

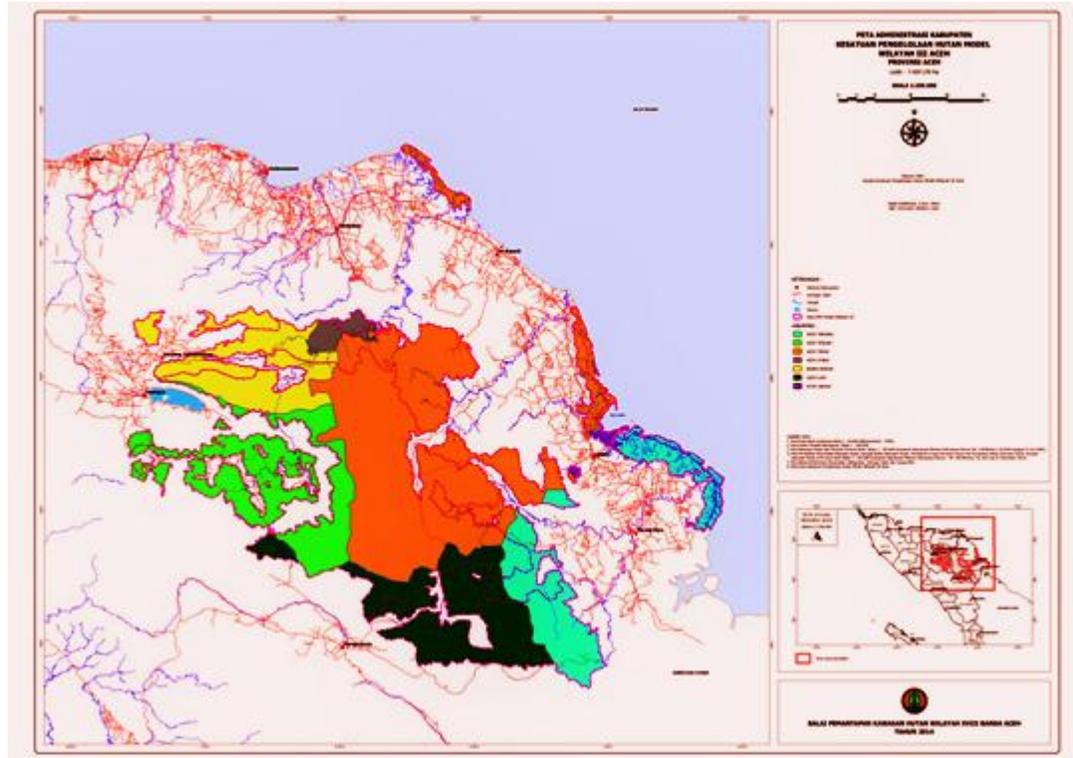
The Dynamics Of Business Under FMU/KPH Framework

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December 2018



1. FMU as Center for Forestry Public Services at Site Level

- Government regulations guides FMU/KPH to maximise public services in terms of delivering products and services, and maintaining ecosystems functions. On the other side, FMU/KPH holds complete features of forest resources management – from timber, non timber, environmental based services, along the supply chain
- With that, FMU/KPH is designed to be forest-based, sustainable economic cluster at landscape level
- The first document to look for business opportunities in partnership with FMU is the respective business model document. FMU/KPH Business model is quite specific since it has to be operated under corridors of government regulations, considering the sustainable functions of ecosystems, and mandatory tasks to improve community prosperity

2. FMU/KPH Business Modelling



<https://www.mindfulreturn.com/wp-content/uploads/2016/05/Diversity-Flexibility-Alliance.jpg>

Principles

- A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities (1)
- Business under FMU/KPH is resource-base business. Business model of FMU/KPH has to be anchored at the characteristics and potential of the respective forest resources, and to be developed along the supply chain
- Resource based business is specified and potentially very creative business.
- Business model provides general business schemes of the FMU that may be taken as first information on the business opportunities



