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CVP (Cost-Volume-Profit) Analysis Profit Planing in UMKM Rosma Bakery

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Abstract

Rosma Bakery is an enterprise or business (UMKM) that produces wet bread products in the Blitar Regency area. So far, the financial reports for UMKM Rosma Bakery have not provided clear financial report details. Apart from that, Rosma Bakery has never implemented profit planning in its business. The method for recording financial reports still uses a simple system, namely simply recording expenditure costs used for production. Therefore, researchers are interested in discussing this topic. Rosma Bakery is a company that produces food products whose main ingredients are flour and chicken egs, the processing process involves an oven. Apart from bread, there are many other examples of types of bread, for example cakes, rolls, sweet bread and cookies. In everyday life, Rosma Bakery products are often found and consumed around the city of Blitar. The situation in the January – June 2023 period is estimated to be better than the July 2022 – December 2023 period, or it is estimated that future sales will be able to increase by 35% or Rp. 95,568,000 equivaleent to sales of 7,964 more boxes than the next period, MSME Rosma Bakery must generate sales of Rp. 438,048,000 or the equivalent of real sales of 36,504 boxes over the next 6 months.

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Introduction

The development of the business world in Indonesia is very rapid, as evidenced by the large number of entrepreneurs who want to build or develop a business. The development of the industrial world has given rise to tight

competition between companies or industries to develop and progress while continuing to maintain the quality and quantity of their products. With the aim of encouraging the people's economy, small and medium enterprises (MSMEs) have become one of the industries that compete in producing products and making profits. Small and medium enterprises (MSMEs) are one of the industries that compete in producing products and making profits with the aim of improving the people's economy. (Riza et al., 2022). If we have a company, we must be able to manage everything carefully because the goal of a business is to obtain the largest possible profit. As entrepreneurs, we must be able to manage everything carefully. because the goal of a business is to obtain as large a profit as possible. This process begins with planning, organizing, controlling and evaluating, one of the components that is very important in achieving goals. The company is planning. Planning will directly influence the success and smoothness of management in achieving its goals so that it can produce optimal profits in accordance with the desired targets.

Costs, sales volume, and selling price are all factors related to a company's profit planning. One analytical tool that can be linked to changes in these three variables simultaneously is called cost-volume-profit (CVP) analysis. Cost Volume Profit (CVP) emphasizes the relationship between costs, sales and prices so that it includes all the company's financial information. Cost Volume Profit Analysis is the most important component of profit planning, because this tool is very necessary to help managers make profit plans and create company sales budgets correctly. Therefore, planning and decision making regarding profits must be carried out as optimally as possible. The amount of profit generated varies during each period, which encourages the author to analyze how much maximum profit MSMEs can obtain during the following period. CVP analysis will produce a break-even point or what is commonly known as BEP (Break Even Point), Margin Off Safety (MOS) value, Operating Leverage value, Shut Down Point (business closing point), and Contribution Margin value. One of the important elements of CVP is the break-even point. By using break-even analysis, companies can find out how much sales they have to make to avoid losses. (Amalia Yunia Rahmawati, 2020).

Rosma bakery is one of the businesses (UMKM) that produces wet cakes in Blitar Regency. So far, the financial reports on. MSME Rosma Bakery still does not use clear details. Apart from that, Rosma Bakery has never used profit planning in its business. The financial recording method is simple, only recording the costs of production materials and profits from sales, without comparing them with previously determined costs, thus encouraging the author to observe the differences in the method used by the Rosma Bakery Blitar wet cake ocialk with the CVP method in this attempt to calculate profits in next period.

Research purposes

Calculate the sales volume needed for MSME Rosma Bakery to reach the Break Event Point from January to June 2023. Know the calculations, size of the Margin of Safety, Contribution Margin, and the maximum profit for MSME Rosma Bakery for the period January - June 2023.Contains background to the problem, research motivation, theory, research objectives written in flowing paragraph form

and does not use subtitles and does not use bullets or numbering in the introduction. References are indicated by writing the author's surname/last name and year of publication, without page numbers.

