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Risk Management Strategy Implementation for Business Plan at Material Handling Rental Services Startup LogisMe

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Abstract: PT. LogisMe Berkas Bersama (LBB) is a Limited Liability Company (PT) engaged in the business of providing Business-to-Business (B2B) warehousing and logistics solutions. LogisMe has the tagline "One Stop Logistics Solutions" with end-to-end solution coverage starting from the provision of warehousing and logistics operational equipment such as forklifts, material handling and cleaning equipment, provision of spare parts and technicians in order to meet the maintenance needs of these operational equipment, warehouse racking design, warehouse and logistics operational consultant services to the provision of a digital platform for monitoring units rented by customers in real-time. This document outlines the implementation of a risk management strategy for the business plan of LogisMe, a Material Handling Rental Services startup company. The framework adopted is based on the ISO 31000:2018 standard and focuses on integrating risk management. The report is returned to the risk mitigation supervisor to be checked that it has met the requirements and stored in the company's cloud repository, disseminated to all employees and company stakeholders. Monitoring is carried out to understand and prevent risks that occur as a strategy to gain a competitive advantage for the company.

Keyword: Risk Management, Material Handling, Business Development, Mitigation

INTRODUCTION

PT. LogisMe Berkas Bersama (LBB) is a Limited Liability Company (PT) engaged in the business of providing Business-to-Business (B2B) warehousing and logistics solutions. LogisMe has the tagline "One Stop Logistics Solutions" with end-to-end solution coverage starting from the provision of warehousing and logistics operational equipment such as forklifts, material handling and cleaning equipment, provision of spare parts and technicians in order to meet the maintenance needs of these operational equipment, warehouse racking

design, warehouse and logistics operational consultant services to the provision of a digital platform for monitoring units rented by customers in real-time. In the next phase, LogisMe has plans to also become a consultant for managing Equipment Permits (SIA) and Operator Permits (SIO) as well as a Warehouse Management System (WMS) provider for customers. This makes LogisMe a total end-to-end warehousing operational service company. The vision of PT. LogisMe Berkat Bersama (LBB) is to become a company providing rental services for material handling, cleaning equipment and logistics solutions that are innovative, environmentally friendly, reliable and high-tech. The values contained in this vision prove that the company wants to become a platform for providing rental services for units by continuing to innovate and utilize the latest technology while still paying attention to environmental sustainability and being environmentally friendly.

METHOD

This research employs a qualitative case study approach to delve into the intricacies of risk management practices within LogisMe. Case studies are particularly suitable for exploring complex phenomena in real-world settings, such as the implementation of risk management strategies within a specific organization. With the usage of framework analysis of ISO 31000 regarding risk management, this research will give a big picture what is the B2B risks in the term of material handling solution.

Risk management is an approach chosen to deal with risk by understanding, identifying, and eliminating the risks of a project (Limbong et al., 2019). Companies in achieving goals face uncertainty from both internal and external factors, this is also called risk. Companies in managing risk must be logical, systematic, structured and well recorded. Each company in implementing a risk management framework adjusts to the context and approach used to manage all types of risks. PT. LogisMe Berkat Bersama (LBB) carries out risk management that refers to the ISO 31000:2018 standard regarding risk management. The risk management framework implemented by LogisMe requires cooperation from all company devices, namely employees, directors and stakeholders in mitigating and managing risks. The goal is none other than to help companies integrate risk management as part of the company culture. This must be able to measure the effectiveness and efficiency in improving company performance. The preparation of the risk management framework includes integration, design, implementation, evaluation and improvement of risk management within the company.

