

ABSTRACT

A STUDY ON PRODUCTIVE BUSINESS ALTERNATIVE DEVELOPMENT OF PUBLIC TAPIOCA POWDER INDUSTRY (ITTARA) IN EAST LAMPUNG DISTRICT

By

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The public tapioca industry (ITTARA) is an agroindustry business which processes cassava into tapioca in small scale or village scale. Along its development, the majority members of ITTARA were not able to operate any longer because of some problems, such as *on farm* and *off farm* sub-system problem (sub-system of processing and marketing). The objective of this research was to obtain potential strategy concept for ITTARA to be able to develop and to gain economical profit especially in East Lampung.

In this research, SWOT analysis has been conducted on current condition of ITTARA and some alternatives of business improvements for ITTARA were resulted such as diversifying final products, conducting additional business, utilization of by product, improving technology used, and improving production cost efficiency. This analysis was then followed by AHP method to get the best alternative. The selected alternatives were then analyzed by feasibility test including market analysis, technical and technology analysis, and financial analysis.

The results showed that a two times milling tapioca production was the most potential selected business type to be developed for increasing ITTARA entrepreneur's income. The feasibility supporting factors of this selected business were very high domestic tapioca demand and simple technology needed with efficient result.

Based on feasibility study, the two times milling tapioca production met all business feasibility criteria: positive NPV value (Rp. 1,830,907,496), 1.51 year payback period (smaller than economic business period of 10 years), IRR (51.05%) that bigger than discount factor (12.5%), and B/C ratio value (1.14) that bigger than 1. A two times milling tapioca production also produced higher additional value (Rp. 283.750 /kg) than those of one milling tapioca production (Rp. 251.413 /kg).

Keywords : ITTARA, two times milling tapioca production, additional value, business feasibility