RESEARCH METHODS

This research uses a descriptive approach to describe the condition of the research object and analyze the research results. A quantitative approach is used, which uses numerical data through calculations. The aim of quantitative descriptive research is to provide an overview of relevant figures about recent events. (Liestiana & Novianty, 2021). The basic process of solving problems consists of literature study and field study first. Next, problem formulation and research objectives are determined to find answers to the problem. Finally, the data is collected and processed to produce conclusions and recommendations. This research was conducted at the UMKM Rosma Bakery which is located on Jl. Raya No. 58 Lodoyo, Jl. Cokroaminoto Gg. 1, Kepanjen Lor, Kepanjen Kidul, Blitar, East Java 66117 Indonesia. The following is the formula that will be used during the research:

(Kosanke, 2019)

1. Contribution Margin Analysis

   Bustami and Nurlela (2009:134), Contribution margin has a statistical relationship with cost-volume-profit analysis, because this analysis is related to the break-even point. With a low contribution margin, a high break event point will occur, while a high contribution margin will result in a break. low event points

   Contribution margin (money value) = Sales – Variable Cost

   $$\text{Contribution Margin Ratio} = \frac{\text{Cointributioin margins}}{\text{Sales}} \times 100\%$$

2. Break Even Point Analysis

   Kasmir, (2016:168) Before producing or producing a product or service. Companies usually plan how much profit they want. Determining how much profit they want becomes a top priority. especially for, most companies. Companies must know the break-even point to easily determine the amount of profit. In other words, businesses produce or sell in certain quantities so as not to experience losses or profits

3. Margin Off Safety Analysis

   Siregar, 2013 Margin of Safety, is sales or what is expected to be acceptable above the break-even volume. Apart from that, the margin of safety can also be described as the income earned or the income the company expects or obtains above the break-even volume. According to Bambang, the margin of

safety is a number that directs the distance between planned sales or sales budget and sales.

Margin oif safeity = Total sales – BEP Sales

$$\text{Margin Of Safety Ratio} = \frac{\text{Margin Oif Safeity}}{\text{Toital Sales}} \times 100\ \%$$

4. Operating Leverage Analysis

Sartono (2010:257) Operating Leverage is defined as the use of company funds and funds with fixed costs, or fixed charges. to increase potential shareholder profits

$$\text{Operating Leverage} = \frac{\text{Cointributioni margins}}{\text{Net Profit}}$$

RESULT

Production Equipment

Table 1

Equipment and depreciation data in Rupiah

NOi	Tool's name	Unit price	Number of units	Total price Acquisition	Economic age/ Year	Depreciation / Year	Depreciation/ Month
1.	Mixeir	2.500.000	1	2.500.000	9	277.778	23.148
2.	Oivein	4.000.000	1	4.000.000	10	400.000	33.333
3.	Baking pan	10.000	50	500.000	5	100.000	8.333
4.	Scales	135.000	1	135.000	3	45.000	3.750
5.	Large Container	15.000	5	75.000	4	15.000	1.250
6.	The gas hose	80.000	1	80.000	2	40.000	33.333
7.	Big Dipper	10.000	4	40.000	3	13.333	1.111
8.	Long ruler	30.000	2	60.000	5	12.000	1.000
9.	Margarine Brush	10.000	2	20.000	2	10.000	833

10.	Turntable	60.000	1	60.000	3	20.000	1.667
Total Depreciation/month							**107.758**
Total Depreciation for 6 month							**933.111**

Source: Rosma Bakery 2023 data processed

Table 2 Equipment Cost Data

No.	Item Name	Usage Cost/Month
1.	Plastic ladle	5.000
2.	Cutter Knife	5.000
3.	Napkin	8.000
4.	Spice Spoon	2.000
5.	Soap	20.000
Total costs each month		**40.000**
Total costs for 6 months		**240.000**

Source: Rosma Bakery 2023 data processed

Cost Data

Table 3 Cost Usage Data

No.	Periode	Total Cost
1.	January	20.896.000
2.	February	21.556.0000
3.	March	21.887.000
4.	April	22.235.000
5.	May	23.542.000
6.	June	22.873.000
Total		**112.403.300**