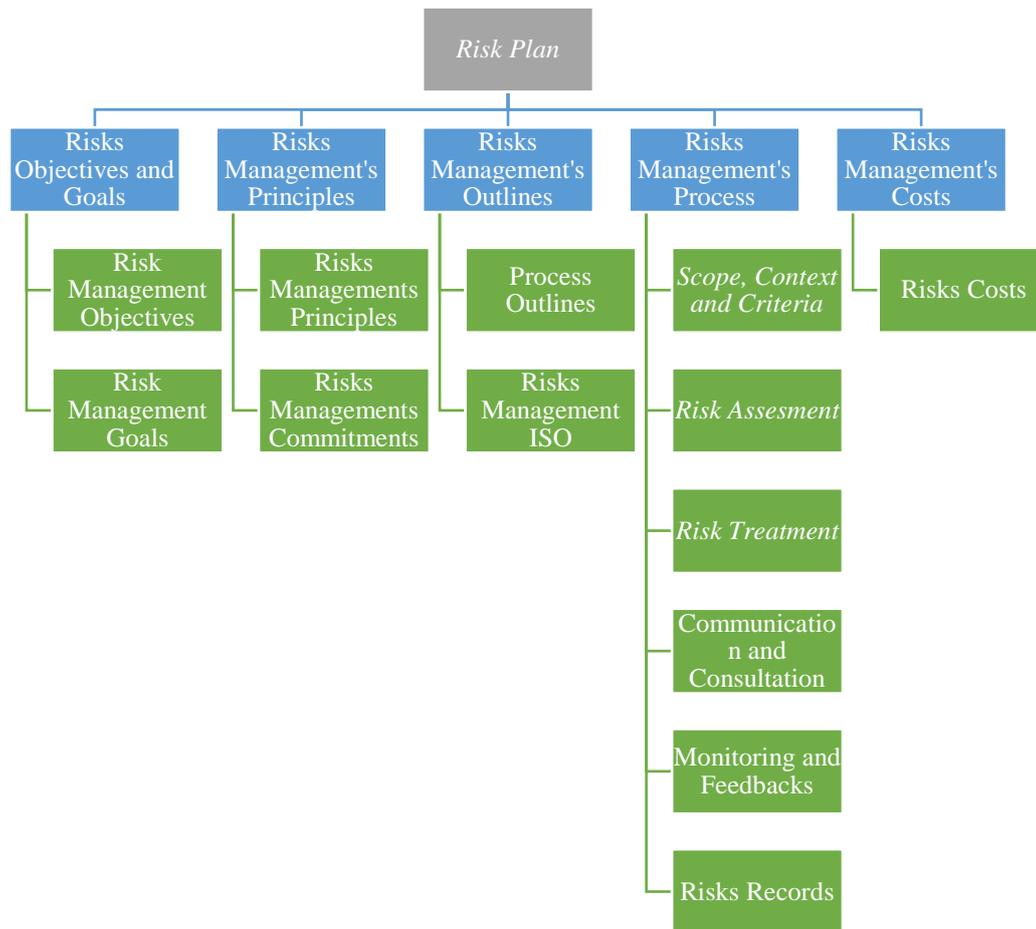


Figure 1. Risks Management’s Framework

RESULT AND DISCUSSION

Risk Management’s Objectives and Goals

LogisMe's risk management targets are in line with the company's mission, namely to become an innovative, reliable and go-green one-stop logistics solution that is able to meet the needs of the manufacturing and warehousing industries, so in achieving the objectives of the risk targets below:

Table 1. Risk Objectives And Goals

Category	Objectives	Goals
Short terms (Y0-Y2)	1. Forming a risk management committee	1. Striving for the risk management process to run smoothly with a responsible person
	2. Conduct risk identification, evaluation and mitigation in the very high category..	2. Prevent the occurrence of very high and high risks.
Medium Terms (Y3-Y4)	1. Conduct risk mitigation with moderate category..	1. Preventing the occurrence of risks in the moderate category
	2. Conduct risk management evaluation and improvement twice a year.	2. Improve the way risk management and mitigation work periodically.
Long Terms (>Y5)	1. Integrate and routinize risk management activities across the enterprise.	1. Creating an environment that is aware of risks and their prevention.
	2. Conduct evaluation and improvement on risk management.	2. Improving the quality of corporate risk management

Risk Management Principles and Commitments

LogisMe carries out risk management in accordance with the ISO 31000:2018 standard, namely the risk management process must be part of the overall management and decision-making process and must be integrated into all company devices by implementing eight main principles, namely integrated, structured and comprehensive, customized, inclusive, dynamic, availability of information and data, human and cultural factors and continuous improvement. (Saputra et al., 2021).

