**EVALUATION OF MSME SALES STRATEGY WITH COST-VOLUME-
PROFIT ANALYSIS (CVPA) DURING PANDEMIC
CASE STUDY OF UD DIOR "77", SURABAYA**

SCIENTIFIC ARTICLE

Proposed to Qualify the Requirements for Completion
of The Undergraduate Program of
Accounting Department

by:

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**SEKOLAH TINGGI ILMU EKONOMI PERBANAS
SURABAYA
2021**

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EVALUATION OF MSME SALES STRATEGY WITH COST-VOLUME-PROFIT ANALYSIS (CVPA) DURING PANDEMIC
(CASE STUDY OF UD DIOR "77", SURABAYA)

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There are 84.20% of MSMEs have experienced the decline in income because of Pandemic COVID-19. The decline was caused by several factors, one of the factors is there is no special treatment for a comprehensive profit-loss calculation. Profit and loss evaluation can be done by using profit planning tools, so that the level of operating income desired by MSMEs can be achieved and MSMEs will not experience losses during the Pandemic. This research aims to evaluate sales strategies with Cost-Volume-Profit Analysis (CVPA) during the pandemic at UD DIOR "77", Surabaya and emphasizes how the sales strategy should be chosen in accordance with the analysis of the business situation using cost-volume-profit analysis (CVPA) and used as a basis for making decisions. The research used a qualitative method with a case study approach. The result of the research is evaluation of the right sales strategy of UD DIOR "77" with CVPA is by mapping scenarios which can be chosen, so that UD DIOR "77" is not trapped for too long in a loss that has a negative impact in the long term. Moreover, UD DIOR "77" can return to maintaining its business in the midst of a pandemic.

Keywords: Break-Even Analysis, Cost-Volume-Profit Analysis (CVPA), Micro Small Medium Enterprises (MSME), Pandemic COVID-19, Profit Planning, Sales Strategy Evaluation.

RESEARCH BACKGROUND

The world economic condition faces a crisis condition that creates severe challenges and obstacles for all business actors due to the corona virus outbreak. All business sectors are under heavy and significant pressure to survive during Pandemic. A significant declining in turnover and sales decline occurred especially in Micro, Small and Medium Enterprises (MSMEs). There are 84.20% of MSMEs have experienced a decline in income taken from the Badan Pusat Statistika, 2020.

The decline in turnover and sales revenue of MSMEs was caused by factors including: (1) Constraints on the supply side made to the community due to disruption of the distribution system during the Pandemic which reduced the demand for products for this business. However, (2) The purchasing power of some people affected by the COVID-19 pandemic is also a factor in declining the turnover and sales (Nicola, et al., 2020). (3) Management cash flow problems, which experienced by 90% MSMEs, have made the business still have to pay high costs (Katadata, 2020). (4) MSMEs do not have special procedures for comprehensive profit-loss calculation by calculating the

number of units must be made in accordance to the production factors and resources (Oppusunggu, 2020).

The situation forces MSME to be able to take correct and wise steps in order to survive. Good business management is needed for making good decisions and coordination related to available resources effectively and efficiently is needed to achieve profitability by optimizing unit sales, unit costs and unit prices. According to Hansen, et al. (2012: 118), profit is influenced by three factors: the volume of the product sold, the selling price of the product, and the cost. Analysis of the relationship of these three factors is known as Cost-Volume-Profit Analysis (CVPA). CVPA combines and interprets data on business sales and costs incurred and then combines the effects with the desired level of profit.

One of the MSME effected on this Pandemic impact and be the subject of this research is UD DIOR "77", Surabaya, which established since 1985 owned by Trio Haryanto Chandra and Vincentius Juardi. UD DIOR "77" is trading business with initial product to be traded was shoes and changing into interlining fabrics traded products. The conditions and situation of the Pandemic have made drastic changes experienced for UD DIOR "77". The sales level of UD DIOR "77" has dropped dramatically due to the decreasing demand, and suffered loss from June – November 2020. Several steps have been taken by UD DIOR "77", such as reducing costs, and increasing the selling price. Therefore, in making decisions for planning and management strategy,

regarding costs, volume, and profit plays a very important role.

In a trading company, the problem of fixed and variable costs greatly affects the profit level of the company, once costs have been classified into fixed and variable cost components (Munir, 2013), and one of the costs is marketing costs. Trading companies must strive to reduce marketing costs, so that they are expected to obtain optimal profits. According to income statement of UD DIOR "77", the costs incurred in the business process are costs when purchasing products to be traded from suppliers, and marketing costs incurred to support the sale of interlining fabrics. UD DIOR "77" did not consider the existences of the importance of the concept yet. the components of cost, volume and profit need to be considered as of UD DIOR "77" will not experienced long losses during Pandemic.

The Cost-Volume-Profit Analysis (CVPA) in trading business was successfully proven by Martusa & Wijaya (2011). Furthermore, the research succeeded in proving that there is a close relationship between the costs incurred by the trading business starting from the cost of purchasing products and to the most dominant costs, namely marketing costs, sales volume, and selling price with profit planning.

Research Objectives

This research's objectives are to evaluate sales strategies with Cost-Volume-Profit Analysis (CVPA) during the pandemic at UD DIOR "77", Surabaya and emphasizes how the sales strategy should be chosen in accordance with the analysis of the business situation using cost-volume-

profit analysis (CVPA) and used as a basis for making decisions.

