

## **Managing Raw Material in Baked Tapioca Cake Manufacturing Industry**

**Lily Julienty**  
Universiti Utara Malaysia  
[julienti@uum.edu.my](mailto:julienti@uum.edu.my)

### **The Opening Paragraph**

Mr. Hafiz was a young entrepreneur who had been on the hunt for the perfect business. After being involved in the property industry as an evaluator for a few years, he wanted to find a way to spend his time by being productive and involve in business he interested most. He was ready to start a new chapter. His passion towards traditional Malay dessert drove him to start the Aura Bengkang Enterprise, a small scale business producing baked tapioca cake – a type of cake requiring unique culinary skills and material use (i.e. the cassava).

Not everyone had the required skill set to make the tapioca cake, a traditional semi-soft, chewy yet fragrant Malay dessert. With a tinge of excitement in his voice, Hafiz confessed that his family's recipe was so good that he could make them for business. Hafiz had always loved mixing and cooking the tapioca cake with a combination of his grandmother recipe and traditional Malay recipe. He was a master in his own kitchen. He considered becoming an international manufacturer for traditional Malay dessert in the future.

Being a person who liked to think big and pencil out all of his ideas, he ultimately concluded that it would be difficult to scale up his business with limited management skills in handling raw materials for the tapioca cake, the cassava. This is even worst, when he found difficulties in searching cassava suppliers who can supply the material for his daily baked tapioca cake production.

### **Background of The Company**

Aura Bengkang Enterprise was registered on 12<sup>th</sup> of Mei 2009 under The Companies Commission of Malaysia (Suruhanjaya Syarikat Malaysia (SSM)). The company was located at No. B09, Komplek Industri Kecil Mara, Lorong Perak 8, Kawasan Perusahaan Mergong 2, 05150 Alor Setar, Kedah and had its own kiosk at Jalan Stadium Alor Setar. The owner of the

company is Muhamad Hafiz Shuib, assisted by Sales Manager, Mr Muhammad Sayuti Shuib and Manufacturing/Operation Manager, Mr Mr Nadzir Nordin. The company only had one general worker who helped them in handling kiosk. She is Miss Zuraini Ramli. The company specialized in the producing and selling baked tapioca cake which has an inviting aroma from the pandan leaves, eggs and coconut milk. The cake was a popular dessert in Kedah as Kedahan’s taste buds tend to the sweeter side. In addition to this, the company also produced other traditional desserts as its side products. The following table shows the product list and price:

NO	Type of dessert	Type A	Type B	Type C	Type D
1	<i>BENGGANG UBI KAYU</i>	RM 1.50	RM 10.00	RM 20.00	RM 72.00
2	<i>TEPUNG TALAM UBI</i>	RM 1.50	RM 10.00	RM 20.00	RM 62.00
3	<i>PULUT SEKAYA DURIAN</i>	RM 1.50	RM 10.00	RM 20.00	RM 62.00
4	<i>KUIH LAPIS</i>	RM 1.50	RM 10.00	RM 20.00	RM 62.00

### **The Cassava**

The cassava area in Peninsular Malaysia had declined steadily due to illegal cultivation; land alienation policy with a bias against cassava; lack of encouragement by the government, which preferred other cash crops like pineapple, kenaf, corn etc; the switching from cassava to more lucrative crops; high cultivation cost compared to existing market price; low prevailing price for cassava roots; high labour consumption and competition for land between agricultural and non-agricultural activities during the economic boom prior to July 1997. The manufacturing costs were high in the local scene because of inefficiencies in the production chain. In Malaysia, cassava was mostly grown by small scale farmers on small plots of land with little or no inputs and this put a limit to production levels and extent of commercialization. These issues haunted Mr. Hafiz as his business depended on the cassava to thrive.

### **Managing Raw Material**

Mr. Hafiz had bad experience with local cassava suppliers as they tend to supply their cassava to larger manufacturers than to smaller ones. Due to the issue, he started to source his supply from Thailand, as he found the imported cassava to be cheaper. Thailand had

demonstrated the importance of cassava as more than a subsistence crop, and had developed a large and complex industrial system for processing and marketing of the crop. The issue of shortage in local cassava led Mr. Hafiz to seek advice and consultation from the Plantation Agency. He made an appointment with Mr. Azizi, the Business Development Manager in KPK Plantation to solicit advice on how best to manage the supply of cassava.

First of all, Mr. Azizi advised him to allocate contract farming system to smallholder local farmers. This way, he could have secure cassava supply and reduce the risk of cassava shortages. As another option, Mr. Azizi encouraged him to provide all the input to small farmers and buy back the cassava. Thirdly, he needed to consider the production of good quality baked tapioca cake, as it was essential to its survival since consumers and buyers were becoming more aware of the importance of high quality food products. The quality of product can be imaged through taste, cleanliness, packaging etc. He was also advised to use new cassava processing equipment such as flash dryers, solar dryers, centrifuge, washing machine and peeling machine to speed up the production process and maintain the quality of cassava.

In terms of improving his product packaging, he informed Mr. Azizi that he has good networking with one of the local universities to come up with proper packaging for its product. Thus, Mr. Azizi advised him to make use of the collaboration to do research and development in producing superior cassava clone. As for now, research and development activities in cassava cloning by government bodies were lacking. According to Mr. Azizi, the best cassava clone in Malaysia was the “Sri Pontian” clone which had been proven to produce good yields. Hence, it would be good if Hafiz could get that type of cassava to produce the baked tapioca cake.

### **The Potential**

Mr. Hafiz contemplated on the opportunity to produce some other cassava-based products. He was recommended not to depend solely on baked tapioca cake alone as his main product. As for now, the cassava was recognized as an important industrial crop that served as the raw material for various industries including chips, pellets, starch & starch derivatives and bioethanol. Thus, he could diversify his business by producing chips or bakery based products which used cassava as raw material. Cassava-based processed food also held

significant long-term potential for market growth in blended flour products, such as biscuits, breads and fritters.

### **Concluding Paragraph**

Entrepreneurs have certain characteristics and skills that help them succeed. A tolerance for risk-taking is a necessary attribute for entrepreneurs.. Starting a business is risky, but entrepreneurs can spread the risks by convincing investors to come along as part of the entrepreneurial team. However, entrepreneur cannot avoid risks if they are going to start a new business and innovate. Successful entrepreneurs innovate in their own different ways. Mr Hafiz should be creative enough to improve on his tapioca cake product through packaging and raw material management.

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