Risk Management Process

The following are the process elements that will be analyzed during the risk assessment; Scope: The scope of risks managed by LogisMe refers to ISO 31000:2018, containing all lists of risks related to company management, namely marketing, operations, HR and finance, Context: The context of risk includes 2 scopes, namely internal and external risks. In the internal context, it refers to the company's culture, while external analysis is carried out on the influence of changes and perceptions of the company's external environment. (Petrus et al., 2023), Criteria: The application of LogisMe risk criteria refers to those specified in ISO 31000:2018 with the following risk criteria:

Table 2. Risk Criteria and Frequency

Frekuensi Kemungkinan (Probabilitas)			Matriks Analisis Risiko								
Indeks	Frekuensi	Keterangan Waktu	1	2	3	4	5	Level Risiko	Indeks	Besaran Risiko	Warna
			Insignificant / Sangat Kecil	Minor / Kecil	Moderate / Biasa	Major / Besar	Catastrophic / Sangat Besar				
1	Rare / Sangat Jarang	< 2 kali per tahun									
2	Unlikely / Jarang	2-5 kali per tahun									
3	Possible / Biasa	6 - 12 kali per tahun									
4	Likely / Sering	1 - 7 kali per bulan									
5	Certain / Pasti	7 - 12 kali per bulan									
Level Kemungkinan	5	Certain / Pasti	5	10	15	20	25	Sangat Tinggi	5	13-25	Merah
	4	Likely / Sering	4	8	12	16	20	Tinggi	4	10-12	Oranye
	3	Possible / Mungkin	3	6	9	12	15	Sedang	3	5-9	Kuning
	2	Unlikely / Jarang	2	4	6	8	10	Rendah	2	3-4	Hijau
	1	Rare / Sangat Jarang	1	2	3	4	5	Sangat Rendah	1	1-2	Biru

(Source: Author, 2024)

Table 3. Risk Effects

Indeks	Dampak	Dampak Pada Reputasi Perusahaan (Kualitatif)	Dampak Terhadap Target Kinerja Perusahaan (Kualitatif)	Dampak pada Operasional Bisnis Perusahaan (Kualitatif)	Dampak Pada Pelanggan
1	Insignificant / Sangat Kecil	Tidak ada dampak reputasi	Berdampak sangat kecil, target kinerja masih dapat dicapai pada level minimum.	Tidak ada dampak operasional yang berarti.	Customer Satisfaction : >80%
2	Minor / Kecil	Dampak terhadap administrasi	Sedikit berdampak dengan penurunan pencapaian kinerja sedikit di bawah target perusahaan.	Terjadi gangguan pada level administrasi bisnis.	Customer Satisfaction : 61 - 80%
3	Moderate / Biasa	Dampak terhadap sebagian kegiatan	Pencapaian target tidak tercapai 30% di bawah nilai target.	Terjadi gangguan pada pencapaian operasional kepada pelanggan.	Customer Satisfaction : 41 - 60%
4	Major / Besar	Dampak terhadap sebagian program	Pencapaian target jauh di bawah target.	Terjadi gangguan pada level pencapaian operasional seluruhnya.	Customer Satisfaction : 21 - 40%
5	Catastrophic / Sangat Besar	Mengancam perusahaan seluruhnya	Target sangat sulit tercapai.	Bisnis mungkin mengalami penghentian operasional dalam waktu yang tidak dapat ditentukan.	Customer Satisfaction : 0 - 20%

(Source: Author, 2024)

Risk Identification

Based on the results of risk identification in the table below, the determination of risk identification is determined from the level of possibility of occurrence and the impact generated by the incident.

