Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil

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ABSTRACT: The aims of this study are: (1) to identify and analyze the estimated demand for chicken and goat satay products in the MSME of Sate Madura Cak Kholil; and (2) to find out the stock safety to overcome the surge in product demand at the MSME of Sate Madura Cak Kholil. The research method used is a descriptive method with a quantitative approach. The sample was determined based on a non-probability sampling technique using the purposive sampling method. The data used in this study included primary data and secondary data, namely data on supply and demand for the MSME of Sate Madura Cak Kholil. The results of the study indicate that the application of collaborative planning, forecasting, and replenishment has an effect on reducing the bullwhip effect in the MSME of Sate Madura Cak Kholil.

Keywords: bullwhip effect, MSME, CPFR

INTRODUCTION

Sate or satay is a food made from meat that is cut into small pieces and stabbed in such a way with a stick of coconut or bamboo leaf bone, then grilled using wood charcoal coals. The satay is served with a variety of spices depending on the variations in the satay recipe in different regions. Meats that are commonly used as satay include chicken, goat, lamb, beef, pork, rabbit, horse, and others. The growth in demand for more satay causes higher production of satay sales which makes entrepreneurs need forecasting accuracy to be able to predict the amount of production that must be increased in the future (Ridwan et al., 2012; Shoukohyar & Seddigh, 2020). Forecasting production sales is the basis for planning factory operations such as the preparation of work plans, production scheduling, production of raw material inventory and production control. (Lengkey et al., 2014; Ramanathan, 2014).

Supply Chain is a network of companies that work together to create and deliver a product to
Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil

Sjurahudin and Vikaliana

end users (Pujawan & Mahendrawathi, 2017). This chain is also a network of various interconnected organizations that have the same goal (Zaid et al., 2018). The essence of supply chain management is synchronization and coordination upstream and downstream (Desai & Rai, 2016). The meaning of upstream and downstream is starting from the company to the hands of consumers. This is absolutely necessary to maintain the effectiveness of a built supply chain (Yuliana & Rahayu, 2019). In a supply chain, distortion of information often occurs, which is one source of obstacles in creating an efficient supply chain (Dai et al., 2021; Karimi & Zaerpour, 2021; Wong et al., 2020). Information about consumer demand for a product from time to time but the demand from the store to the factory is much more volatile than the pattern of demand from consumers. Demand changes to be volatile in the upstream supply chain and gets bigger, which is called the Bullwhip Effect (Pujawan & Mahendrawathi, 2017).

Sate Madura Cak Kholil is a small and medium-sized business engaged in the culinary field by providing various processed satay meats. Its products include chicken satay and goat satay. To be able to survive in the midst of increasingly fierce competition in the culinary field, the main thing that needs to be considered by entrepreneurs is how to meet consumer demand (Jabbour et al., 2020). Sate Madura Cak Kholil has 3 E-Commerce Platforms so that consumers can more easily reach products from Sate Madura Cak Kholil, namely Grab Food, Go-Food and Shopee Food.

MSME Sate Madura Cak Kholil applies production policies to supply chain actors which include supply chain structure actors, namely upstream in the form of raw material suppliers, midstream in the form of meat processing manufacturers and downstream, namely sales shops. This study covers a discussion on the midstream to the downstream by providing products based on the number of orders at the sales store and adding 10% of the order results to anticipate a surge in demand. With an increase in orders from regional sales stores by 10%, the impact of this policy will result in overstock if demand is less than predicted at the store and result in stockout if demand is more than predicted at the store.

Previous research has shown that the Collaborative Planning, Forecasting, And Replenishment (CPFR) method can be used as a problem solving solution to reduce the bullwhip effect using the Collaborative Planning, Forecasting, and Replenishment (CPFR) method to control inventory (Saptaria, 2017). This model can help determine the amount of safety stock that must be prepared every time an order is made to the distributor more optimally by minimizing the total purchase cost, using the Collaborative Planning, Forecasting, And Replenishment (CPFR) approach to forecast product demand data and to calculate safety stock on demand (Yao et al., 2013; Zhan et al., 2020). The Collaborative Planning, Forecasting, and Replenishment (CPFR) method was used to calculate production policies in the coming year by forecasting time series to minimize the bullwhip effect (Hill et al., 2018).

