



## Optimizing Value for Customer Segment of MSMEs by Transforming Business Model Canvas

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### Abstract

Purpose: This research examines the business model canvas in developing The significant role of micro, small, and medium enterprises (MSMEs) in absorbing labor and contributing to gross domestic product is faced with the challenge of the ways to adjust to consumer trends in obtaining goods or services that have shifted from "offline" to "online" due to Covid-19 pandemic. In reality, not all MSMEs are ready to adjust their business model to optimize their marketplaces. This study examined the business model of a micro-scale enterprise in order to increase its market access through e-commerce with the aim of expanding its customer segment in accordance with the benefits provided by Tanzif soap products.

Method: This study examined the business model of a micro-scale enterprise in order to increase its market access through e-commerce with the aim of expanding its customer segment. This study has used the business-coaching approach with a unit of analysis on the business model canvas (BMC) of a micro-scale business in Jakarta Indonesia. We applied environmental analysis using strength-weakness-opportunity-threat (SWOT) analysis framework.

Result: Taking into account the results of analysis of the micro enterprise and the results of business model canvas evaluation of the current BMC, we concluded that the enterprise needed to expand its customer base in order to receive financial benefits from the products offered. In addition, strengthening the value proposition of the products can be enhanced through photo displayed in channel Tokopedia e-commerce storefront to increase the trust of potential buyers in the benefit or solution offered by the product. Based on that problem and proposed solution identification, we develop a new business model canvas to respond to the demand of expanding customer base and the associated relevant adaptation to the other components of the business model canvas in a nine-block formation. Feed-forward evaluation was also undertaken to diagnose the increase in the innovativeness of the business model canvas comparing to the previous one (before the final stage of the coaching session). Recommendation for a new business model canvas will support the increasing product sales because of the expanding customer segments that will consequently increase product ratings on Tokopedia marketing and selling channel that in turn will improve the business performance.

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## INTRODUCTION

This article aims to present a study result of micro enterprise's business development using a business coaching approach. The unit of observation is a micro business that is one among micro, small, and medium enterprises (MSMEs) in Jakarta Indonesia. MSME are an important sector in the Indonesian economy. Contributing to around 60.3 percent of the total employment and 61.07 percent of the total Gross Domestic Product (Ministry of Economic Affairs, 2021). However, MSMEs in Indonesia still face challenges, including limited managerial skills, limited access to capital, and challenges in product marketing and distribution.

Electronic commerce (e-commerce) is the way for conducting digital marketing practice (Jadhav, et al.2023). Digital marketing campaigns are easier to adapt to smaller pools of customers, since well-defined customer-segments are likely to respond better to niched offers and campaigns. Digital capabilities are, therefore, important for MSMEs that want to create particular market-niches and separate their offers from the mass-market actors (Tolstoy, et al.2022).

E-commerce as part of digital marketing is one solution to overcome this problem. The use of e-commerce can help MSME in increasing market access, expanding product range, and increasing operational efficiency (Mckinsey & Company, 2019). The utilization of e-commerce by MSMEs can increase the income of MSMEs. The products marketed will be more easily recognized by consumers, making them easier to get customers' attention and loyalty. In addition, the use of e-commerce can save promotion costs and increase transaction speed (Rakanita, 2019).

In this fast-paced and changing time, when people live in the digital era and are connected to each other and companies are active in the business environment via Internet, modern organizations of all dimensions, including MSMEs, must adapt quickly to various pressures that they face, more or less directly. Therefore, the right business strategy must be increasingly associated with sustainability. Since sustainability has become one of the most important challenges today, many modern MSMEs from the European Union have integrated sustainability into both classical and digital marketing (Dumitriu, et al., 2019). One of the MSMEs implementing a strategy to run a business in a sustainable manner is Tanzif, a micro enterprise or micro business category in Jakarta.

Tanzif is engaged in manufacturing natural soap products. Tanzif bar-soap products are believed to be safe for children and provide more benefits for families who are aware of healthy living and who have concern for environment sustainability. To reach more customers, Tanzif is also actively developing promotional strategies through social media (Instagram @Tanzif.id). In addition, to introduce potential customers, Tanzif also actively participates in offline promotion activities through exhibitions and sales at the MSMEs showroom.