THEORETICAL FRAMEWORK AND HYPOTHESIS

Resources Based-View Theory

According to Barney (2001), resource based view theory explains the concept of competitive advantage that is maintained through company resources, which are all things that are valued as strengths and weaknesses of the company including all assets, attributes and capabilities, knowledge and information, and organizational processes. This concept will be useful for companies that aim to maintain the continuity of their business by mobilizing all available resources from tangible assets to intangible assets such as capabilities, knowledge, and organizational processes. Related to research, the theory of resources-based view can be used to analyze the competitive advantage of the companies or in this case MSME, through business resources with the help of cost-volume profit analysis and deper sales strategy analysis in order to maintain business continuity.

Profit Planning

According to Mulyadi (2014), Profit planning is the process of formulating a work plan for the purpose of a one-year period to be expressed in monetary and quantitative units. Factors that should be considered by the company in determining profit goals or objectives, namely, such as: (1) Profit or loss in a certain sales volume, (2) The volume of sales needed to cover all costs and generate sufficient profit and the needs of future activities, (3) Break-even point, (4) Sales volume that can be achieved with current operating capacity, (5) Operating capacity needed to achieve profit goals.

According to Martusa & Wijaya (2011), profit planning for a trading company is very important. Trading companies must strive to reduce all costs, purchasing costs and marketing costs without disrupting the company's sales activities, so that it is expected to obtain optimal profits.

Cost-Volume-Profit Analysis (CVPA)

Hansen, et al. (2012: 118) describes the concept of Cost-Volume-Profit Analysis (CVPA) and defines CVP as a useful tool for planning and decision making. This analysis combines all of the company's financial information. Determining the right strategy or steps by management will be easy todo in order to maximize the company's profit. The analysis approach in Cost-Volume-Profit (CVP) described by Break-Even, Contribution Margin, Margin of Safety, and Operating Leverage.

Break-even is a state company revenue sales equal to the total amount of the costs or the profits of the contribution equal to the total fixed costs, in other words, the company does not earn a profit, but also did not suffer a loss or loss of profits amounted to zero (Hansen et al., 2012: 121). There are two methods to calculate the value, equation method and contribution margin method. Equation method focuses on the contribution approach to the income statement. The costs used are fixed costs and variable costs. The Equation for the equation method is:

$$Sales = Expenses + Profit$$
$$Sales = (Fixed\ Cost + Variable\ Cost) + Profit$$
$$Sales = Fixed\ Cost + Variable\ Cost$$

The Contribution margin method focuses in each unit sold will provide a certain amount of contribution margin and will immediately cover fixed costs. The equation is:

$$Break\text{-}even\ (in\ rupiah) = \frac{Fixed\ Cost}{Contribution\ Margin\ Ratio}$$

Contribution Margin is the result of sales less all identified variable costs or the difference between sales and variable expense (Hansen et al., 2012: 123). The amount available to cover all fixed costs is shown in the interpretation of contribution income. The state of loss is interpreted if the contribution profit is not able to cover all fixed costs. And vice versa, if the contribution profit earned in that period is greater than the company's fixed costs, the company will get the net profit for that period. If sales are above the break-even point, the company will make a profit. The equation for contribution margin is:

$$Contribution\ Margin = Sales - Variable\ Cost$$
$$Contribution\ Margin\ Ratio = \frac{Contribution\ Margin}{Sales} \times 100\%$$

Hansen et al. (2012: 143) describes the concept of margin of safety, it is the level of security that limits the occurrence of the top security companies in the sales decline, this provides relevant information can or are allowed sales volume dropped from budgeted but the company did not suffer losses or the units sold or expected unit sold or the revenue eraned above. The equation for margin of safety is:

$$Margin\ of\ Safety = Total\ Sales - Breakeven\ Sales$$
$$Percentage\ of\ Margin\ of\ Safety = \frac{Margin\ of\ Safety}{Budgeted\ Total\ Sales} \times 100\%$$

Hansen et al. (2012: 145) describes that operating leverage is the size of net income against changes in sales volume. The level of operating leverage is a measure of the percentage level of sales volume that will affect profit which influenced by the company's cost structure. The equation for operating leverage is:

$$Operating\ Leverage\ Level = \frac{Total\ Contribution\ Margin}{Operating\ Income}$$

Target Income

The concept of profit as described by the Committee on Terminology is the amount that comes from reducing the cost of goods manufactured, other costs, and losses from operating income or income. In addition, the Accounting Principles Board (APB) explains that profit is the excess of income over expenses during an accounting period.

Profit planning is used by companies to earn profits by targeting the amount of profit expected in the period ahead. All organizations during this pandemic have a target for the continuity of their business to survive and be at the break-even point. Therefore, CVPA is a solution for businesses to determine how many units must be sold to obtain a target profit under these conditions.

According to Amin Wijaja Tunggal (2014), there are three procedures that can be followed by company management in setting target income. Priori, in this procedure, management determines

the rate of return certain to be achieved in the long term and then make a plan to reach that level. Posteriori, management made plans and then set the rate of return generated by the plan. Pregmatic, management uses a target standard advantages that have been empirically tested and supported by experience.

Sales Strategy Based on Cost-Volume-Profit

Cost-volume-profit analysis (CVP) is a useful tool for planning and decision making (Hansen et al., (2012: 118). Determining the right strategy or steps by management will be easy to do in order to maximize the company's profit by using this CVPA as a tool. Sales strategy based on CVPA can be described to each approaches those are break-even, contribution margin, margin of safe, and operating leverage.

Break-even is a state company revenue sales equal to the total amount of the costs or the profits of the contribution equal to the total fixed costs, in other words, the company does not earn a profit, but also did not suffer a loss or loss of profits amounted to zero (Hansen et al., 2012: 120). Break-even analysis is used as a tool to make decisions in financial planning, sales, and production. According to Kasmir (2013: 333), there are some objectives to be achieved from break-even analysis based on the strategies applied. The objectives are designing product specifications, determin the selling price per unit, determine the minimum amount of production or sales in order to do not suffer losses, maximizing the amount of production, and planning the desired profit.

