

Implementation of Risk Management Process for Start-up Business PT Indo Bright Skincare

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Abstract - Skincare businesses in Indonesia continue to emerge, both large and small companies. Local skincare products and brands still dominate Indonesian market. People in Indonesia today are starting to be interested in skincare products made from natural ingredients such as tea extract, spices, or black garlic. Seeing the public interest, PT Indo Bright Skincare offers skincare products made from black garlic extract as ingredient that do not yet exist in Indonesia. The product uses a right formula that is safe and halal. This study aims to describe risk management process, to analyze uncertainty factors that come from the external and internal environment. As we know, the establishment of a business has various risks. That's why risk management is significant for the company. Researchers used qualitative descriptive methods to obtain needed data. The main results of the study are about information of risk evaluation and treatment needed for the company. Finally, we conclude that risk management process is important for the company to anticipate and manage risks properly.

Keywords - Risk Management, Black Garlic, Skincare

1. INTRODUCTION

People nowadays are interested in skincare products made from natural ingredients, such as black garlic. Black garlic is produced from fresh garlic (*Allium sativum* L.) under controlled high temperature and humidity. This process aims to eliminate unpleasant odor [1]. Garlic will be black in color, chewy textured and odorless. Black garlic extract has potential as an antioxidant, because it contains active compounds of flavonoid, tannin, saponin, and sterol that are able to stabilize free radicals [2]. The contents of black garlic are very suitable for the skin, so that it is very good for use as an ingredient for skincare [3]. It has also potential as it inhibits the growth of cancer cells, enhances the immune system, is anti-allergic and anti-inflammatory [4].

Seeing the public interest and the efficacy of black garlic extract, PT Indo Bright Skincare offers skincare products made from black garlic extract as ingredient. The company in the early stages will produce six types of skincare products, namely day cream, night cream, facial wash, toner, anti-acne gel, and serum.

In today's business environment, every company faces uncertainty factors in the form of threats and opportunities. These uncertainty factors come from the external and internal environment. Threats and opportunities as a manifestation of this uncertainty are also known as risks. Risks are common parts of the organization that can threaten the achievement of goals and objectives [5]. The risk is a very vulnerable problem for any organization; therefore it is needed a careful management to minimize the impact of risks [6].

Company must manage risks to ensure the achievement of its goals and objectives. That's why risk management is important for the company. Management needs to know what can lead to failure to achieve goals, and also the opportunities that can accelerate the achievement of goals. By understanding risks, management can anticipate and manage risks properly [7]. Risk management means recognition, analysis and control of risks or probability of risks which can threaten company [8]. The implementation of risk management requires active involvement of all members of the organization. All divisions act together to achieve organization goals [9].

2. METHODOLOGY

This study used descriptive qualitative method which provides a practical description of implementation of risk management process. Researchers research literature and literature review to collect information relevant to the topic or problem that is the subject of research.

3. RESULT AND DISCUSSION

Risk management process discussed in this study refers to ISO 31000: 2018, as shown in Fig. 1 below.

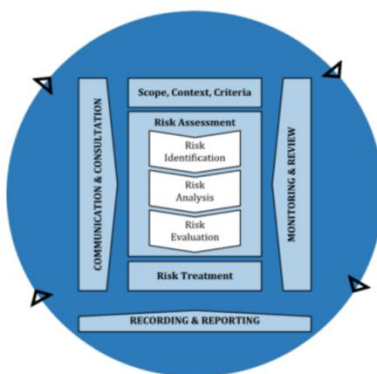


Fig. 1 Stages of the risk management process

Risk management process includes stages, i.e. as follows: scope, context, criteria; risk identification; risk analysis; risk evaluation; and risk treatment [7].

A. *Scope, Context, Criteria*

PT Indo Bright Skincare has established scope, context and criteria of risk management. The scope of risk limited to top twelve risks assessed can be disrupting the business operations. Risk is determined based on the marketing, operational, human resource, and financial context. The company also determines the criteria for the likelihood and consequence of the risk.