Tanzif bar soap is claimed to be a product whose customers focus on using products made from natural ingredients and/or low in synthetic chemicals. From a product development point of view, Tanzif bar-soap has many advantages for skin health. This provides space for Tanzif bar-soap to optimize consumer groups in its customer segment by targeting consumers who have a focus on skin health. The marketing roles are relevant as the company always seeks new customers and retains the old customers for its goods or services (Jadhav et al., 2023). An alternative option to brand extensions for generating additional customers is to broaden the target market appeal to include both existing customers and new customers for the brand. This broadening of the target market is labeled as strategic customer extensions – attempts by marketers to broaden their target market by altering the position of their brand in the minds of consumers (Preiksaitis, et al., 2021).

The benefits of Tanzif bar-soap for skin health have been promoted through content on Instagram social media, but they have not been reflected in promotions on the Tokopedia e-commerce account which is used as Tanzif's sales channel for its bar-soap. It is very important to align the information conveyed on social media as a promotional media with the information conveyed on e-commerce as a sales channel. Among digital marketing elements, image marketing can be placed at the top because it is easily interpreted by potential customers.

A customer can easily understand product details if the seller places the product image in an attractive form instead of merely text. Moreover, it may be in the near future that image-based marketing will dominate other digital-based marketing as product images are more reliable and pleasing to the mind. If a product is supported by image-based marketing, the level of product sales will increase. For this reason, proper planning is needed for the proper use of social media and other digital media (Sihare, 2017). A research shows that information via image is more remarkable compared to the text-based communications (Murtarelli et al., 2022).

The challenges faced by Tanzif in optimizing customer segments are inseparable from the business model being implemented, so that sales through e-commerce cannot be optimal for profit. Therefore, the formulation of the problem is that the customer segment of Tanzif bar-soap is not yet optimal. Tanzif can still increase its sales by increasing its customer base. To solve the problem, the study focused on how to optimize the Tanzif bar-soap customer segment with related channels used is Tokopedia e-commerce and sales channels.

Researchers feel the benefits of this business coaching process in the form of developing the ability to apply strategic entrepreneurial knowledge and business model innovation in supporting the development of "class up" MSMEs in the Jakarta area.

Business coaching is considered as a tactic that can improve comprehension of the strategic vision, successful execution of the company's strategic blueprint, maintain drive to attain the strategic objectives, and ultimately boost the performance of the organization (Tsai & Barr 2021, Fontana 2011). Business coaching can help MSMEs develop the skills and knowledge needed to manage and grow their business. In a study by McKenzie (2021), it was found that business coaching can help MSME increase productivity, improve management capabilities, and develop more effective business plans. In addition, business coaching can also help MSMEs overcome problems and obstacles that may arise during their business operations.

Wiginton (2018) provides a thorough description of business coaching, which is used in this study as the art of providing an organization and/or its leader(s) with the proper diagnosis and guidance by a seasoned, trusted advisor who actively contributes to creating situational clarity, specific action steps, and accountability for measurable results in a setting that is private, candid, wisely-cadenced, and progress-focused for the benefit of the client as a whole and the business as a whole.

The importance of mentoring and support in the use of e-commerce by MSMEs can be done through business coaching conducted in having the right business model that focuses on efforts to provide training or assistance for MSMEs in developing their business model by utilizing e-commerce technology. This will provide practical benefits for MSMEs in increasing their ability to manage business by using e-commerce technology to assist MSMEs in developing effective business strategies, improving management skills, and increasing product sales, so that they can optimize the marketing and sales of their products (Hardilawati et al., 2019; Fontana 2011).

One of the business models that can be used is the business model canvas (BMC) coined by Osterwalder (2010) and Pigneur (2020). BMC is a business design to help MSMEs develop effective and efficient ways to create value, delivery value, and capture value or business performance. According to research by Umar et al. (2020), the use of BMC can help MSME understand market needs, create added value for customers, and increase business profits. Through business coaching the BMC, one can build an effective and significant business model in manifesting its business strategy using e-commerce to improve its marketing and product competitiveness.

