Kotagede, Yogyakarta is famous for its silver craft arts industry. The industry gives its own identity and characteristics to Kotagede. Kotagede has grown rapidly into a magnet for domestic and foreign tourist visits in Yogyakarta. Kotagede silver jewelry is in great demand by foreign tourists. However, the current market goes down. This decline can be seen from a decrease in turnover by 60%. Decrease in turnover is influenced by various factors: rising prices of material factors, the less effective working methods, lack of innovative technologies, and the low purchasing power due to the global economic crisis. A variety of problems is involved by many actors in it. The number of actors involved causing the need for comprehensive approaches. This comprehensive approach can be solved by value chain analysis approach. Value chain analysis is a research method frequently used to look in a greater depth the objects of development or economic sectors so as to provide a solid foundation for future development strategies. Value chain analysis approach is expected can obtain detailed information about problems encountered and provides advice appropriate to the circumstances. There are 5 stages of the value chain: business identification, qualitative and quantitative mapping, determination of market segments and key market success goals by using the CSF, the method for accessing the market by the manufacturer using SWOT, and upgrading. Qualitative mapping consists of mapping the core processes, mapping business, and the mapping information while the mapping of quantitative count only the value added of each business of the products made. After identifying who the actors of this industry, the next stage is to determine key market segments and market success with the CSF. The results of the CSF will be a consideration in determining the business strategy of the silver industry. The next stage is to make a SWOT analysis; this analysis will determine the company's business strategy employed by considering the results of CSF. From the result of the CSF, there is a gap between consumer and producer perspective, the result of SWOT showed the silvercraft art industry is in quadrant 4, so the appropriate business strategy to be applied is diversification strategy. The last stage is the upgrading or repair. Upgrading is done by transforming the existing central system is currently to a cluster system.

Keywords: silver craft, value chain, mapping, CSF, SWOT