Source: Rosma Bakery 2023 data processed

Table 4
Direct Labor Cost Data

Cost / Month	Monthly Salary	Food Allowance	Toital
January	800.000	1.200.000	2.000.000
February	800.000	1.200.000	2.000.000
March	800.000	1.150.000	1.950.000
April	800.000	1.300.000	2.100.000
May	800.000	1.400.000	2.200.000
June	800.000	1.135.000	1.935.000
Total	**4.800.000**	**7.385.000**	**12.185.000**

Source: Rosma Bakery 2023 data processed

Table 5
Income Data/Month

No.	Periode	Total Cost
1.	January	53.200.000
2.	February	54.700.000
3.	March	55.950.000
4.	April	57.550.000
5.	May	59.580.000
6.	June	61.500.000
	Total	**342.480.000**

Source: Rosma Bakery 2023 data processed Table 6

Cost Classification

Production cost:		
Raw Material Costs		112.403.300
Direct labor costs:		
Monthly Salary Costs	4.800.000	
Meal Costs	7.385.000	12.185.000
Overhead Costs:		
Gas Fees	6.000.000	

Electricity cost	2.000.000	
Telephone Costs	300.000	
Packaging Costs	9.500.000	
Brand Sticker Fees	200.000	
Equipment Costs	240.000	
Galoin Water Cost	325.000	
Building Rental Fees	700.000	
Building Maintenance Costs	100.000	
Equipment Depreciation Costs	933.111	20.298.111
Total Production Costs		**144.886.411**
Non-Production Costs:		
Owner's Salary Costs	35.000.000	
Vehicle Maintenance Costs	250.000	
Office Stationery Costs	50.000	
General Fees	70.000	
Total Non-Production Costs		**35.370.000**
Total Overall Cost		**180.256.411**

Source: Rosma Bakery 2023 data processed

Table 7 Cost Splitting

Cost Type	Fixed Cost	Variable Cost	Total
Production cost			
Raw Material Costs		112.403.300	112.403.300
Direct labor costs:			
Monthly Salary Costs	4.800.000		4.800.000
Meal Costs		7.385.000	7.385.000
Overhead Costs:			
Gas Fees		6.000.000	6.000.000
Electricity cost		2.000.000	2.000.000
Telephone Costs		300.000	300.000
Packaging Costs		9.500.000	9.500.000
Brand Sticker Fees		200.000	200.000

Equipment Costs		240.000	240.000
Gallon Water Cost		325.000	325.000
Building Rental Fees		700.000	700.000
Building Maintenance Costs		100.000	100.000
Equipment Depreciation Costs	933.111		933.111
Non-Production Costs:			
Owner's Salary Costs	35.000.000		35.000.000
Vehicle Maintenance Costs		250.000	250.000
Office Stationery Costs		50.000	50.000
General Fees		70.000	70.000
Total	**40.733.111**	**139.523.300**	**180.256.411**

Source: Rosma Bakery 2023 data processed Analysis Cost Volume Profit

1. Margin Contribution

Tabel 8

Margin Contribution

Sales		**342.480.000**
Variable Costs:		
Raw Material Costs	112.403.300	
Direct labor costs:		
Meal Costs	13.095.000	
Gas and water costs	6.000.000	
Electricity cost	2.000.000	
Telephone Costs	300.000	
Brand Sticker Fees	200.000	
Packaging Costs	9.500.000	
Water Costs	325.000	
Equipment Costs	240.000	
Building Rental Fees	700.000	

Building Maintenance Costs	100.000	
Office Stationery Costs	50.000	
Vehicle Repair Costs	250.000	
General Fees	70.000	
Total Variable Costs		**139.523.300**
Contribution Margin		**202.956.700**
Contribution Margin Ratio		**59,26%**

Based on calculations using the smallest quadrant method, it can be assumed that sales will increase by 35% over the next six months with the following calculations:

Table 9
Contribution Margin assuming sales increase 35%

Information	At the moment	Expected	Change
Sales	342.480.000	438.048.000	95.568.000
Variable Cost	139.523.300	188.356.455	48.833.155
Margin Contribution	**202.956.700**	**249.691.545**	**46.734.845**
Fixed Cost	40.733.111	40.733.111	
Loss Cost	6.788.850		
Operating Profit	**155.434.739**	**208.958.434**	
Ratio Margin Contribution	59,26%		

Source: Rosma Bakery 2023 data processed

2. Break Event Poiint (BEiP)

$$\text{BEP (Rupiah)} = \frac{\text{Fixed Cost}}{\text{Cointributioin margins Ratioi}}$$

$$= \frac{40.733.111}{59,26\%}$$

$$= \frac{68.736.266}{\text{Breiak Eiveint Poiint}}$$

$$\text{BEP (Unit Sales)} = \frac{}{\text{Selling Price}}$$

$$= \frac{68.736.266}{12.000}$$

$$= 5.728 \text{ (Boix)}$$

3. Margin Of safety

$$\text{Margin of safety} = \text{Total sales} - \text{BEP Sales}$$

$$= 342.480.000 - 68.736.266$$

$$= 273.743.734$$

$$\text{Margin Of Safety Ratio} = \frac{\text{Margin Oif Safeity}}{\text{Toital Sales}} \times 100\ \%$$

$$= \frac{273.743.734}{342.480.000} \text{ x } 100\%$$

$$= 79{,}93\%$$

4. Operating Leverage

$$\text{Oipeirating Leiveiragei} = \frac{\text{Cointributioin margins}}{\text{Net Profit}}$$

$$= \frac{202.956.700}{155.434.739} \text{ X } 100\%$$

$$= 1{,}30\%$$

DISCUSSION

Cost Volume Profit (CVP) analysis is an analysis carried out to determine the minimum sales level that must be achieved by the Company so that it does not experience losses. CVP analysis relates to planned costs and sales volumes so as not to experience losses. This CVP analysis aims to provide information regarding the relationship pattern between sales volume, costs and the level of profit that will be obtained at a certain sales level. In a series of CVP analyzes using margin of safety analysis to determine sales risk because if the margin of safety on sales is large then the risk of loss if sales decrease is smaller than the safety margin because this can be taken into consideration by the company if the margin of safety is low in increasing sales and reducing costs . At Rosma Bakery MSMEs, in the profit planning process, they use fixed cost and variable cost calculations to determine the level of Break Even Point, Margin of Safety, level of income earned and profit received so that in the future the company can calculate the profit target it wants to achieve.

CONCLUSION

UMKM Rosma Bakery has a problem, namely that the company does not yet have standards for conducting cost analysis, especially production costs. So far, companies have only recorded expenses without separating fixed costs and variable

costs. Revenue for the period January June 2023 is estimated to be greater than the period July 2022 - December 2023, or it is estimated that future sales will increase by 35% or Rp. 95,568,000. this is equivalent to selling 7,964 more boxes than the next period. The maximum profit that is estimated to be obtained in the period January - June 2023 is IDR. 208,958,434. Therefore, to obtain maximum profits in the next period, Rosma Bakery MSMEs must generate sales of IDR. 438,048,000 or the equivalent of actually selling 36,504 boxes over the next 6 months.

In calculating the contribution margin, a figure of IDR is obtained. 202,956,700 and has a contribution margin ratio of 59.26%. This shows that MSME Rosma Bakery has an ability of 59.26% to cover fixed costs. The break event point or breakeven point for the January-June period is IDR. 68,736,266. In other words, Rosma Bakery UMKM can only make a profit if sales are above Rp. 68,736,266. The margin of safety at Rosma Bakery MSMEs is 79.93%. The results above show that if MSMEs experience a decline in sales of more than 79.93%, then the SMEs will experience losses. However, considering the results of a fairly large margin of safety, it can be said that these MSMEs are safe from being prone to a decline in sales which results in significant losses. Apart from that, from the calculation results above it can be seen that the value of Operating Leverage is 1.30. This shows that every 1% increase in sales revenue will result in a 1.30% increase in net profit. If the estimated sales increase of 34.37% is met, you will get a profit increase of 45.02% in the next 6 months.

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