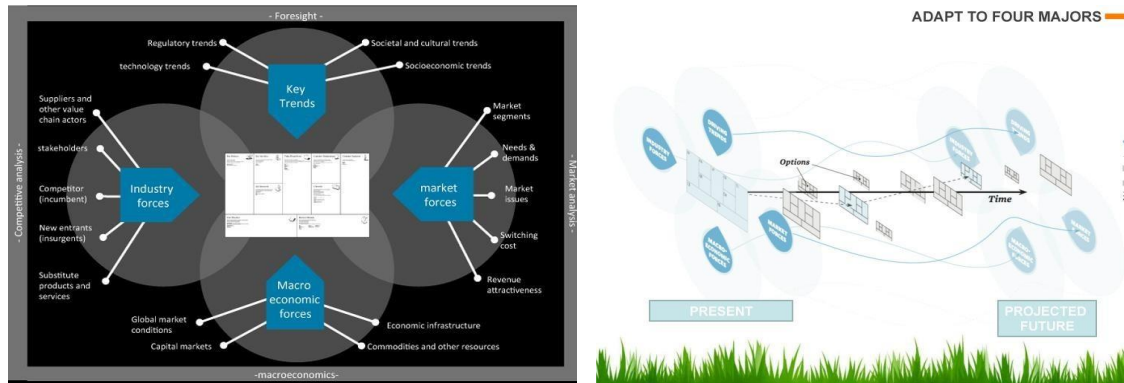


Source : Business Model Generation

There are 4 external factors that influence Business Model Canvas : Key Trend (regulatory trends, technology trends, societal and cultural trends, socioeconomic trends), Market Forces (market segments, needs & demand, market issues, switching cost, revenue attractiveness), Industry Forces (supplier and other values chain actors, stakeholder, competitor incumbent, new entrants, substitute products and services), Macro Economic Forces (global market condition, capital market, economic infrastructure, commodities and other resources). Therefore, with the dynamic changing in business climate that caused by external factors, it is necessary for the company to evaluate BMC from time to time to be able to create new models that are in accordance with the latest conditions in the industry.



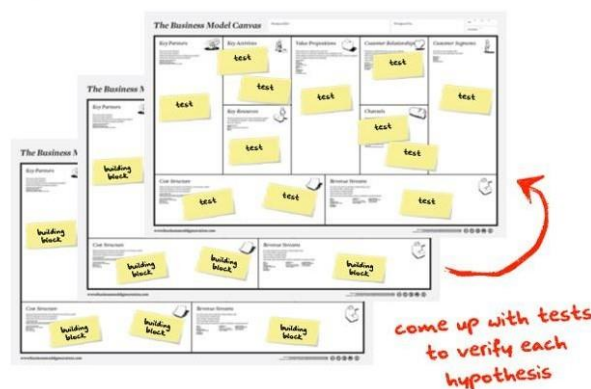
Figure 5: Adapt to Four Majors



Source : Business Model Generation

Every designed Business Model must be tested for validation in order to minimize the risk in making changes or adaptations of each model. Tests are needed to ensure that the hypotheses we made are in accordance with the realities in the current business world. To achieve good test accuracy, databases need to be taken from several trusted sources. And to be able to strengthen the hypothesis that we have made, the data can be either in the form of primary data or secondary data. After doing a new test, we proceed to the next stage by making a prototype to be tested and then, we get information, data and learning from the adaptation of the model from the previous BMC. This is in accordance with the lean start-up concept to validate each model with accurate data to minimize risk (Ries,201).

test layer Figure 6: Test Layer



Source : Business Model Generation

### 3. Research Method

#### Type of Research

The type of research used is descriptive qualitative, where the researcher here tries to collect data, evaluate, analyse critically and conclude based on the facts.

#### Source Of data :

In this study, the data sources used two data sources, namely primary data sources and secondary data sources. Primary data comes from observations and interviews with informants to obtain the required data and information (Sarwono, 2006). Secondary data is data after primary data because the information and data needed are difficult to find (Bungin,

2008). Primary data in this study is internal staff and secondary data obtained from consumers and suppliers.