Marketing refers to the collection of institutions, processes, and activities that are involved in the creation, delivery, communication, and exchange of valuable products or services for customers, partners, clients, and society in general (AMA, 2017). Marketing definition encompasses five elements: two or more entities, an exchange of something valuable between them, communication, and a mechanism to complete the exchange. Morris et al. (2001) note that most marketing activities can be categorized under product, place, price, and promotion, or "4Ps" of marketing. For entrepreneurs, utilizing effective marketing strategies is crucial for

achieving successful business using entrepreneurial marketing that typically refers to the creative and resourceful tactics employed by micro and small businesses with limited resources, and can also include visionary and unplanned marketing actions taken by entrepreneurs (Morris et al., 2002).

In today's increasingly competitive business environment, the right marketing strategy can make a difference between successful MSMEs from unsuccessful MSMEs. However, many MSMEs do not have sufficient resources to implement an effective marketing strategy. In a study by Andika et al. (2021), it was found that MSMEs that are more active in digital marketing such as using social media and websites, have better performance than MSMEs that do not use digital marketing. This shows that digital marketing can help MSMEs to increase their visibility online and expand their market reach. In addition, marketing can also help MSMEs in building a strong image and improve relationships with customers. This is proven in a study by Wong et al. (2005), where it was found that MSMEs that have a strong brand image and good relationships with customers have greater profits and are more able to survive in the long term.

E-commerce is one of the key factors influencing consumers' purchase decisions. E-commerce is crucial to the stages and procedures of purchases. For this reason, e-commerce implemented MSMEs has been problematic due to insufficient resources. E-commerce or channel-related problems have to be solved as more people go to e-commerce for their buying decisions (Guyen, 2020).

Several studies have shown that a combination of proper marketing and business coaching can help MSMEs achieve greater success. In the study by Atkinson et al. (2018), it was found that business coaching can help MSMEs develop more effective marketing strategies and improve their brand image. In addition, business coaching can also help MSMEs to develop the skills and knowledge needed to implement successful marketing strategies.

However, in order to utilize marketing and business coaching effectively, MSMEs need to choose qualified and experienced business coaches and marketing professionals. MSMEs also need to communicate with their trainers regularly and carry out periodic evaluations to ensure that their marketing strategy and business coaching are going well.

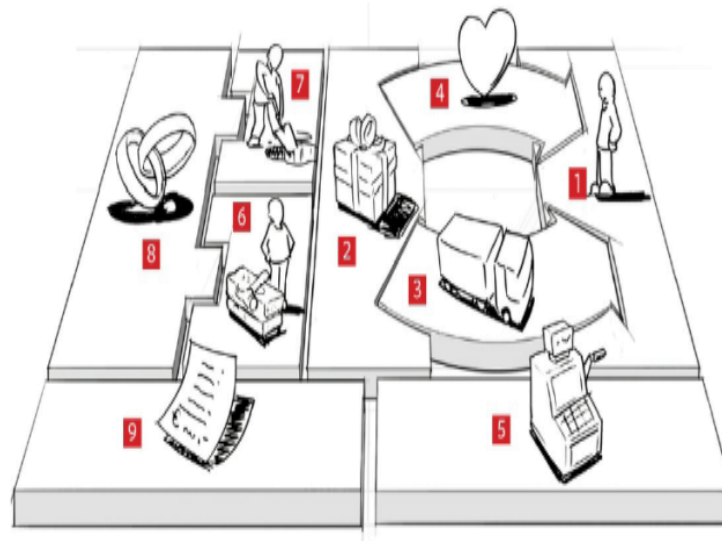
Overall, the combination of the right marketing and business coaching can help MSME achieve greater success and optimize their business potential. Business coaching helps marketers create, share, deliver, and transfer offerings that provide value to customers, partners, and society according to their specific requirements (Counti et al., 2023).

Therefore, it is important for MSMEs to take advantage of available resources to improve their marketing and management capabilities. One way to achieve this is to seek qualified and experienced business coaches and marketing professionals. In addition, MSMEs must also take proactive steps to develop appropriate marketing strategies, including using social media and websites, as well as building a strong brand image as well as good relationships with customers.

However, keep in mind that not all MSMEs have sufficient resources to implement effective marketing and business coaching strategies. Therefore, there is a need for support from the government and other institutions to assist MSME in obtaining resources and access to qualified business coaches and marketing professionals.