Based on the description that has been stated above, it is necessary to conduct research by implementing Collaborative Planning, Forecasting, And Replenishment (CPFR) to Reduce the Bullwhip Effect in MSMEs Sate Madura Cak Kholil. By using the Collaborative Planning, Forecasting, and Replenishment (CPFR) method, a product production policy will be obtained.
Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil
Sjurahudin and Vikaliana

which includes the size of the order and safety stock so as to minimize the increase in inventory in the supply chain (Chen & Romanowski, 2014; Hoogstra-Klein & Meijboom, 2021). This study aims to determine the demand forecast for chicken satay and goat satay products and to determine the safety stock of demand to anticipate a surge in product demand at MSME Sate Madura Cak Kholil.

METHOD
This research approach uses quantitative research (Ghozali, 2016; Sugiyono, 2019). While the type of research is descriptive research (Bretas & Alon, 2021; Eksoz et al., 2014; Toufaily et al., 2013; Wang et al., 2019). The research was conducted at MSME Sate Madura Cak Kholil, using secondary data derived from data or entrepreneur records or from other sources. The secondary data in this study is the Supply and Demand Data for Sate Madura SMEs Cak Kholil for the period January to December 2020

RESULTS AND DISCUSSION
From the research, data on supply and demand were obtained at MSME Warung Sate Madura Cak Kholil from January 2020 to December 2020 in skewers.

Table 1. Supply and Demand Data on MSME Warung Sate Madura Cak Kholil in 2020

<table>
<thead>
<tr>
<th>Bulan</th>
<th>Sate Ayam</th>
<th></th>
<th>Sate Kambing</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Supply</td>
<td>Demand</td>
<td>Supply</td>
<td>Demand</td>
</tr>
<tr>
<td>January</td>
<td>46,500</td>
<td>45,200</td>
<td>15,500</td>
<td>17,400</td>
</tr>
<tr>
<td>Februari</td>
<td>43,500</td>
<td>42,600</td>
<td>14,500</td>
<td>13,600</td>
</tr>
<tr>
<td>Maret</td>
<td>46,500</td>
<td>44,900</td>
<td>15,500</td>
<td>14,700</td>
</tr>
<tr>
<td>April</td>
<td>45,000</td>
<td>43,800</td>
<td>15,000</td>
<td>14,400</td>
</tr>
<tr>
<td>Mei</td>
<td>46,500</td>
<td>45,300</td>
<td>15,500</td>
<td>17,600</td>
</tr>
<tr>
<td>Juni</td>
<td>45,000</td>
<td>44,800</td>
<td>15,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Juli</td>
<td>46,500</td>
<td>45,700</td>
<td>15,500</td>
<td>13,200</td>
</tr>
<tr>
<td>Agustus</td>
<td>46,500</td>
<td>45,100</td>
<td>15,500</td>
<td>16,400</td>
</tr>
<tr>
<td>September</td>
<td>45,000</td>
<td>43,600</td>
<td>15,000</td>
<td>12,100</td>
</tr>
<tr>
<td>Oktober</td>
<td>46,500</td>
<td>44,800</td>
<td>15,500</td>
<td>12,600</td>
</tr>
<tr>
<td>November</td>
<td>45,000</td>
<td>43,700</td>
<td>15,000</td>
<td>16,600</td>
</tr>
<tr>
<td>Desember</td>
<td>46,500</td>
<td>45,400</td>
<td>15,500</td>
<td>16,200</td>
</tr>
</tbody>
</table>

Based on Supply and Demand data on MSME Warung Sate Madura Cak Kholil in 2020 in Table 1 above, the next step is to process the data according to the methods and steps that have been determined. The initial step that needs to be done is to identify the bullwhip
effect that occurs in the supply chain network. The first step to determine the level of the bullwhip effect is to measure the coefficient of variation of supply with the coefficient of variation of demand (Table 2).
The next step is the selection of a forecasting method. Forecasting method is an activity carried out to be able to estimate demand for products within a certain period. Forecasting is done at different levels for each supply chain actor. The purpose of forecasting is to predict the systematic component of demand and estimate the independent component. The systematic components of the data are characterized by levels, trends and seasonal factors. The selection of the best forecasting method can be done through calculations, namely Mean Absolute Deviation (MAD), Mean Absolute Percentage Error (MAPE) and Mean Square Deviation (MSD). The research parameters are based on the minimum value of each of these error calculations. Forecasting methods used consist of Trend Linear, Moving Average, Exponential Smoothing, and Winter Model Method (Guritno et al., 2015).

Based on the forecasting that has been done, a comparison will be made between each forecast based on the error value contained in each forecast to get the best forecasting method with the smallest error value and can be seen in Table 3 below.