Contribution margin, Kamaruddin Ahmad (2013) mentioned that the decisions or the problems that can be solved by using contribution margin with the strategies as follows: Close or continue certain segments or sections. If the alternative closure of a segment or part of it done and carried out another alternative, then its decision only comparing contribution margin only. In the analysis of joint costs with joint products, the decision is only to compare the new sale price minus the old selling price with contribution margin (i.e. processing costs continued) a decision has been made. It does not require a complicated calcuations, and it makes be more efficient, especially in the analysis of the break-even point.

Margin of Safety, Samryn (2012) mentioned that the margin of safety ia "excess sales budgeted or realized above break-even". The result of the calculation shows the amount to how big the sale can be down to break-even. The function of knowing the margin of safety by management means that management can find out the amount of risk involved in sales planning. When a company's margin of safety is large (with sales figures expected in the coming year), then risk to suffer losses that have to take sales of a downward turn will be increasingly less than a small margin of safety.

Operating Leverage. The concept of operating leverage describes the size of net income against changes in sales volume. The level of operating leverage is a measure of the percentage level of sales volume that will affect profit (Hansen et al., 2012: 145). The high and low level of

operating leverage has an effect on the cost structure and is in line with the fixed costs in a company so that the function or benefit from knowledge of the operating leverage level can be used as a measure of the level of fixed costs. The benefit is companies can quickly estimate the rate at which the effect of various percentage changes in sales on profit will serve to optimize profit without having to prepare a complete income statement in advance.

Sales Strategy Evaluation Based on CVP Result Analysis

Cost-volume-profit analysis is a useful tool for management to carry out its functions on planning or formulating a work plan for the purpose of monetary and quantitative units in profit planning process. In the fact, CVP is one of the most versatile and widely aplicable tools used by managerial accountants to help managers make better decisions on the strategy they made on increasing the sales (Hansen et al., 2012: 118). There are several factors in profit planning process on making sales strategy, they are: (1) Profit or loss in a certain sales volume, (2) The volume of sales needed to cover all costs and generate sufficient profit and the needs of future activities, (3) Break-even point, (4) Sales volume that can be achieved with current operating capacity, (5) Operating capacity needed to achieve profit goals. These five kind of factors are being able to be analyzed with cost-volume-profit as the tool which help the manager on understanding the correlation of cost, volume, profit of the organization by focusing of five elements namely product price, volume or level of activity, variable costs, total fixed costs and mix of the products sold.

According to Samryn (2012), an understanding of the application of the concepts of cost, volume, and profit can be used by management as a basis for planning a profitable composition of cost, volume and profit levels. Saparida et al., (2015) explained that the understanding on cost-volume-profit analysis can be used to find out and making the profit planning by manager. And the application of cost-volume-profit anlaysis as a tool in profit planning provides information regarding sales strategy on the planning process to be carried out.

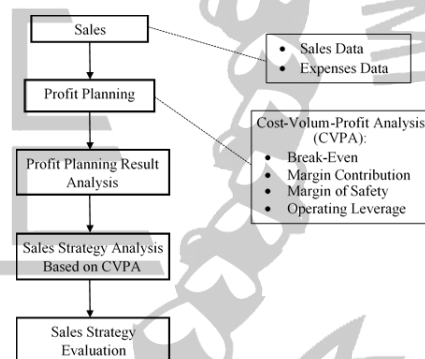Research framework used in this research is as follow:

Figure 1
Research Framework

RESEARCH METODOLOGY

Based on the research paradigm, this study uses qualitative methods that obtained through descriptive statistical procedures (Sugiarto, 2017). The qualitative research method used is a case study research conducted at UD DIOR "77", Surabaya. The data used is primary data obtained form of numbers from reports on expenses and income or sales, observations, and information from several respondents through the

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interview process at UD DIOR "77" in 2020. Based on the analysis method seen from the way of explanation, this study uses a descriptive approach, with the aim of explaining variables (Sugiyono, 2013: 330). Descriptive analysis method uses the concept of data collected and then processed, and explained the results of data processing based on applicable criteria and in accordance with the facts. In accordance with the formulation of the problem that has been formulated and in accordance with the objectives of this study, namely to analyze strategies to increase sales profits that should be used by UD DIOR "77" based on Cost-Volume-Profit Analysis. Data collection was carried out using documentation strategies, interviews, and observations, namely data collected through the results of business documentation data collection, interviews conducted with the parties concerned, and observations at UD DIOR "77".

Research boundaries of this research are, the research discusess Cost-Volume-Profit Analysis to determine the minimum level of sales that must be achieved in profit planning and sales increase strategies, which are comprehensive and integrated short and long-term plans for the purpose of increasing sales, which used income statement of UD DIOR "77" per June – November 2020. The research object of the research is interlining fabrics traded product.

Research Variable Identification

Profit Planning and Sales Strategy Based on CVPA Result

Profit planning of company is a systematic process that describes, calculates, and processes quantitative budgeting data in the form of temporary financial reports for reference or guidelines for operational activities.

The factors that determine profit goals or objectives are as follows: (1) Profit or loss in a certain sales volume, (2) The sales volume required to cover all costs and generate sufficient profit and the needs of future activities, (3) Break-even point, (4) Sales volume that can be achieved with current operating capacity, (5) Operating capacity needed to achieve profit goals.

Strategy is a comprehensive company plan that is needed to achieve company goals. The main key in developing a strategy is to connect the overall environment of the company which will determine the strengths and weaknesses of the company (Mulyadi, 2014). Cost-Volume-Profit analysis is the right tool to conclude the right strategy in increasing profits and preventing losses and enabling management to work more effectively and efficiently (Marvita, 2017).