A business model approach is one method for developing business strategies. Business models define where and how a company competes, as well as the financial viability of its approach. Market difference or disruption is created through digital business models (Weinstein, A.T., 2021).

In the business model, "the intervention of two or more components, or the introduction of new components" (Bouwman et al., 2019) is relevant. Four business areas—infrastructure management, product, customer interface, and financial aspects—are the emphasis of the BMC system designed by Osterwalder and Pigneur (2010). Nine compact building blocks can be made using this broad framework, aiding in business expansion (Carter and Carter, 2020).



**Figure 1. Business Model Canvas (BMC)**  
Osterwalder & Pigneur (2010)

The components of BMC are explained as follows:

1. Customer segment is defined as various groups, people, or organizations that will become the company's target market;
2. Value proposition refers to features of value or solution offered for a certain customer groups;
3. Channels describes how the company conveys messages, market, and reaches the target market group;
4. Customer relationship describes the types of relationship that the company builds and maintain for its certain customer segments aforementioned;
5. Revenue stream describes the income created by the company from all customer groups. Income is calculated by subtracting the income earned by the costs incurred;
6. Key resources refers to the main sources needed to optimize the business model in operation;
7. Key activities refer to the main activities that the company seeks to optimize its operation of the business model;
8. Key partnerships refer to networks of related components that support the business models to operate optimally and perform; and
9. Cost structure describes the efficiency of cost and capital to operate the business model.

The business model must be innovative that it is responsive to the external and internal business challenges (Zhang, et al.2018) and that exploit opportunities offered by the business environment and that is resilient to the weaknesses and threats of the business environment. In order to answer the problem of market segment and sales optimization, the authors apply the business coaching research approach to develop a new business model based on business model canvas evaluation. The aim is to optimize or maximize the Tanzif bar-soap customer segment at Tokopedia, at least in the first six months to 12 months since this research was conducted with indicators of increasing store ratings on Tokopedia within 12 months since the new business model resulting from business coaching has been implemented.

## RESEARCH METHODS

Qualitative method was chosen in this study to show and investigate social concerns rather than social structures. Qualitative research is considered better suited to understanding the actual behaviour of human interactions, meanings, and processes that create actual organizational environments (Alam, 2021). A case study using business coaching approach to gain data and information used to describe and explain the components of a business model canvas (Rashid et al., 2019).

The series of business coaching processes began with a discussion to collect data and data collection itself. In this process, the owner explained the history of the establishment of the business processes that were being carried out, to the challenges faced in running the business.

Apart from conducting the interview process, the coach also saw directly the production process that was carried out to produce bar-soap and the location of the business. The observation process in the production process have strengthened the interview data that will be analyzed further.

The data collected through the process of interviews and observations became the basis for compiling gap analysis or problem analysis. The gap analysis has served as an overview of the actual conditions of the various functions compared with the ideal or expected conditions of business model performance. The results of the analysis were communicated to the business owners and managers in order to implement effectively the new business model as a solution to the problem identified aforementioned.

The Covid-19 outbreak has heightened the urgency of investigating alternative data collection methods for qualitative research (Saarijärvi, et al.2021). The findings indicate that digital interviews can improve long-distance participation and may be cost-effective.

a. Interview

"Interview is a data collection method that is carried out through conversations that are built by researchers with research subjects, respondents, or data sources. In this case the interviewer uses a conversation that is designed so that the interviewee is willing to openly express his opinion. Usually what is requested is not ability but information about something" (Budiyono, 2003). The interview technique refers to the business research method (Cooper and Schindler, 2006) using structured interviews, semi-structured interviews, and unstructured interviews. Qualitative interviews conducted by video, phone, or Internet are acceptable and reliable options to traditional face-to-face interviews. Furthermore, these interview approaches may challenge the concept that face-to-face interviews are the gold standard, as remote interviews serve their goal in a more cost-effective manner while fostering inclusiveness and equality in research (Saarijärvi, et al. 2021). In this study, researchers interviewed business owners/managers in business coaching sessions.

b. Observation

Observation is an act of direct research on the physical environment as well as direct research of an ongoing activity that includes all activities of attention to an object of study using its sensing devices (Arikunto, 2013). In this method, researchers visited the location of business to obtain the conditions of the place of business.

c. Documentation

Documentation is a way to obtain information and data in the form of books, archives, written numbers, and pictures in the form of reports that will support research (Sugiyono, 2016). We documented data on products photos and information as well as facts about MSMEs.