- Most of the time, specified business is associated with niche marketing - channeling all marketing efforts towards one well-defined segment of the consumers.
 - 'niche' does not exist, but is created by smart marketing techniques and identifying what the customer wants.
- Potentially very creative business – should be directed toward flex-business
- Once flex business is operating – economic clustering follows

Reality Checks

- FMU/KPH management understands that it is resource based business
- Most of FMUs/KPHs have not yet prepared with the business model. However, the approved Long Term Management Plan of individual FMU may be used as legal basis to create and operate business. Currently there are more than 150 FMUs have secured this management plan
- Most of FMUs/KPHs have not got strong access to niche market. In fact, niche market was not well identified. Business partners may have to assist FMU in identifying and accessing these niche market
- Most of FMUs/KPHs have not arrived to implement flex-businesses. They treat commodity business individually, or take one commodity or service as the core business and put other commodities as side products



3. Formulation of Business Plan on a Core Business under FMU/KPH

- When facing with individual core business, FMU/KPH management has to deal with basic components, namely: (i) professional business unit and management scheme, (ii) systems of production or service; (iii) marketing schemes, (iv) financial feasibility; (v) investment schemes; and (vi) business safeguards (governance, social, environmental risks management). These features should be covered in the business plan
- A number of FMUs/KPHs have prepared business plan documents with various qualities. When it comes to the implementation, the business plan may have to be improved

4. Potential Action Space for FMU Business Partnership



https://www.google.com/search?q=forest+mushrooms&safe=strict&tbm=isch&tbs=rimg:CR25W4fcdTq-ljhGYuv5bDHmmT45vreNzRV8BB8ZqWMbwqi3GojiaswXEnX6F0FDV0qYbX-1scSUSQjhiUj49F8vOeSoSCUZi6_1lsMeaZEa_14XEbV1vKvKhIJPjm-t43NFXwRBWpf03FlmUEqEgkEHxmpYxvCqBHPBWbXx8O77CoSCbcaiOJqzBcSEd-N1eMEDLnAKhIIdfoXQUNXSpgrFe_1JiAXQgxAqEgltf-xxJRJCOBG4xw8rTTIXJioSCUhpSPj0Xy855EVFm7I3jyd1O&tbo=u&sa=X&ved=2ahUKEwi-36OCnvDeAhWBpY8KHQ0kBVmQ9C96BAgBEs&biw=1242&bih=553&dpr=1.1

1. Partnership in direct financial investment to FMU/KPH (Capital to create or start and operate the business)
2. Partnership in generating and developing creative flex-business of the richest tropical forest resources business, along the supply chain
3. Partnership in operating creative flex business in parts of the supply chain (i.e., niche marketing)
4. Partnership in specific businesses: bio-energy, bio-food industry, bio-medical industry, bio-cosmetics industry
5. Partnership in generating community venture business

Costs and benefits for Japan business partners

- Business may be designed from the earliest phase under FMU operation. When Japanese partners are interested in generated creative and non conventional tropical forest based business, then they should better go to FMU
- When Japanese partners eager to develop off-farm industry and business, the potential is quite high (eg derived or down-stream products/industry). They may find the maximum added values along the supply chain
- FMU may initiate business partnerships, but should be approved by the government. This may take one additional bureaucratic process
- When Japanese partners only look for a “ready made” business, then the opportunity is less available
- Technical capacity building may be needed, and this may cost something to be included in the business plan

Recommendations



1. There is one prerequisite to complete operational business partnership, namely: capacity building to FMU/KPH management in accelerating the transition towards professional business management. This may be taken as part of the government to follow up
2. A number of motivated FMU management got strong support from the Government. Seeking for partnership may start from these FMUs
3. Based on the availability and adequacy of business plan prepared by FMU/KPH, commodity-based business partnership may be initiated.
4. Forestry – FMU business partnership always takes long term commitment. For non timber forest products, at least 5-year commitment shall be taken