**Research Subjects and Objects :**

In this study, the research subjects were 5 employees, consisting of 1 General Manager and 4 managers ( production manager, purchasing manager, marketing manager and QC manager ) along with customers and suppliers of PT. Adiprima Suraprinta. And the object of the research is a paper mill, PT. Adiprima Suraprinta. The researcher is the key instrument and data was collected from January 2021 to June 2021.

**Data Collection and Data Analysis Techniques :**

Data collection techniques in this study were carried out through interviews, documentation of data and library studies on journals and books which were then evaluated and analysed by researcher. Referring to (Creswell , 2014 ), the data analysis technique used is descriptive analysis, namely by describing the nine elements of the business model canvas which are then re-evaluated to determine new business strategies for facing the challenges that exist today. The method to be able to choose the right informants in this study is a non-probability sampling technique, which is a technique to select informants by not providing equal opportunities to each member of the population who is determined to be an informant (Sugiyono, 2011).

They are selected using a purposive technique, which is selected on the basis of having a deep understanding of the company. The data analysis used went through the following stages: identifying all information and data obtained from primary and secondary sources, filtering data, determining categories, checking data validation and providing understanding of the data (Moleong, 2011).

**Data Testing :**

Data testing is done by data triangulation method. Data triangulation was carried out after the research phase had been formulated and concluded with various findings. All existing findings will be reviewed with relevant theories and in one scientific family. This comparison is needed to be able to find links in existing findings and theories (Putra, 2013).

## **4. Result and Discussion**

### **4.1 Result**

In this part, there will be an explanation on the implementation of the nine elements in BusinessModel Canvas at PT. Adiprima Suraprinta.

#### **1. Value Propositions**

To be able to survive in the paper business, it's crucial for company to be able to determine and maintain its value proposition. Because value proposition is considered a promise that we will deliver to customers. The 3 value propositions of the company that must be maintained are as follow :

a. Cost Reduction

Recycled raw materials have been proven to provide an opportunity for the customers to be able to reduce production costs compared to having to use paper made from virgin pulp.

b. Customization

With a small capacity, company is more flexible in serving customers needs, both in terms of paper grade and minimum order quantity.

c. Brand

The company is known as paper manufacturer using recycled raw materials with a good reputation.

## **2. Customer Segments**

The customers of the company is segmented, all industries that need recycled paper for their raw materials. And from the customer company's scale and type of customers, the company mostly serve Business to Business (B2B), i.e publishing company, printing company, note book manufacturer , converting etc.

## **3. Customer Relationships**

The company understand that it's important to clarify the type of customer relationship it wants to establish with each customer segment. In this case, refer to the interview with the manager, company maintain a good customer relationship in order to get customer acquisition, customer retention, boosting sales ( upselling ) and even create new product according to customer's needs.

The company distinguishes its sales person based on the type of paper sold and one sales person can serve more than one customer. So, based on the categories that mentioned on Business Model Generation, company is adapted Personal Assistance to establish and maintain the relationship with customers. Besides, when company is going to create a new product, it usually use the Co – Creation way to gather ideas, information from the customers so that the new product creation will be more suitable with customer's needs.

## **4. Channels**

Describes how a company communicates and reaches its customer segment in order to deliver its Value Proposition. A company can choose between direct channel (own channel), indirect channel (partner channel) or mix both to reach its customers. Adiprima adapt both combination between direct and indirect channel in order to get the business done.

Direct channels mean that the company sell directly to the customers. company has its own sales forces actively contact with customers through phone call, WA, email or visitation. Indirect Channels mean that the company also sell the products through distributors or agents.

## **5. Revenue Streams**

It's about how the company generates its revenue streams. And in this case, the only way company generates its revenue streams is through asset sale, which is Paper. Each Revenue stream might have different pricing mechanisms. The type of pricing mechanism chosen can make a big difference in terms of revenues generated. In manufacturing, especially in paper industry, the pricing mechanism is pricing dynamics. The industry depends a lot on the external factors such as price of raw materials, currency rate, shipping rates etc, which affect the pricing.