Break-even is a condition of a company in a condition that does not earn a profit and does not experience a loss or loss / profit at zero. The measurement of the break-even is formulated with equation method and contribution margin method. Equation and contribution margin method is formulated as follows:

$$Sales = Fixed\ Cost + Variable\ Cost$$

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

Strategies applied under break-even analysis are as follow:

a. Designing product specifications.
b. Determine the selling price per unit.
c. Determine the minimum amount of production or sales in order do not suffer a loss.
d. Maximizing the amount of production.
e. Planning the desired profit.

Contribution margin means sales revenue less all variable costs. Equation of contribution profit variable is formulated as follows:

$$Contribution\ Margin = Sales - Variable\ Cost$$

$$Contribution\ Margin\ Ratio = \frac{Contribution\ Profit}{Sales} \times 100\%$$

The decisions which able to take under the contribution margin analysis are as follow:

a. Close or continue certain segments or sections.
b. If the alternative closure of a segment or part of it done and carried out another alternative, then its decision only comparing contribution margin only.
c. In the analysis of joint costs with joint products, the decision is only to compare the new sale price minus the old selling price with contribution margin (i.e. processing costs continued) a decision has been made.
d. It does not require a complicated calcuations, and it makes be more efficient, especially in the analysis of the break-even point.

Margin of safety is the safety limit for the company in the event of a decrease in sales, with the condition that the level of decline in sales that occurs as long as within the boundaries of the company does not suffer a loss. The equation of the contribution margin variable is formulated as follows:

$$Margin\ of\ Safety = Total\ Sales - Breakeven\ Sales$$

$$Percentage\ of\ Margin\ of\ Safety = \frac{Margin\ of\ Safety}{Budgeted\ Total\ Sales} \times 100\%$$

The benefit of knowing the margin of safety by management means that management can find out the amount of risk involved in sales planning. When a company's margin of safety is large (with sales figures expected in the coming year), then risk to suffer losses that have to take sales of a downward turn will be increasingly less than a small margin of safety.

Operating leverage is a measure of how sensitive the net income to changes in sales volume. The equation of the operating leverage variable is formulated as follows:

$$Operating\ Leverage\ Level = \frac{Total\ Contribution\ Margin}{Operating\ Income}$$

The high and low level of operating leverage has an effect on the cost structure and is in line with the fixed costs in a company so that the function or benefit from knowledge of the operating leverage level can be used as a measure of the level of fixed costs. The benefit is companies can quickly estimate the rate at which the effect of various percentage changes in sales on profit will serve to optimize profit without having to prepare a complete income statement in advance.

Sales Stretegy Evaluation

Cost-volume-profit analysis is a useful tool for management to carry out its functions on planning or

formulating a work plan for the purpose of monetary and quantitative units in profit planning process. The several factors in profit planning process on making sales strategy, they are: (1) Profit or loss in a certain sales volume, (2) The volume of sales needed to cover all costs and generate sufficient profit and the needs of future activities, (3) Break-even point, (4) Sales volume that can be achieved with current operating capacity, (5) Operating capacity needed to achieve profit goals. These five kind of factors are able to be analyzed with cost-volume-profit as the tool to give the understanding on the company condition. The understanding and the application of cost-volume-profit analysis can be used to find out and making the profit planning by manager and provides information regarding sales strategy on the planning process to be carried out.

DATA ANALYSIS TECHNIQUES

The case study research method has an initial stage of research, which is explained in the theoretical framework at the beginning of the study and to process the data, and data analysis technique is needed. Data analysis is the process of systematically searching and compiling data obtained from interviews, field notes and documentation by organizing data into categories, describing them into units, synthesizing, arranging into patterns, choosing which ones are important and what will be studied and make conclusions so that they are easily understood by themselves and others. According to Ghozali (2016:

332 – 339) the data techniques analysis are as follows:

1. Complie and process data. Data compilation is carried out after the necessary data is obtained, which comes from the results of interviews, observations, and documentation (in the form of the required reports), which is critical because of the large amount of information collected in the case study. For data obtained from the results of the interview, which is called an interview transcript, will be developed in the form of a matrix or table (verbatim) which will be attached.

2. Coding the data. Coding the data can be done after compiling and transcribing the data. Data coding is done through data exploration and data coding. Coding is the process of segmenting and creating text labels to form broad descriptions and themes in the data.

3. Analyze the description and the theme. The description is a detailed description of the settings. Researchers analyzed data from all sources to build a portrait of the events raised in the research theme.

4. Sorting and linking between themes. The themes are sorted by building main and minor or minor theme ideas, and arranging them into main themes, and incorporating the main themes into broader themes. Themes are connected from one theme to another to describe the chronology or sequence of events.

5. Presenting the findings. Findings can be presented in the form of tables and figures and create a narrative to explain what has been found in answering the researcher's questions.

DESCRIPTION OF RESEARCH SUBJECT AND ANALYSIS

Description of The Research Subject

UD DIOR "77" is a micro trading business which founded by Mr. Trio Haryanto Candra and Mr. Vincentius Djuardi in 1985. The location of UD DIOR "77" is at Darmo Indah Timur II-G/10, Surabaya, since it was first operated. UD DIOR "77" is a family business which operated by directly the business owner.

In 1985, UD DIOR "77" sold shoes products for the first time. Sales of shoes went well and UD DIOR "77" was able to keep its business continuity. The shoes products business, which at that time were successful in selling well, did not survive in 1998. The monetary crisis that occurred in 1998 made UD DIOR "77" unable to survive and lost many customers and continued to suffer losses. The following year, in 1999 UD DIOR "77" changed its marketing strategy by choosing to keep the business but with a different product. The product that UD DIOR "77" began to trade was interlining fabric products.