Table 4. Risk Identification & Impact

Code	Risk	Impact	LK	LD
	Internal Risk			
	Marketing			

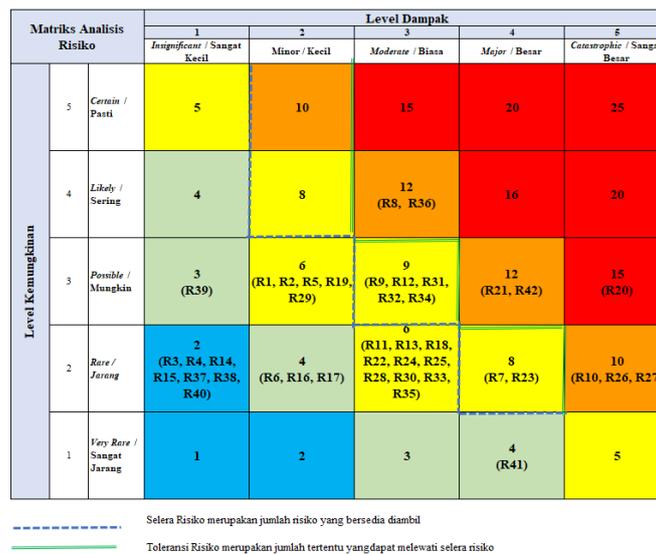
Code	Risk	Impact	LK	LD
R1	Failure to achieve partnership with material handling vendors	Reduced variety of brands of material handling options	3	2
R2	Failure to achieve rental targets	Reduced company revenue	3	2
Operational				
R3	Operations are not efficient and effective	Decreased productivity and effectiveness	2	1
R4	There is waste of operational costs	Inappropriate spending occurs	2	1
R5	Work accident in the workshop	Operational activities are disrupted and the company experiences unexpected medical expenses.	3	2
R6	An error occurred in the operation of heavy equipment	Decreased company productivity and loss of customer trust	2	2
R7	There was a customer data leak caused by internal company factors (software errors, hardware errors, human error, lack of supervision, etc.)	Loss of company reputation and customer trust	2	4
Human Resource				
R8	High turn over	Decreased productivity and effectiveness	4	3
R9	Employees do not have the required competencies	Decreased productivity and effectiveness	3	3
R10	The company is late in paying employee salaries and/or THR	Decreased employee trust and motivation	2	5
R11	Lack of employee motivation in carrying out certification	Loss of company reputation and customer trust	2	3
R12	Loss of specialist technician employees	Loss of company reputation and customer trust	3	3
R13	Miscommunication occurs between employees	Disrupts harmony in work relationships	2	3
R14	Conflict between employees	Disrupts harmony in work relationships	2	1
R15	Employee conflict with company management	Disrupts harmony in work relationships	2	1
R16	There were work and traffic accidents	Operational activities are disrupted and the company experiences unexpected medical expenses.	2	2
Finance				
R17	Lack of capital due to high RnD costs	The company has difficulty developing and operations are hampered	2	2
R18	Failure to achieve revenue targets	The company has difficulty developing and operations are hampered	2	3
R19	Company instability in financial management	There is inappropriate spending	3	2
External Risks				
Code	Risks	Impact	LK	LD
Marketing				
R20	Failure to achieve customer rental contract	Damaging the company's business	3	5
R21	The emergence of competitors with similar services	Decreasing revenue	3	4
R22	There was a black campaign against the company	Losing the company's reputation and customer trust	2	3
R23	Decreasing company value in the eyes of customers	Losing the company's reputation and customer trust	2	4
Operational				
R24	Conflict with local residents	Decrease in productivity and effectiveness	2	3

Code	Risk	Impact	LK	LD
R25	Conflict with the workshop land lease owner	Decrease in productivity and effectiveness	2	3
R26	A fire broke out	Building damage and operational interruption	2	5
R27	Occurrence of natural disasters and/or force majeure	Building damage and operational interruption	2	5
R28	Delays in delivery of spare parts for material handling, cleaning equipment and racking systems	Loss of company reputation and customer trust	2	3
R29	Delay in delivery of units to customers	Loss of company reputation and customer trust	3	2
R30	The quality of spare parts for the units sent by the vendor is not good	Loss of company reputation and customer trust	2	3
R31	Damage to spare parts and/or material handling, cleaning equipment and racking systems during delivery	Loss of company reputation and customer trust	3	3
R32	Difficulty in establishing cooperation with vendors	Loss of company reputation and customer trust	3	3
R33	Electricity, water, telephone and internet services experienced a breakdown.	Loss of company reputation and customer trust	2	3
R34	Import business permit management is very difficult	Cease of Operation	3	3
R35	Difficulty in obtaining certification of Equipment Permit and Operational Permit	Decrease in productivity and effectiveness	2	3
Human Resource				
R36	Increase in Regional Minimum Wage (UMR)	Risk of turnover	4	3
R37	Environmental issues with the surrounding community	Disruption of operations	2	1
R38	Internal HR conflicts between companies and the surrounding community	Disruption of operations	2	1
Finance				
R39	Increase in Corporate Tax and UMR	Reduced company revenue	3	1
R40	Government regulations have changed which complicates corporate finances	Reduced company revenue	2	1
R41	Criminal acts (Corruption, drugs and theft)	Company suffers financial losses and loss of reputation	1	4
R42	Recession and weakening of the rupiah exchange rate	Reduced company revenue	3	4

(Source: Author, 2024)

LogisMe in order to evaluate the risk level uses mapping that describes the grouping of relations between the possibility of an event and the impact caused. The evaluation determines the level of risk obtained based on the risk score by multiplying the probability level by the impact (Sutisna et al., 2024). Based on the risk appetite and tolerance matrix, the risks that LogisMe must take are those with a score of 8 and above, because these risks are important and can damage LogisMe's business.