## **6. Key Resources**

Every business model requires key resources. These resources allow a company to generate revenue, growing and be sustainable. Different key resources are needed depending on the type of business model. A paper manufacturer need capital intensive production facilities, high skilled human resources, intellectual resources and strong financial resources. Capital intensive production facilities include all physical assets such as infrastructures for paper machines, supporting production facilities such as waste water treatment, water treatment, solid waste treatment etc. meanwhile in

human resources, it required high skilled persons to fill in the production process, supporting process such as electric, mechanic, research and development team, quality control etc.

Intellectual resources in paper industries such as brand, proprietary knowledge, customer database are the important resources of a strong business model.

Paper industry is not only capital intensive, but also need strong financial resources. Raw materials are the biggest component in the cost structure and it needs big financial resources. This is why financial resource is also an important resource to prepare.

## **7. Key Activities**

Each business model has a number of key activities in order to deliver value proposition to customer, generate revenue and keep growing. In a paper industries, the key activities can be categorized as :

### **a. Operational**

marketing, procurement, finance, warehouse, quality control, research and development, human resources department, IT, production, waste treatment department, mechanic and electric department.

### **b. Platform / network**

Networking is also an important activity in a paper industry because it needs support from others as well. Good relationship with customers, suppliers, financing company (banking), government related parties and paper associations will bring a substantial value to the company.

## **8. Key Partnerships**

Companies create alliances through partnerships in order to optimize their business models, reduce risk and acquire resources.

In this company, the key partnership is only buyer – supplier relationship, but in some bigger mills, they might have their own particular resources such as pulp manufacturer.

It's important to keep a good partnerships with the suppliers in order to optimize the allocation of resources and activities. And in paper industry, it's really important to have a good partnerships especially with waste paper suppliers. Waste paper is not being produced, but it's being collected. If the supplier is not reliable, the supply of waste paper may come out with high contaminants which is a big loss for the paper industry. Other than waste paper suppliers, paper industry also must have a good partnerships with all suppliers (chemicals, supporting materials, spare parts) and with all related parties (banks, legal support, solid waste treatment, distributor and government related parties).

## **9. Cost Structure**

All the most important costs that incurred during the operational of the business model. In a paper industry, the cost structure model mostly are cost driven model. This model focus on cost minimizing / cost efficiency wherever possible. And the cost structure consists of Fixed cost and Variable Cost. Fixed cost includes salary, depreciation, insurance, General and Administration cost. Variable cost includes raw materials, chemicals, supporting materials, energy, fuels, maintenance, waste treatment, and other costs.

Besides, paper industry is more about economy of scale, the higher the capacity is, the lower the fixed cost.

#### **4.2 Discussion**

Some new strategies that the company implemented after this evaluation :

From the back stage : key resources, key partners, key activities and cost structure. ***Improve efficiency across departments so that company can generate more profits.***

it's important to establish a good relationship with all suppliers, especially waste paper suppliers. Waste paper is the main raw materials for the company, and it's collected, not produced. Good and reliable suppliers at least will guarantee the quality of the raw materials they sold and minimize the risk to get materials with high contaminant. The company now is expanding the list of suppliers, and evaluating the quality of the raw materials and services from suppliers. And each supplier can only supply 20% from the total needs for each grade of raw materials. As for chemical suppliers and wearing parts suppliers, the company signs quantity contracts with suppliers so that the company can implement Just In Time inventory. Thus, the company still gets supply certainty and achieves cost efficiency.

- a. it's important to establish a good relationship with all suppliers, especially waste paper suppliers. Waste paper is the main raw materials for the company, and it's collected, not produced. Good and reliable suppliers at least will guarantee the quality of the raw materials they sold and minimize the risk to get materials with high contaminant. The company now is expanding the list of suppliers, and evaluating the quality of the raw materials and services from suppliers. And each supplier can only supply 20% from the total needs for each grade of raw materials. As for chemical suppliers and wearing parts suppliers, the company signs quantity contracts with suppliers so that the company can implement Just In Time inventory. Thus, the company still gets supply certainty and achieves cost efficiency.
- b. RND department has to find at least 3 cost efficiency either in process or chemical usage in a month, and keep monitoring the progress.
- c. In several departments that are not the core of the operational process, HRD replaces permanent employees to outsourcing companies, such as Security, Cleaning and other non-core areas such as mechanical service. The company is also implementing a contract service with suppliers with target to lower spare parts inventory and beside the service quality is much better than the service done by internal.
- d. The importance of skilled persons in the paper industry, therefore, an annual training plan has been drawn up, especially for employee regeneration, preparing them both in terms of technical skills, leadership and management skills.
- e. Go Green Paper Industry is a demand and a plus for the company. Various certifications can also be an added value for the company in the eyes of customers.