Based on information obtained from interviews, the reason UD DIOR "77" changed its product to interlining fabrics is because at that time there were not many businesses selling interlining fabrics. UD DIOR "77" wanted to trade a product of good quality and differed from its competitors in small numbers at that time, in order to excel in the market. UD DIOR "77" began to consider looking for imported quality interlining fabric traded product and began looking for suppliers from outside the city. And over time, UD DIOR "77" has succeeded in finding and using imported products purchased from Jakarta and Semarang that imported the interlining fabrics from China.

Product Classification and Selling Price

UD DIOR "77" has classified each type of interlining product that is traded. The interlining always sold by UD DIOR "77" with the size of roll, yard, and also per meter with various selling price. Based on the interviews conducted, there are usually changes in selling price for each type of fabric. This change was due to a change in price from a supplier that forced UD DIOR to follow these changes so as not to experience significant losses when buying inventory and selling it back.

Sales Revenue

UD DIOR "77" sales revenue is earned by UD DIOR "77" from interlining sales from June - November 2020. the level of sales of UD DIOR "77" during the pandemic was not in a constant condition but was dynamic. that the sales obtained by UD DIOR "77" are dynamic, they have increased and also decreased in the period June - November. These changes in sales occurred without changing the type of interlining products sold in 2020 by UD DIOR "77".

Cost of Goods Sold

Cost of goods sold of UD DIOR "77" is not included in the income statement prepared by UD DIOR "77". This is because the income statement is a report made by UD DIOR "77" without following correct accounting principles. UD DIOR "77" does not record cost of goods sold from profit or loss and only records the value of inventory purchases in the current period or month. Therefore, the author performs the processing to calculate the cost of goods sold which is obtained from the calculation of the initial inventory amount in the current period plus the purchases of the current period which will result in the goods available ready for sale. And then reduced by the ending inventory for the current period.

Cost Classification

Costs incurred by UD DIOR "77" are grouped based on the main function and behavior within the company. There are fixed cost and variable costs. Fixed costs are the costs that must be incurred even if you do not accept orders for sale and variable costs is a cost that are influenced by the volume of orders and product sales by customers.

Analysis and Discussion

UD DIOR "77" believes that the distribution of traded products from producers to consumers is important. Distributors are required to deliver goods to consumers in good condition, which means that distributors must have good service for consumers. However, it should be, in providing good service, moreover it must be balanced with an increase in certain costs. Therefore, costs that do not add value should be reduced. However, UD DIOR "77" had not noticed before.

The pandemic causes UD DIOR "77" must be able to sustain the business so that, the business does not suffer significant losses and be able to survive. UD DIOR "77" must determine sales volume that can control fixed and variable costs in a certain period, and reduce costs that do not add value, so that it can provide a good profit the maximum. All costs activities of trading business, especially UD DIOR "77" is from an operational cost structure, which can be grouped into purchasing costs, marketing costs, and general & administrative costs. Marketing costs are the most dominant cost in the UD DIOR "77" cost structure.

According to Martusa & Wijaya (2011), an effort to achieve sales targets, trading companies often put more emphasis on the results to be achieved, namely sales of high traded products, regardless of costs incurred. UD DIOR "77" does not consider this information during pandemic. Although according to the interview result which reveals that, UD DIOR "77" has reduced costs, which have proven successful in bringing the company to a reduced level of losses during the pandemic, the losses will still increase if UD DIOR "77" does not consider all the elements that affect profit which can be analyzed using Cost-Volume-Profit Analysis (CVPA).

Income Statement

The next step is to make an income statement that will be used to determine the decrease or increase in profit that UD DIOR "77" has earned in the June - November period.

Table 1
Income Statement for June – November 2020

Account/ Month	June	July	August	September	October	November
Sales	89.082.000	90.705.000	63.096.500	73.881.000	79.816.500	87.651.500
Variable Costs	86.700.960	78.527.860	72.384.704	69.489.920	64.866.160	82.326.980
Contribution Margin	2.381.040	12.177.140	(9.288.204)	4.391.080	14.950.340	5.324.520
Fixed Costs	18.789.114	19.214.644	18.930.184	18.292.068	19.297.031	18.059.444
Operating Loss	**(16.408.074)**	**(7.037.504)**	**(28.218.388)**	**(13.900.988)**	**(4.346.691)**	**(12.734.924)**

Source: Processed Company Internal Data

Table 1 concluded that UD DIOR "77" has indeed experienced a very drastic decline in sales, as the respondent said form the interview, which caused UD DIOR "77" during the pandemic period from June to November to experience significant losses.

Break-even Analysis

The break-even point is a point that shows that the total revenue generated by the company is equal to the amount of costs incurred, so that the company does not earn a profit and does not experience losses.

Table 2
Break-even Calculation (Equation Method) for June – November 2020

Month	BEP	Calculation (Rp)	Result (Rp)
June	*Variable Costs + Fixed Costs*	86.700.960 + 18.789.114	105.490.074
July	*Variable Costs + Fixed Costs*	78.527.860 + 19.214.644	97.742.504
August	*Variable Costs + Fixed Costs*	72.384.704 + 18.930.184	91.314.888
September	*Variable Costs + Fixed Costs*	69.489.920 + 18.292.068	87.781.988
October	*Variable Costs + Fixed Costs*	64.866.160 + 19.297.031	84.163.191
November	*Variable Costs + Fixed Costs*	82.326.980 + 18.059.444	100.386.424

Source: Processed Company Internal Data

Table 2 shows the calculations and results for break-even using the equation method. It can be seen that in June UD DIOR "77" could break-even when sales reached Rp105.490.074 and decreased to Rp97.742.504 in July. In August, it decreased again to Rp91.314.888 which decreased again in September to Rp877.819.88. The decrease in the break-even number continued in October, namely Rp84.163.191. However, in November there was an increase to Rp100.386.424. The break-even yield decreased from July - October and then increased in November. This decrease occurred because the sum of costs that occurred decreased during the months of June - October. Based on the interview, this is because during the Pandemic UD DIOR "77" tended to reduce costs such as purchasing supplies every month which would affect expenses for the cost of goods sold.