Table 2. Data on Bullwhip Effect Value of Chicken Satay and Goat Satay

<table>
<thead>
<tr>
<th>Produk</th>
<th>Supply</th>
<th>Demand</th>
<th>Nilai Bullwhip Effect</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stanndar Deviasi</td>
<td>Rata-rata</td>
<td>CV</td>
<td>Rata-rata</td>
</tr>
<tr>
<td>Sate Ayam</td>
<td>313.47</td>
<td>45750</td>
<td>0.007</td>
<td>280.31</td>
</tr>
<tr>
<td>Sate Kambing</td>
<td>101,78</td>
<td>15.233,3</td>
<td>0.007</td>
<td>55,05</td>
</tr>
</tbody>
</table>

Table 3. Forecasting Error Data using 4 Forecasting Methods

<table>
<thead>
<tr>
<th>Metode</th>
<th>Error Peramalan</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MAPE</td>
<td>MAD</td>
</tr>
<tr>
<td>Trend Linear</td>
<td>1,36747</td>
<td>1,73364</td>
</tr>
<tr>
<td>Moving Average</td>
<td>1,47244</td>
<td>1,88148</td>
</tr>
<tr>
<td>Exponential Smoothing</td>
<td>1,71185</td>
<td>2,17102</td>
</tr>
<tr>
<td>Winter Model</td>
<td>7,69572</td>
<td>1,00926</td>
</tr>
</tbody>
</table>
Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil
Sjurahudin and Vikaliana

Based on the above recapitulation, it can be concluded that the best forecasting method with the smallest error on the Mean Absolute Deviation (MAD), Mean Percentage Error (MAPE) and Mean Square Deviation (MSD) is to use the Trend Linear Method.

Forecasting results obtained using the Trend Linear method are massive data in the total product, so it is necessary to disaggregate to determine the number of requests for each product. The following is the calculation of the results of the demand forecast for each product:

1. **Chicken Satay** = Forecasting x Size Percentage
   
   \[= 127.839.394 \times 70\%\]
   
   \[= 89.487.575,8\]

2. **Goat Satay** = Forecasting x Size Percentage
   
   \[= 127.839.394 \times 30\%\]
   
   \[= 38.351.818,2\]

<table>
<thead>
<tr>
<th>Month</th>
<th>Forecasting</th>
<th>IDR</th>
<th>Skewers Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Chicken Satay (70%)</td>
<td>Goat Satay (30%)</td>
</tr>
<tr>
<td>January</td>
<td>127.839.394</td>
<td>89.487.575,8</td>
<td>38.351.818,2</td>
</tr>
<tr>
<td>February</td>
<td>127.919.814</td>
<td>89.543.869,8</td>
<td>38.375.844,2</td>
</tr>
<tr>
<td>March</td>
<td>128.000.233</td>
<td>89.600.163,1</td>
<td>38.400.069,9</td>
</tr>
<tr>
<td>April</td>
<td>128.080.653</td>
<td>89.656.457,1</td>
<td>38.434.195,9</td>
</tr>
<tr>
<td>May</td>
<td>128.161.072</td>
<td>89.712.750,4</td>
<td>38.448.321,6</td>
</tr>
<tr>
<td>June</td>
<td>128.241.492</td>
<td>89.769.044,4</td>
<td>38.472.447,6</td>
</tr>
<tr>
<td>July</td>
<td>128.321.911</td>
<td>89.825.337,7</td>
<td>38.496.573,3</td>
</tr>
<tr>
<td>August</td>
<td>128.402.331</td>
<td>89.881.631,7</td>
<td>38.520.699,3</td>
</tr>
<tr>
<td>September</td>
<td>128.482.751</td>
<td>89.937.925,7</td>
<td>38.544.825,3</td>
</tr>
<tr>
<td>October</td>
<td>128.563.690</td>
<td>89.994.583</td>
<td>38.569.107</td>
</tr>
<tr>
<td>November</td>
<td>128.643.170</td>
<td>90.050.219</td>
<td>38.592.951</td>
</tr>
<tr>
<td>December</td>
<td>128.724.009</td>
<td>90.106.806,3</td>
<td>38.617.202,7</td>
</tr>
</tbody>
</table>

Based on the forecast, the results of the demand data will be used in the future period. The forecasting results will be used to measure the occurrence of the bullwhip effect. The measurement of demand variability is as follows:
1. Calculation of the variability of demand for chicken satay after forecasting is as follows:

\[
\text{CV (Supply)} = \frac{\sigma(\text{Supply})}{\mu(\text{Supply})}
\]

\[
\mu = \frac{\sum X_i}{n}
\]

\[
\mu = \frac{44.744 + 44.770 + \ldots + 45.053}{12}
\]

\[
\mu = 44.898,5
\]

\[
\alpha = \sqrt{\frac{\sum (x_i - \mu)^2}{n - 1}}
\]

\[
\alpha = 101,5
\]

\[
\text{CV Supply} = \frac{\alpha(\text{Supply})}{\mu(\text{Supply})}
\]

\[
\text{CV Supply} = \frac{101.5}{44.898,5}
\]

\[
\text{CV Supply} = 0.002
\]