From the Front Stage : Customer relationships, channels, customer segments and revenue streams ***Market Penetration, Customer retention, Customer Recovery program.***

- a. Market penetration for both old and new products. New products are researched together with customers to get products that suit customer needs and answer customer pain. Discussions, visitations and product trials will help accelerate the release of new products. As for existing products, especially for packaging paper, the company has started to build its branding because so far it is more widely known as a newsprint paper manufacturer, and not as a packaging paper manufacturer.
- b. In order to increase customer loyalty or customer retention, the company offers quantity contracts to several large customers with attractive offers such as: cash rebate if customer can complete the number of contracts per year which will be reimbursed in the following year, and also another plus is the price bond for 3-6 month as agreed with the customer. The company's customers, who are mostly B2B, prefer this method because of the stability of raw material prices for them.
- c. Customer recovery, whether it's because of the price factor or quality issue. Together with the QC team held a customer recovery program, which targets resolving issues



that arise and getting customer orders back.

In addition to those mentioned above, in order to increase work efficiency within the company's internal, the company will also create a "communication board" where later the level from supervisor up is required to log in at least twice a day to monitor cross department operations within the company. It is hoped that with this communication board, response time can be improved, especially regarding customer satisfaction such as resolving complaints or claims from customers. In order to increase the sustainability of a company, with the implementation of the Business Model Canvas in a business, it will be easier to create and design a strategy within the company. This is in line with research (Kurniasari R., Kartikasari D., 2018; Krisnawan KA, 2018; Solihah E. , Hubies AV, Maulana A., 2014; Varianto V. 2017).

## **5. Conclusion**

Business models describe, as a system, how the pieces of a business fit together. A good business model yields value propositions that are compelling to customers, achieves advantageous cost and risk structures, and enables significant value capture by the business that generates and delivers products and services. (Slávik Štefan, Bednár Richard ,2014).

A competitive strategy explains how a company will do better than the rivals. And doing better means being different, having something that no other business has. Strategy analysis is thus an essential step in designing a competitively sustainable business model. Magretta, J. (2010).

Paper industry is a mature industry. Some main strategies that mature industries must considered in the midst of global competition are to manage price signalling, price leadership, non price competition and / or capacity control. In a mature industry, in order to protect its source and competitive advantage, it's important that the industry itself has to develop its supply and distribution strategy. And due to intense competition among mature industries, the nature of the industry is shaped by the dominant company. In the case of paper mills in Indonesia, the dominant companies are referred to big capacity companies such as Sinar Mas Group , Fajar Surya Wisesa. If one company changes its strategy, other companies, especially those in the same strategic group, will react by changing their strategy as well. Thus, the company's strategy becomes very interdependent. The main issue that mature industries facing is how to protect their competitive advantages and at the same time maintain the profits.

In manufacturing industries, the stage that is more difficult and important to observe is the back stage, especially key resources, key partners and key activities which will later be able to form a value proposition, where the products produced are in accordance with the market and market expectations. Some of the findings from previous evaluation studies of BMC are finding an innovative value proposition with consumer needs, strategies to increase revenue at the BMC frontstage (Channel, Customer Segment, Customer Relationship, Revenue Stream) and Lowering operational costs in the BMC backstage section ( Key Resources, Key Activities, Key Partnerships, Cost Structure). BMC really needs to always be evaluated to be able to meet consumer needs especially in the disruptive era. With the lean startup concept, in order to achieve a sustainable company, it is necessary to be able to look for problems - solution fit, product - market fit and safety fit so that every product produced by the company can be in accordance with what consumers want ( Ries, 2011; Harianto, 2018)



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