Based on the data that has been collected through interviews, observation, and documentation, we then processed and analyzed using the following approaches.

a. Data reduction by sorting and selection collected data to ensure that the data being analyzed is reliable.

b. Data presentation by demonstrating results of data analysis through displaying them in the form of diagrams, tables or graphs to get an overview or pattern of relationships from the data.

c. Verification and conclusion by ensuring that the results of the analysis can be compiled in a research conclusion.

In this study, the method of analysis was based on the SWOT analysis of the micro enterprise and specifically on the business model canvas. SWOT business-model analysis is carried out on existing business model (before business coaching) and recommended business model (after business coaching) in order to know the previous or actual level of business model

innovativeness and the expected or desired level of business model innovativeness. Questionnaires (five Likert's Scale) of Osterwalder and Pigneur (2010, 2020) were utilized as SWOT indicators of each of the nine blocks of business model components.

**Table 2. SWOT Analysis Before Business Coaching**

No	Blocks	Strength		Weakness		Opportunity		Threat	
		%	Score	%	Score	%	Score	%	Score
1	Customer Segment	47	2.33	87	4.33	73	5	80	2.5
2	Value Proposition	75	3.75	65	3.25	64	3.2	70	4.5
3	Channels	37	1.86	83	4.14	68	4.8	80	2
4	Customer Relationship	60	3	65	3	70	3.5	60	1
5	Revenue Stream	63	3.75	50	2.25	60	3.2	67	4.5
6	Key Resources	73	3.67	40	2	60	3	80	3
7	Key Activities	70	3.5	70	1.5	60	4	70	3
8	Key Partnership	70	3.5	40	2	64	4	73	1.67
9	Cost Structure	65	3.25	35	1.75	60	1	70	1.5
		<b>62</b>	<b>3.11</b>	<b>53</b>	<b>2.69</b>	<b>64</b>	<b>3.52</b>	<b>72</b>	<b>2.63</b>

Source: Developed by authors (2023).

Based on the results of a SWOT analysis of Tanzif BMC, a summary can be presented as follows:

- Strength analysis: Tanzif bar-soap has the highest percentage on the value proposition, which is equal to 75%, while the channels and customer segments are categories with a low percentage of strength, namely 37% and 47% respectively.
- Weakness analysis: Tanzif bar-soap's customer segments and channels have a percentage of 87% and 83% respectively. This percentage is significant compared to other categories.
- Opportunity analysis: Tanzif bar-soap's customer segment is the category that has the highest opportunity percentage compared to the other categories, namely 73%. Meanwhile, the category of revenue streams, key resources, and key activities has the lowest percentage, namely 60%.
- Threat analysis: Tanzif bar-soap's customer segments and channels is the category with the highest threat percentage compared to the other categories. Meanwhile, customer relationship is the category with the lowest percentage, namely 60%.

According to the results of the initial evaluation, we conducted an analysis of the BMC to increase the scores or percentages that have low percentages in Strength and Opportunity and to decrease the scores or percentages that have high percentages in Weakness and Threat. By doing this, we do the proxy of increasing the level of business model sustainability and thus business performance of Tanzif, especially starting first in the customer segment and channel blocks.

a. Customer Segments

In the previous business model (before business coaching), the customer segment of Tanzif bar-soap is consumers who were concerned about the environment, so they used natural soaps made from natural ingredients and had less chemical content when compared to regular soap. However, from the results of interview, consumers of Tanzif bar-soap were also those who have a problem of skin health such as eczema or acne. So that the customer segment must be redefined or refocused; the "new customers" need solution to their problem of eczema or acne. This findings have implications on adaptation in the blocks of channel, customer relationship, revenue streams, and the other four of the business model canvas. All blocks must be adapted to the need of customers as products (value propositions) will be more focused on serving the "new customer base."

b. Channels

In optimizing the reach of market access, especially for a "new" customer segment, it is necessary to have channels that are easily accessible. In the existing business canvas model, Tanzif used social media as a promotional medium, while the sales channel used e-commerce Tokopedia. In addition, Tanzif also used the exhibition channel to introduce

products and create sales. However, exhibitions during Covid-19 pandemic were very limited, so they could not be optimized for marketing. Different ways of channeling must be created to serve the “new” customer base.