2. Calculation of the variability of demand for goat satay after forecasting is as follows:

\[
\text{CV (Supply)} = \frac{\sigma(\text{Supply})}{\mu(\text{Supply})}
\]

\[
\mu = \frac{\sum X_i}{n}
\]

\[
\mu = \frac{12.784 + 12.792 + \ldots + 12.878}{12}
\]

\[
\mu = 12.828,75
\]

\[
\alpha = \sqrt{\frac{\sum (x_i - \mu)^2}{n - 1}}
\]

\[
\alpha = 29.13
\]

\[
\text{CV Supply} = \frac{\alpha(\text{Supply})}{\mu(\text{Supply})}
\]
Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil

Sjurahudin and Vikaliana

\[
CV\ Supply = \frac{29.13}{12.828.75}
\]

\[
CV\ Supply = 0.002
\]

In this study, the amount of inventory is determined based on the number of requests on the forecasting results plus safety stock. This is to anticipate an increase in demand volume and uncertainty in consumer demand.

The safety stock formulation is as follows.

Where :

\( Z \)  = desired service level

\( LT \)  = Lead Time (2 days)

\( \alpha \)  = standard deviation of demand

Calculation of chicken satay products in January, so the value of safety stock (SS) is:

\[
SS = z \sqrt{LT \alpha}
\]

\[
SS = 1.645 \sqrt{2 \times 101.5}
\]

\[
SS = 236.12 \sim 236
\]

Calculation of goat satay products in January, so the safety stock value is:

\[
SS = z \sqrt{LT \alpha}
\]

\[
SS = 1.645 \sqrt{2 \times 29.13}
\]

\[
SS = 67.76 \sim 68
\]

After obtaining the safety stock value for chicken satay and goat satay products, then the calculation of the value of the bullwhip effect was carried out after the application of the value of the Collaborative Planning, Forecasting and Replenishment method on MSME Sate Madura Cak Kholil. The following results were obtained:
Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil

Sjurahudin and Vikaliana

Table 7. The value of the Bullwhip Effect after the application of the CPFR method

<table>
<thead>
<tr>
<th>Produk</th>
<th>Supply</th>
<th>Demand</th>
<th>NilaI Bullwhip Effect</th>
<th>Keterangan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standard Deviasi</td>
<td>Rata-rata</td>
<td>CV</td>
<td>Standard Deviasi</td>
</tr>
<tr>
<td>Sate Ayam</td>
<td>101.5</td>
<td>44.898.6</td>
<td>0.002</td>
<td>280.31</td>
</tr>
<tr>
<td>Sate Kambing</td>
<td>29.13</td>
<td>12.828.75</td>
<td>0.002</td>
<td>55.05</td>
</tr>
</tbody>
</table>

Based on the results of the research above, it is evident that the Bullwhip effect on MSMEs Sate Madura Cak Kholil can be minimized. These results are in accordance with the theory that CPFR is a supply chain implementation model in which suppliers and retailers collaborate in planning and forecasting demand which aims to ensure supply chain members get the correct amount of raw material (Desai & Rai, 2016; Galbreth et al., 2015; Makarius & Srinivasan, 2017). In accordance with previous research on CPFR implementation, it is proven that the CPFR variable can affect the risk reduction of the Bullwhip Effect (Fildes & Goodwin, 2021; Gao, 2015; Peng et al., 2014; Walker et al., 2021).

CONCLUSION

At the Sate Madura Cak Kholil UMKM which produces Chicken Sate and Goat Satay products in the January - December 2020 period before using the Collaborative Planning, Forecasting, And Replenishment (CPFR) method, the bullwhip effect value on chicken satay products is 1.17 and for the bullwhip effect value is 1.17, goat satay product is 1.75. After using the Collaborative Planning, Forecasting, and Replenishment (CPFR) method, the bullwhip effect value on chicken satay products is 0.3 and the bullwhip effect value for goat satay products is 0.5. The value of the safety stock used from the research results of the Sate Madura Cak Kholil MSME is for chicken satay products of 236 and goat satay products of 68.

REFERENCES

Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil

Sjurahudin and Vikaliana


Implementation of Collaborative, Planning, Forecasting and Replenishment (CPFR) to Reduce the Bullwhip Effect in MSME Sate Madura Cak Kholil
Sjurahudin and Vikaliana