The increase that occurred in November was due to UD DIOR "77" having high initial inventory but still

decided to buy a large amount of inventory for the month. Based on the results of the interview, UD DIOR has indeed increased its purchases of inventory even though there are still supplies available in the warehouse. The table below is an overview of the break-even from one month, that is November 2020 at UD DIOR "77".

Table 3
Income Statement (Sales at Break-even Point)

Description	Total (Rp)	Percentage (%)
Sales	100.386.424	100%
Variable Cost	82.326.980	82%
Contribution Margin	18.059.444	18%
Fixed Cost	18.059.444	
Profit/Loss	0	

Source: Processed Company Internal Data

Contribution Margin Analysis

Contribution margin is the result of sales less all identified variable costs or the difference between sales and variable costs. The contribution margin is also the remainder of the sales proceeds after covering variable costs contributed to cover fixed costs and for the operating income of a period. Contribution margin can be analyzed in the form of contribution margin ration, expressed as a percentage.

Table 4
Contribution Margin Ratio Calculation and Result

| Month	Contribution Margin Ratio	Calculation (Rp)	Result (%)
June	$\frac{Contribution\ Margin}{Sales} \times 100\%$	$\frac{2.381.040}{89.082.000} \times 100\%$	3%
July	$\frac{Contribution\ Margin}{Sales} \times 100\%$	$\frac{12.177.140}{90.705.000} \times 100\%$	13%
August	$\frac{Contribution\ Margin}{Sales} \times 100\%$	$\frac{-9.288.204}{63.096.500} \times 100\%$	(15)%
September	$\frac{Contribution\ Margin}{Sales} \times 100\%$	$\frac{4.391.080}{73.881.000} \times 100\%$	6%
October	$\frac{Contribution\ Margin}{Sales} \times 100\%$	$\frac{14.950.340}{79.816.500} \times 100\%$	19%
November	$\frac{Contribution\ Margin}{Sales} \times 100\%$	$\frac{5.324.520}{87.651.500} \times 100\%$	6%

Source: Processed Company Internal Data

The table above is the contribution margin calculation and the results obtained. It can be seen that the calculation of the Contribution Margin at UD DIOR "77" during June - November. The smallest contribution margin ratio occurred in August, namely -15%. This lowest contribution margin condition could not cover the fixed costs that occurred in that month, which caused UD

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DIOR "77" to experience a very large loss compared to other months.

The highest contribution margin occurred in October, amounting to 19%. A break-even will be occued if fixed costs are used up when deducted by the contribution margin of Rp14.950.340. The increase in the contribution margins this month was due to the reduction in costs during the month. It can be seen that the amount of variable costs incurred is small when compared to other months. Viewed from the small variable cost data, it is due to the relatively low cost of goods sold in October. There is a balance between ending inventory management in the previous month and purchasing inventory that will be expected to be sold. And UD DIOR "77" managed to find the goods to be sold in October. In fact, the fixed costs that must be paid are greater than the contribution margin, so that UD DIOR "77" continues to experience losses during that period.
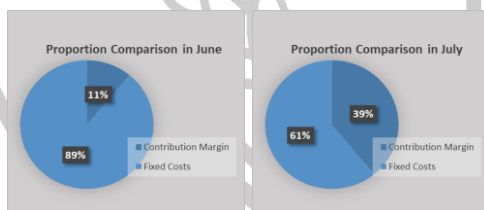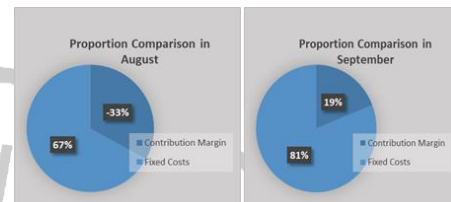

Source: Processed Data

Figure 2
Proportion Comparison of Contribution Margin to Fixed Costs

It can be seen from charts above, UD DIOR "77" always has bigger fixed cost than its contribution margin. It is the reason the company always occurs loss in each month, because even though their sales increase or even decrease along with their variable costs, the fixed costs remain high and stable which cannot be covered by the company's contribution margin.

Source: Processed Data

Figure 3
Proportion Comparison of Contribution Margin to Fixed Costs

The fixed costs such as interest expense and wage expense always occur stably during June until November because these costs would always be paid constantly with approximately same amount of costs for each month. These costs are not associated nor affected by the volume of sales per month like the variable costs.
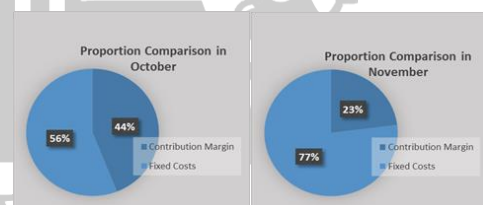
Source: Processed Data

Figure 4
Proportion Comparison of Contribution Margin to Fixed Costs

For example, the sales of UD DIOR "77" in September was Rp 73.881.000 and for November it was Rp 79.816.500. These numbers of sales do not affect to the wages expense in those months, UD DIOR "77" always paid the same amount of wages to its employee namely Rp 15.300.000. No matter how many

units sold in each month by UD Dior "77". Hence, this is the reason why UD DIOR "77" cannot reach break-even point and even gain profit during pandemic.