After updating the business model canvas on the customer-segment block, a significant implication must be designed on the other eight blocks, as recommended feedback by the SWOT analysis results of the new BMC.

**Table 3.**  
**SWOT Analysis After Business Coaching**

No	Blocks	Strength		Weakness		Opportunity		Threat	
		%	Score	%	Score	%	Score	%	Score
1	Customer Segment	87	4.33	20	1	93	5	20	1
2	Value Proposition	85	4.25	20	1	84	3.2	20	1
3	Channels	83	4.14	20	1	92	5	20	1
4	Customer Relationship	80	4	20	1	83	3.5	20	1
5	Revenue Stream	83	4.13	23	1	84	4.2	20	1
6	Key Resources	87	4.33	20	1	75	3	20	1
7	Key Activities	80	4	20	1	80	4	20	1
8	Key Partnership	80	4	20	1	80	4	20	1
9	Cost Structure	85	4.25	20	1	80	4	20	1
		83	3.68	20	1	84	3.43	20	1

Source: Developed by authors (2023).

Based on the results of SWOT analysis of the recommended BMC for the management of Tanzif bar-soap through business coaching, we propose a new business model that is (1) more in strength and opportunities and (2) less in weakness and threat. We can conclude as follows.

- a. The strength level of Tanzif bar-soap business model in the customer segment block has increased by 40% compared to the existing BMC, i.e., becoming 87%. In the channel block, the increase is 46%, i.e., becoming 83%, a significant increase compared to the existing (previous) BMC before the business coaching final stage.
- b. The weakness level of Tanzif bar-soap business model is assumed to suppress the weakness in all existing BMC blocks, so that it becomes 20% on the new BMC recommendation.
- c. The opportunity level has increased in the customer segment block that reaches 20% compared to the existing BMC so that it becomes 93%. In the channel block, it has increased by 24% compared to the existing BMC, so that it becomes 92%. The increase in revenue streams is 24% compared to the existing BMC so that it becomes 83%.
- d. The threat level of Tanzif bar-soap business model on the recommended BMC is assumed to be able to suppress threats in all existing BMC blocks, so that it becomes 20% on the new BMC recommendation.

## RESULT AND DISCUSSION

Based on the business-coaching interview and data analysis, we evaluated the business model canvas of Tanzif bar-soap before the intervention was undertaken. Based on the processing of the interview data, the researcher highlighted some components of the business model canvas that is currently being implemented (existing business model).

Firstly, the value proposition of Tanzif bar soap is natural soap. It is reinforced by the main component of Tanzif bar-soap, which is environmentally friendly because it uses few chemicals (fewer chemicals), natural ingredients, and does not use ingredients derived from animals and it has halal certification. The ingredients used are petroleum, steroid, preservative, and paraben-free, so they are safe for children and pregnant women. Secondly, the customer segment of Tanzif bar-soap is consumers who are concerned about the environment. Lastly, the channel used is product exhibitions, social media (Instagram), Tokopedia e-commerce, and word of mouth.