Table 5. Risk Mapping Analysis Matrix



(Source: Author, 2024)

Table 6. Risk Effect

Division	Code	Risk	Description
MKT	R20	Failure to achieve customer rental contract	It is the company's top priority because the rental cooperation contract with customers greatly affects the life of LogisMe's material handling business. The company cannot run a business when there is no rental contract.
OPS	R31	Damage to spare parts and/or material handling, cleaning equipment and racking systems during delivery	The quality of the rental unit is very important for the long-term success of cooperation with customers. The spare parts used must be durable so that they do not break down quickly. When damage occurs, it must be handled within a 90% SLA so as not to damage customer trust.
SDM	R08	High turn over	LogisMe requires talented and professional employees. When there is a high turnover, it is very risky for the survival of the company. The recruitment process to onboarding new employees takes quite a long time so it can disrupt the business..
KEU	R42	The occurrence of a recession and the weakening of the rupiah exchange rate	The units rented by LogisMe are all imported from abroad, therefore recession, world political turmoil and the rupiah exchange rate are very vital to the rental price.

(Source: Author, 2024)

Communication

In every stage of the risk management process, communication and consultation are very important. Relevant, appropriate, and planned communication and consultation are the responsibility of stakeholders (Bela et al., 2023). The RACI (Responsible - Accountable - Consulted - Informed) matrix is a tool in preparing a company's communication and consultation plan. In addition, the RACI matrix helps determine the role of each person responsible for each activity in the risk management process. A strong managerial focus is needed in controlling risk in all divisions, especially for start-up companies (Abdurrahman et al., 2023).

Table 7. RACI Matrix

No.	Risk Management Stages	Director	Risk Owner	Stakeholder
1.	Preparation	A	I	-
2.	<i>Risk Assessment</i>			
	2a. Risk Identification	C	A/R	-
	2b. Risk Analysis	C	A/R	-

No.	Risk Management Stages	Director	Risk Owner	Stakeholder
	2c. Risk Evaluation	A	R/C	I
3.	Risk Treatment	A	R/C	C/I
4.	Communication and Consultation	-	-	-
5.	Monitoring and Evaluation	A	R/C	I
6.	Recording	A	R/C	-

(Source: Author, 2024)

Controlling

The results of the risk management assessment are carried out by the risk owner and approved by the director. After that, the report is returned to the risk mitigation supervisor to be checked that it has met the requirements and stored in the company's cloud repository, disseminated to all employees and company stakeholders. Monitoring is carried out to understand and prevent risks that occur as a strategy to gain a competitive advantage for the company (Ekania et al., 2023).

Risk Management Cost

Table 8. Risk Cost

Description	Tahun				
	1	2	3	4	5
Manajemen Risiko					
Beban APD	1,400,004	1,680,000	2,016,000	2,419,200	2,903,040
Beban Asuransi Kebakaran	120,492,804	126,525,000	132,851,256	139,493,820	146,468,508
Beban APAR	3,000,000	0	3,000,000	0	3,000,000
ISO 27000:1	0	0	0	18,000,000	0
ISO 9000:1	0	0	0	7,000,000	0
Pembuangan Limbah B3	0	0	0	0	145,775,000
	0	0	0	0	0
Sub Total Biaya Manajemen Risiko	124,892,808	128,205,000	137,867,256	166,913,020	298,146,548

(Source: Author, 2024)

CONCLUSION

The implementation of a comprehensive risk management strategy is a deep crucial for LogisMe's success. Then when identifying and mitigating potential risks, LogisMe can ensure the smooth operation and growth of its business. The key takeaways from this study are need adopting a standardized framework: Following the ISO 31000:2018 standard provides a structured approach to risk management, ensuring all aspects are addressed. The risk management's integration across the organization: Integrating risk management into all company functions fosters a risk-aware culture and facilitates better decision-making. As a result a continuous evaluation and improvement: Regularly reviewing and updating the risk management plan ensures its effectiveness in addressing evolving challenges for the company.

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