Based on the result of interview, UD DIOR "77" has a desire to improve this condition by generating profit for the business. UD DIOR "77" has to reduce these high variable costs in the existing cost structure. When variable costs fall, it will result in the contribution margin increasing at a certain stage which will cover more fixed costs and bring profit or at least with conditions that break even.

Margin of Safety Analysis

Margin of safety has a concept for the level of security that limits the occurrence of the top securities that companies in the sales decline. This analysis can be used as an evaluation material to assess that the sale of UD DIOR "77" was not successful in bringing UD DIOR "77" to break even under the current Pandemic conditions. Another use is as an early warning if sales have decreased significantly from previous months. UD DIOR "77" must take steps to identify the cause of the decline in sales and address the problem.

Table 5
Margin of Safety Calculation and Result

Month	Margin of Safety	Calculation	Result
June	$\frac{Sales - Breakeven\ Sales}{Total\ Sales} \times 100\%$	$\frac{89.082.000 - 105.490.074}{89.082.000} \times 100\%$	(18,42%)
July	$\frac{Sales - Breakeven\ Sales}{Total\ Sales} \times 100\%$	$\frac{90.705.000 - 97.742.504}{90.705.000} \times 100\%$	(7,76%)
August	$\frac{Sales - Breakeven\ Sales}{Total\ Sales} \times 100\%$	$\frac{63.096.500 - 91.314.888}{63.096.500} \times 100\%$	(44,72%)
September	$\frac{Sales - Breakeven\ Sales}{Total\ Sales} \times 100\%$	$\frac{73.881.000 - 87.781.988}{73.881.000} \times 100\%$	(18,81%)
October	$\frac{Sales - Breakeven\ Sales}{Total\ Sales} \times 100\%$	$\frac{79.816.500 - 84.163.191}{79.816.500} \times 100\%$	(5,44%)
November	$\frac{Sales - Breakeven\ Sales}{Total\ Sales} \times 100\%$	$\frac{87.651.500 - 100.386.424}{87.651.500} \times 100\%$	(14,53%)

Source: Processed Company Internal Data

Table 5 shows the result of margin of safety calculation for UD DIOR "77" for June – November 2020. From the calculations in June, it can be seen that the results of the margin of safety show -18,42%. This result is obtained because the level of UD DIOR "77" sales is lower than the break-even sales obtained from the calculations in table 4.10. During the Pandemic UD DIOR "77" suffered losses due to the decline in sales experienced by its business.

Therefore, with a low level of sales, UD DIOR "77" is expected to take action so that UD DIOR does not suffer losses by seeing how many sales must be obtained so that UD DIOR "77" is in a break-even position. The figure shows -18.42% means that at the level of sales and the existing cost structure, the minimum amount of increase in the sales revenue target that does not cause the company to suffer a loss is Rp16.408.074 (18,42% × Rp89.082.000). When sales fall

beyond the margin of safety ratio, the loss will be gained, and will have a big impact and allow UD DIOR "77" to go bankrupt and not be able to survive this pandemic.

Operating Leverage Analysis

The concept of operating leverage describes the size of net income against changes in sales volume and this is the measurement of the percentage level of sales volume that will affect the profit. The higher the value obtained, the more changes in sales activities will affect the change in operating income.

Table 6
Degree of Operating Leverage Calculation and Result

Month	Degree of Operating Leverage	Calculation (Rp)	Result
June	$\dfrac{Total\ Contribution\ Margin}{Operating\ Income}$	$\dfrac{2.381.040}{-16.408.074}$	(14,5%)
July	$\dfrac{Total\ Contribution\ Margin}{Operating\ Income}$	$\dfrac{12.177.140}{-7.037.504}$	(173%)
August	$\dfrac{Total\ Contribution\ Margin}{Operating\ Income}$	$\dfrac{-9.288.204}{-28.218.388}$	33%
September	$\dfrac{Total\ Contribution\ Margin}{Operating\ Income}$	$\dfrac{4.391.080}{-13.900.988}$	(31,5%)
October	$\dfrac{Total\ Contribution\ Margin}{Operating\ Income}$	$\dfrac{14.950.340}{-4.346.691}$	(353%)
November	$\dfrac{Total\ Contribution\ Margin}{Operating\ Income}$	$\dfrac{5.324.520}{-12.734.924}$	(42%)

Source: Processed Company Internal Data

Table 6 is the result of the calculation for UD DIOR's degree of operating leverage for June – November 2020. The results show a negative number for each month, which is due to the high variable cost structure of the company so that the contribution margin cannot cover fixed costs, or even cannot reach the value at the break-even point.

Sales Strategy Evaluation Based on Cost-Volume-Profit Analysis (CVPA)

Break-even, contribution margin, margin of safety, and degree of operating leverage are some analyzes that can be applied to see the performance of a business in achieving profit by looking at the relationship between costs, volume and profit of a business. Based on the results of data analysis for the months of June - November 2020 that have been made, UD DIOR "77" can make profit plan for improvement in the coming months.

Based on the changes in the above elements, a sensitivity analysis will be generated to answer the steps that should be taken by UD DIOR "77", even though in pandemic conditions it was not possible for UD DIOR "77" to increase sales due to decreased demand for interlining as explained by respondents. The following scenarios will explain and describe the profit target and alternative options that UD DIOR "77" can implement to improve operating profit conditions based on the previous month, namely November 2020, by assuming other elements do not change such as variable costs, costs fixed and the selling price is the same as the previous month.

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1. **Scenario 1:** Increase sales by a break-even condition of sales which is equal to Rp100,386,424 in the coming month.