B. *Risk Identification*

Risk identification is an analysis process to find systematically and continuously risks faced by the organization [10]. Identifying risks in a structured manner can make it easier to find risks that may occur. To identify risks, organization it must know what is involved in risk and what types of risks have an effect on the project [11]. The organization must identify risks, regardless of whether the source of the cause can be controlled or not. Relevant, adequate and up-to-date information is important in identifying risks. PT Indo Bright Skincare identified twelve risks as shown in Table I below:

Table I
Risk Identification

Code	Risk Identification
R1	Order contract is not carried out properly
R2	Supplier does not meet the expected qualifications
R3	Mismatch between the material that arrived and what was ordered
R4	Delay in delivery of goods from suppliers
R5	Items that arrived defective
R6	Late payment to supplier

R7	Receipt and storage of goods not up to standard
R8	Delay in delivery of goods to customers
R9	Damage to goods during delivery to the customer
R10	Electrical maintenance is not good
R11	Building maintenance is not good
R12	Computer network maintenance is not good

C. Risk Analysis

Risk analysis aims to get an assessment of risks that have been identified [12]. Risk analysis is an assessment of two parameters, namely likelihood (how often the risk is likely to occur or the frequency of occurrence of the risk) and consequence (how big is the impact if the risk occurs) [13] [14]. The likelihood and consequence assessment is assessed by weighting or giving an index of 1-5 [15].

The likelihood assessment by PT Indo Bright Skincare is according to Table II below.

Table II
Likelihood

Index	Likelihood	Criteria
1	Rare	0% < p ≤ 15%
2	Unlikely	15% < p ≤ 35%
3	Possible	35% < p ≤ 50%
4	Likely	50% < p ≤ 70%
5	Almost Certain	70% < p ≤ 100%

The consequence assessment by PT Indo Bright Skincare is according to Table III below:

Table III
Consequence

Index	Consequence	Criteria
1	Insignificant	Minor impact on target, negligible; Very small financial loss or almost no financial loss at all; Does not interfere with organizational operations/ program projects; The handling is enough with the internal handling of the company/ organization
2	Minor	Minor damage and easy to repair; Small to moderate financial loss; The handling is enough with the internal handling of the company/ organization
3	Moderate	Influence the achievement of multiple goals; Moderate to large financial loss; The solution does not need help from outside the company
4	Major	Important goals cannot be achieved; Huge financial loss; Serious threat to organization/ project/program; The solution requires assistance from outside the company but it does not cause damage

5	Catastrophic	It is a catastrophe/big disaster, all goals cannot be achieved; The financial loss is enormous to extraordinary; Very dangerous to the organization/ project/ program; The solution requires assistance from outside the company and results in damage; Totally not accepted
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D. Risk Evaluation

Risk evaluation is carried out by mapping that describes the relationship between the frequency of occurrence and the resulting impact. The result of the risk evaluation is a list of priority risks for further action. If the risks are categorized as low risk or acceptable risk, then those risks are accepted with little further treatment [12].

The risk map for PT Indo Bright Skincare is shown in Table IV. High risk rating in the red box, medium risk rating in the yellow box, and low risk rating in the green box [16]. There are nine risks in the green box (low risk rating), three risks in the yellow box (medium risk rating), and no risk in the red box (high risk rating).

**Table IV
Risk Map**

		Consequence				
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)
Likelihood	Almost Certain (5)					
	Likely (4)					
	Possible (3)					
	Unlikely (2)	R7	R8, R9	R3, R4, R5	R1, R10, R12	
	Rare (1)			R2, R6	R11	

E. Risk Treatment

Risk treatment aims to select and implement options to deal with risk [17]. The green status means risk is considered small and treatment is also small or not even necessary. While the yellow status means the risk is medium and the treatment is based on cost and benefit considerations. PT Indo Bright Skincare establishes treatment to minimize the impact of the identified risks. Risks that are not included in the acceptable/tolerable risk are prioritized to be handled immediately.

4. CONCLUSION

Risk management process is significant to anticipate and manage risks properly. PT Indo Bright Skincare determines risk management for its skincare business. Risks are determined based on the marketing, operational, human resource, and financial context. There are top twelve risks that have the potential to disrupt its business. The risk map in the table above shows that there are nine risks in the green box (low risk rating), three risks in the yellow box (medium risk rating), and no risk in the red box (high risk rating). Green status means risk is considered small and treatment is also small or not even necessary. While the yellow status means the risk is medium and the treatment is based on cost and benefit considerations. It is necessary to ensure that the benefits obtained must be greater than the costs of treatment.

The study is limited to skincare business area, and the risks discussed are limited to the marketing, operational, human resource, and financial context. Researchers suggest that further research takes broader business area. Also, the risks discussed cover a wider context.

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