



KEEN DELECTARE ENTERPRISE: STRATEGIZING FOR SUSTAINABILITY

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This case was written by Yusmani Mohd Yusoff, Universiti Utara Malaysia. It is intended to be used as the basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

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Prologue

9.40 a.m., 20 January 2020

Sakinah and her partner, Amar, looked at each other, while thinking of the best way to improve their business. Keen Delectare Enterprise (KD) began operations in 2015 but even up to now, they were struggling to make ends meet and deal with the numerous issues besetting their business.

Sakinah : We started our business without any financial assistance and relied 100 percent on our capital. But now, I don't have any more savings to invest in our business although we have to buy more ovens, mixers and cooling cake racks.

Amar : I think we now do not have a choice. To sustain our business, we have to look for financial assistance from a bank or maybe we can try to apply for any available grant from relevant government agencies.

Sakinah : I agree. We must find a source of funding. I really want to improve our prune cake and for that, I need to do some R&D, basically to increase the durability, so that we can safely and confidently market the cake to the other states.

Amar : Nonetheless, we have to think about how to increase our local market. I feel we are relying too much on the customers via social media. We really need to strategize to get more walk-in customers...

Sakinah and Amar drifted into silence momentarily, each thinking about the three main business issues they were facing: lack of finance, product development and marketing strategy. They knew that to survive and ensure long-term business success, these issues must be tackled effectively and a sense of urgency loomed large before them.

The Bakery Industry in Malaysia

In Malaysia, the food production sector plays an important role in the country's economic growth. The industry has contributed to export profit, foreign exchange earnings, job creation and the empowerment of women. Over the past years, Malaysia's market value for bread, cakes and other bakery products had been around RM1.96 (Islam, Abdillahi, & Nour, 2015). One of the sectors of the food production industry is the bakery sector. With an approximate total of several thousand baked goods suppliers in the country, the Malaysian bakery industry is very competitive and fast-moving, and includes F&B outlets, commercial bakeries, home bakeries and stand-alone smaller bakeries (MGCC, 2016).

Higher living standards (in 2020, the minimum wage was RM1,200 per month, an increase of RM100 from 2019 (DOSM, 2020)) and changing lifestyles attributable to cultural changes and a growing local market, have fuelled the demand for Malaysian bakery goods. Furthermore, because the products were being increasingly consumed during breakfast, tea breaks or even lunch as opposed to rice and noodles previously, the Malaysian market has seen a positive growth for baked goods. Nowadays, the younger generation has begun to embrace bread as their staple food, a habit acquired particularly by those who had been exposed to the western culture.

Industry players, however, take this figure (Malaysia's market value for bread, cakes and other bakery products had been around RM1.96) for as just a fair estimate, as new bakeries and other outlets are constantly being set up with their production lines. At the same time, many other businesses, in particular, smaller and independent outlets, are finding it difficult to thrive over the long-term, while on the other hand, Malaysian consumers' product preferences are changing. Taste and freshness

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