Table 7
Income Statement

Description	Total (Rp)	Percentage (%)
Sales	100.386.424	100%
Variable Cost	82.326.980	82%
Contribution Margin	18.059.444	18%
Fixed Cost	18.059.444	
Profit/Loss	0	

Source: Processed Company Internal Data

This alternative emphasizes the elements of increasing sales. However, in the midst of a pandemic like this, it is very unlikely for UD DIOR "77" to increase sales due to a drastic drop in demand. In the uncertain conditions faced by UD DIOR "77". This alternative allowed UD DIOR "77" to break even in sales but the pandemic situation did not allow this alternative to be realized, so that alternatives with an increased sales element will no longer be recommended.

2. **Scenario 2:** Reduce variable costs by 15% from previous sales data and cost structures without increase sales.

Table 8
Income Statement

Description	Total (Rp)	Percentage (%)
Sales	87.651.500	100%
Variable Cost	69.592.056	79%
Contribution Margin	18.059.444	21%
Fixed Cost	18.059.444	
Profit/Loss	0	

Source: Processed Company Internal Data

The decrease of variable cost, without any sales increase, is likely for UD DIOR "77" to realize this alternative. This is in line with UD DIOR "77"'s business conditions so far which have always reduced operational costs and reduced costs. However, for this alternative UD DIOR "77" only reached the break-even position or did not get a profit and did not experience a loss.

3. **Scenario 3:** The next alternative is to reduce variable costs by 15% and fixed costs by 1%.

Table 9
Income Statement

Description	Total (Rp)	Percentage (%)
Sales	87.651.500	100%
Variable Cost	69.592.056	79%
Contribution Margin	18.059.444	21%
Fixed Cost	14.447.555	
Profit	3.611.889	

Source: Processed Company Internal Data

From this alternative, UD DIOR "77" will get a profit of 3,611,889. This alternative can be realized by UD DIOR. However, in reality lowering fixed costs is very difficult, but if only 1% UD DIOR will be able to do it by cutting unnecessary expenses or delaying these expenses with the cost reduction method at the costs identified.

4. **Scenario 4:** The fourth alternative can be used, if it is not possible for UD DIOR "77" to reduce fixed costs even in a small number. This alternative is to reduce variable costs far from the magnitude at break-even point, which is 25%.

Table 10
Income Statement

Description	Total (Rp)	Percentage (%)
Sales	87.651.500	100%
Variable Cost	61.745.235	70%
Contribution Margin	25.906.265	30%
Fixed Cost	18.059.444	
Profit	7.846.821	

Source: Processed Company Internal Data

The condition will bring profit of Rp7.846.821 for the following month.

5. **Scenario 5:** The fifth alternative is possible to do by UD DIOR "77", if conditions allow to increase sales to break-even conditions and also reduce fixed costs by 1% because fixed costs are reduced by 1% which is not too difficult to do by cutting costs that are not too important to be economical.

Table 11
Income Statement

Description	Total (Rp)	Percentage (%)
Sales	100.386.424	100%
Variable Cost	69.592.056	69%
Contribution Margin	18.059.444	31%
Fixed Cost	14.447.555	
Profit	16.346.813	

Source: Processed Company Internal Data

Table 11 is using the alternative of increasing the sales at break-even, reducing the variable and fixed cost. UD DIOR "77" will be able to get a fairly high profit value, which is equal to Rp16.346.813 in the following month.

The output of using cost-volume-profit analysis is information that can help UD DIOR "77" in mapping decisions related to CVP elements that will affect profit achievement. And this information is referred to as an evaluation analysis of UD DIOR "77"'s sales strategy to achieve the desired profit in the future amid the pandemic. UD DIOR "77" can budget and plan at the beginning of the period.

CONCLUSION

Conclusion

This study aims to analyze the analysis of profit planning using Cost-Volume-Profit Analysis (CVPA) to get the information on sales straegy during the Pandemic. Based on the results of research and discussion, it can be concluded as follows:

1. Cost-Volume-Profit Analysis (CVPA) is useful tool for UD DIOR "77" to evaluate its strategy for sales that have fallen dramatically in the midst of the Pandemic. The products that are traded are interlining fabric products, which have experienced a decline in sales each month from June to November.

2. In the following months, UD DIOR "77" did not set a sales target due to the uncertain situation and Pandemic condition. By targeting the sales by considering elements of sales volume, and identified costs, UD DIOR "77" is able to be in break-even condition, so that the losses in the previous month are not repeated.

3. There are five scenarios which can be implemeted by UD DIOR "77" improve UD DIOR's financial condition. The results of the evaluation, by providing scenarios, have been made from

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combination of conclusions from processed break-even data analysis and contribution margin analysis.

4. The cost-volume-profit analysis is expected to evaluate the sales strategy. Moreover, the company will not have trapped for too long in losses which has a negative impact in the long term continuity during Pandemic.

Limitation

The research has several limitations, include, there is only one research object, using interlining fabrics traded goods. There is only a simple analysis because of limited information collected from UD DIOR "77". Accounting records which not following actual accounting principles by not presented any kind of separation costs in the internal income statement of UD DIOR "77". Costs separated with simple identification, which made possibilities of inaccuracies in reflecting the real condition of the company.

Recomendation

Based on the limitations above, the following suggestions can be given, such as, for the theoretical contribution, it is expected that this research can be carried out by separating variable costs, fixed costs, and semivariable costs which are separated in detail by using the least square method, and using more than one research object. For the practical contribution, UD DIOR "77" should be able to make more detailed records related sales per unit of interlining fabrics to make a more in-depth Cost-

Volume-Profit Analysis (CVPA) can be carried out by considering the sales volume and selling price per month unit. UD DIOR "77" is expected to be able to use CVP analysis to improve its financial condition during a pandemic by mapping several elements in the break-even analysis and analysis contribution margin and using the alternatives that have been made in this thesis, and run according to the conditions most likely to be applied based on the assessment of UD DIOR "77" management.

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