**Table 4. The Existing Business Model Canvas**

<i>Key partners</i>	<i>Key activities</i>	<i>Value propositions</i>	<i>Customer relationships</i>	<i>Customer segments</i>
<ol style="list-style-type: none"> <li>1. Manufacturer of raw materials</li> <li>2. MMSME Partner State-Owned Enterprises (Jasa Marga)</li> <li>3. OK-OCE Community</li> <li>4. Airbnb Hotel Business to Business (B2B) partner in Canada</li> </ol>	<ol style="list-style-type: none"> <li>1. Producing Tanzif bar soap</li> <li>2. Selling Tanzif bar soap</li> <li>3. Promotion through social media</li> </ol>	<p>Creating bar soap products with unique values:</p> <ol style="list-style-type: none"> <li>1. Using natural soap raw materials</li> <li>2. Using environmentally friendly soap raw materials</li> <li>3. Less-chemical soap content because it uses natural ingredients</li> <li>4. Free of raw materials from animals (halal certificate)</li> <li>5. Safe for children, pregnant women and breastfeeding</li> <li>6. Has six variants with their respective benefits: Bright turmeric honey: mencerahkan kulit                             <ol style="list-style-type: none"> <li>a. Bright turmeric honey: brightens the skin</li> <li>b. Calendula Cocoa Butter: moisturizes the skin and treats eczema</li> <li>c. Detox Charcoal: absorbs oil and treats acne</li> <li>d. Goatmilk Coffee Scrub: removes dead skin cells, regenerates skin and reduces body odor</li> <li>e. Moringa exotic herbs: reduce itching</li> <li>f. Saffron Tamanu: fades scars and reduces acne</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. Personal assistance (Building relationships through exhibitions)</li> </ol>	<ol style="list-style-type: none"> <li>1. Demographics                             <ol style="list-style-type: none"> <li>a. Gender: women and men</li> <li>b. Age: children and adults including pregnant and lactating women</li> </ol> </li> <li>2. Geographic                             <ol style="list-style-type: none"> <li>a. Domestic: Indonesia</li> <li>b. International: Southeast Asia, Australia, Middle East and Africa</li> </ol> </li> <li>3. Psychographics                             <ol style="list-style-type: none"> <li>a. Consumers who care about natural and environmentally friendly soap ingredients</li> </ol> </li> <li>4. Attitude                             <ol style="list-style-type: none"> <li>Routine purchases</li> </ol> </li> </ol>
<b><i>Key Resources</i></b>				
	<ol style="list-style-type: none"> <li>1. Human Resources (HR)</li> <li>2. Oil raw materials</li> <li>3. Natural spice raw materials</li> <li>4. Halal certificate</li> <li>5. Funding from State-Owned Enterprises</li> </ol>		<ol style="list-style-type: none"> <li>1. Exhibition</li> <li>2. Social media</li> <li>3. Word of Mouth</li> </ol>	
<b><i>Cost structure</i></b>		<b><i>Revenue streams</i></b>		
<ol style="list-style-type: none"> <li>1. Production costs</li> <li>2. HR costs</li> <li>3. Collaboration fee with Living World Mall, Alam Sutera, Tangerang</li> </ol>		<ol style="list-style-type: none"> <li>1. Sales of Tanzif bar soap</li> <li>2. Resource persons for bar soap making training</li> </ol>		

Source: Developed by authors (2023).

### **Business Model Gap Analysis**

To get the right solution to the challenges faced by micro businesses, we carry out the business model evaluation stage in our business coaching sessions. In the existing business model, Tanzif positions its products as natural soap. This is reinforced in promotions carried out both through social media and sales channels. However, based on the results of discussions with Tanzif soap buyers, apart from the natural soap factor, the efficacy of Tanzif soap products in maintaining healthy skin is a consideration for buyers when buying Tanzif soap regularly.

To expand the market segment, from initially only customers interested in natural soap, the business model requires the addition of a market segment, namely customers who are concerned about skin health. To reach market segments that focus on skin health, one of them is through the sales channel via e-commerce Tokopedia which has been managed by Tanzif.

In reaching new market segments, the message in the product must be highlighted through product photos that become e-commerce displays, so that potential buyers can obtain information about the benefits of the product for skin health when viewing Tanzif products offered on Tokopedia e-commerce.

The results of business coaching interviews and business model canvas mapping, it is found that not only the channel that needs improvement, but also the value proposition related to the findings of a new customer base, that is people with skin health problems such as eczema or acne. This finding is significant and has led us to the development of a new business model.

Tanzif management has agreed on the change in the business model that needs to be undertaken. A new business model has been proposed to Tanzif based on the business coaching process between Tanzif owner/management and authors. Consequently, the other business model components need adjustment. We update the channels section by strengthening the message on the benefits of Tanzif bar-soap for skin health. The marketing tactics are designed to serve the customers' need on the skin health. Strengthening the message apart from the product description is developed for updated product photos in order to strengthen the message as natural soap that is good for skin health.

