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Business Unit Utilization in Supply Chain of Distribution Channel(Article) (Open Access)

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Abstract

Purpose: The Supply chain strategy serves to strengthen positioning in competing to serve customers. This study examines the business unit in the supply chain strategy in producing food products from Cowhide in Indonesia. There are many business units with high demand for rawhides from cattle for use as food products which form several distribution channels. Thus, this opportunity is utilized to increase the productivity of business units in Indonesia. This study aims to determine the business unit utilization in the supply chain of distribution channel by considering patterns of business processes, value-added products, and optimal supply chain strategies.

Design/methodology/approach: The study interviews 18 business units of Cowhide in Indonesia, including two slaughterhouses, five cattle owners, three restaurants, two cowhide drying business units, one cowhide cracker business unit, three cowhide traders' traditional markets, one cowhide boiler business unit, and one retail shop. The SCOR model, Hayami, and discrete event simulation are integrated to analyze business unit utilization in Cowhide's food products' supply chain of distribution channel. Findings: There are five distribution channels from 7 business units in food products. Then, the highest value-added product ratio was the cowhide cracker business unit at 31%.

Finally, Channel 1 is the highest utilization rate of 40%. Moreover, the policymaker can study non-food products to compare cowhide raw materials' business unit utilization because Indonesia has many of these raw materials and is easy to obtain. Research limitations/implications: Further study is suggested to measure each business unit's performance in the supply chain of distribution channel and then strengthen institutions to increase productivity.

Originality/value: This study needs to measure each business unit's performance in strengthening its supply chain strategy to optimize the distribution channel. This study's implication can contribute to business units in improving their business processes and stakeholders in the decision-making process, including associations, communities, cooperatives, and the Government, in increasing the potential for economic growth on SMEs in especially of Cowhide.

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Author keywords

[business unit](#) [cowhide](#) [distribution channel](#) [food product](#) [SCOR model](#) [supply chain](#) [utilization](#)

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