Overall, the implementation of business coaching has helped Tanzif improve its customer base, e-commerce marketing strategies, and means to increase sales. The improvement in store rating on Tokopedia suggests that the changes made have been positively received by customers. By continuing to refine and improve their marketing strategies, Tanzif can further improve their sales and overall success in the e-commerce business.

The article has described the implementation of business coaching approach for evaluation the business model canvas of a micro enterprise. Business coaching can be a valuable tool in facilitating goal achievements, as it provides guidance and expertise in business areas. This case highlights the importance of constantly updating and improving business model components to remain competitive in the market. With the rise of e-commerce and digitalization, MSMEs need to adapt and optimize their online presence to attract and retain customers. Furthermore, the results of the proposed new business model has demonstrated the business coaching and business model effectiveness at least in the first semester of 2023.

**Table 5.**  
**Proposition of Tanzif's New Business Model**

<i>Key partners</i>	<i>Key activities</i>	<i>Value propositions</i>	<i>Customer relationships</i>	<i>Customer segments</i>
1. Manufacturer of raw materials 2. MMSME Partner State-Owned Enterprises (Jasa Marga) 3. OK-OCE Community 4. Airbnb Hotel Business to Business (B2B) partner in Canada 5. Stakeholders (Health Service, Food and Drug Supervisory Agency, Halal Product Assurance Agency)	1. Producing Tanzif bar soap 2. Selling Tanzif bar soap 3. Promotion through social media 4. Integrate sales of Tanzif bar soap through the Tokopedia e-commerce account	Creating bar soap products with unique values: 1. Has benefits for skin health 2. Has BPOM certification 3. Using natural soap raw materials 4. Using environmentally friendly soap raw materials 5. Less-chemical soap content because it uses natural ingredients 6. Free of raw materials from animals (halal certificate) 7. Safe for children, pregnant women and breastfeeding 8. Has six variants with their respective benefits: a. Bright turmeric honey: brightens the skin b. Calendula Cocoa Butter: moisturizes the skin and treats eczema c. Detox Charcoal: absorbs oil and treats acne d. Goatmilk Coffee Scrub: removes dead skin cells, regenerates skin and reduces body odor e. Moringa exotic herbs: reduce itching f. Saffron Tamanu: fades scars and reduces acne	1. Self-service (Building relationships with consumers through e-commerce accounts) 2. Personal assistance (Building relationships through exhibitions)	1. Demographics a. Gender: women and men b. Age: children and adults including pregnant and lactating women 2. Geographic a. Domestic: Indonesia b. International: Southeast Asia, Australia, Middle East and Africa 3. Psychographics a. Consumers who focus on skin health b. Consumers who care about natural and environmentally friendly soap ingredients 4. Attitude Routine purchases
	<i>Key Resources</i>		1. Human Resources (HR) 2. Oil raw materials 3. Natural spice raw materials 4. BPOM Certificate 5. Halal certificate 6. Funding from State-Owned Enterprises	
<i>Cost structure</i>		<i>Revenue streams</i>		
1. Production costs 2. HR costs 3. Collaboration fee with Living World Mall, Alam Sutera, Tangerang 4. Promotional costs (advertisements on Tokopedia, photo products)		1. Sales of Tanzif bar soap 2. Resource persons for bar soap making training 3. Tutorial content for making bar soap on the online educational application platform 4. Exclusive cooperation with hotel partners to provide exclusive guest amenities		

Source: Developed by authors (2023).

## CONCLUSION

The implementation of business coaching approach with the instrument of analysis focusing on business model canvas evaluation and proposition has been valuable to micro enterprise's performance enhancement. MSMEs can apply this similar method of business coaching approach and business model canvas SWOT evaluation in order to identify innovation opportunities and will create more innovative business model and products.

MSMEs can have regular business coaching sessions to evaluate and to accompany their business model implementation journey. Researchers can develop more surveys on BMC evaluation in collaboration with MSMEs in order to develop more business entrepreneurial and advantage-building capability for better business performance.

Furthermore, this research provides opportunities for further academic research, especially in developing business models for MSMEs with a business coaching approach.

Finally, this study offers a new research paradigm to enhance MSMEs' performance through collaboration via business coaching approach with business schools. Future research can survey in more detail every aspect of each business model block that needs innovations.

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