

FEASIBILITY STUDY BUSINESS DEVELOPMENT KEDAI KETAN "N" IN SIDOARJO

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ABSTRACT

The feasibility analysis of business development Kedai Ketan "N" aims to analyze the feasibility of business development Kedai Ketan N in Sidoarjo in terms of aspects of environmental and industrial structures, market and marketing aspects, technical aspects, management and human resources, and financial aspects. The unit of analysis used in this study are individuals (informants) as much as 8 informants.

The feasibility study examined development of this business through five aspects, namely, the environmental aspects and structure of the industry, market and marketing aspects, technical aspects, management and human resources, and financial aspect. Five aspects indicate that business development of Kedai Ketan N is acceptable and feasible for execution.

To calculate the feasibility analysis of investment, used four methods of analysis, using the PP (Payback Period), PI (Profitability Index), NPV (Net Present Value), IRR (Internal Rate of Return). Overall results indicate that the business development of Kedai Ketan N is acceptable and feasible for execution.

Keywords: Feasibility Study, Business Development, Family Business, Analysis

INTRODUCTION

The phenomenon of teenagers who always gather and socialize in certain places is common in the community. The activity is called "hanging out". For the enthusiasts of this hangout activity, they need adequate facilities and infrastructure in the form of place, offered comfort and also the products available (Anonymous, 2012).

Based on the above phenomenon, many emerging business cafes and the like to accommodate the culture. According to Chairman of the Association of Indonesian Cafe and Restaurant Entrepreneurs (Apkrindo) Jatim Tjahjono Haryono, with a population of about 4.5 million people, that number shows that culinary business is very prospective in East Java. Currently in Surabaya there are about 500-600 middle-class restaurants and above. While overall good cafes, restaurants, and depot in the middle to lower segment there are 2,000 culinary business in Surabaya and around areas.

Nowadays the sticky rice has become prerequisite culinary when we visit one of the cool cities in East Java. The number of existing visitors to prove that sticky rice is one of the popular snack society. Positive response to the sticky rice then start there one by one cafe in Surabaya and surrounding areas that serve the main menu ketan such as Kedai Ketan Punel - Darmo, Ketan Mbok Ne An Cuk - Rungkut, Pos Ketan Legenda - Surabaya and Pos Ketan Legenda - Sidoarjo.

Based on the reasons and the foundation the researchers intend to develop the business of Kedai Ketan N in Sidoarjo. Sidoarjo regency is an area in East Java that has a very strategic position. In addition, Sidoarjo regency is the district with the largest SMEs in Indonesia which reached 171,264 business units in 2014. It shows that the high participation of the community to work together to drive the economy of Sidoarjo.

Kedai Ketan N is a tavern that sells sticky rice with premium topping like oreo, sausage cheese, beng-beng, milo, etc. with price range Rp 5000-8000. The results of preliminary survey conducted by researchers to some people Sidoarjo, showed that 44.2% of respondents to hobbies consume sticky rice and 44.2% still do not know whether in Sidoarjo already contain a stall with main menu sticky rice.

Business development feasibility study is needed to be taken into consideration in the development of Kedai Ketan N business in Sidoarjo. According to Suliyanto (2010), business feasibility studies are conducted covering environmental aspects and industrial structure, market and marketing aspects, legal aspects, technical aspects, aspects of human resources and financial aspects.

LITERATURE REVIEW

Business Feasibility Study

The definition of a business feasibility study is a study that aims to decide whether a business idea is feasible to implement or not. A business idea is declared feasible to implement if the idea can bring greater benefits to all stakeholders than the negative impact which is evoked (Suliyanto, 2010).

The business feasibility study according to Husnan and Muhammad (2009) is a study of whether or not a project is built within a certain period of time. Feasibility studies can be utilized as a clearer focus for a business or business plan that has a logical sequence that makes it possible to reach the target or avoid the company from uneconomic investments. This research requires cost, but the cost can be minimized by this feasibility study analysis.

The category of business feasibility study is divided into three categories (Subagyo, 2011), namely: new business establishment (creating a new business), business development (developing of business), and the purchase of business existing (business acquisition). The study category of feasibility studies to be conducted on this occasion is a business feasibility study on developing a business because the researcher has a business that is already running and has plans to be developed further.

Environmental Aspects and Industrial Structure

Every business must have consideration on the environmental aspects of the industry. This is because the environmental factors of many or few industries have a considerable influence on the smoothness of business / business. The analysis done in the environmental aspects of the industry is PEST analysis (political, economical, social and cultural, and technological) and the five power analysts (Suliyanto, 2010). According to Porter in (Suliyanto, 2010) divides the five forces that determine the level of competition in an industry, namely: (a) entry of newcomers, (b) threat of substitution products, (c) bargaining power of buyers, (d) Bid on suppliers, (e) Competition among existing competitors.

To formulate a marketing strategy, is supported by SWOT analysis (Strength, Weakness, Opportunity, Threat) that is comparing internal company environment condition (strength and weakness) with external company environment condition (opportunity and threat) (Kodrat, 2009) .

Market and Marketing Aspects

Analysis of market and marketing aspects plays a very important role in developing the business because the main source of revenue comes from the sale of products produced. The analysis of market aspects analyzes the number of products offered by competitors. While the analysis of marketing aspects to analyze the way or strategy for the resulting product can be up to the consumer with more efficient than competitors (Suliyanto, 2010).

Marketing strategy that supports the achievement of marketing in accordance with the wishes, namely (Purwana, 2016): Strategy (1) Segmenting (market segmentation), (2) Targeting (market setting), (3) Positioning (market positioning), or it is known by STP Strategy. Marketing by Kartajaya (2010) has a strategy called marketing mix or better known as the 4P theory: (1) Product, (2) Price, (3) Place, (4) Promotion.

Technical Aspects

Frequent business / business failure is unable to face technical problems. Therefore, technical aspect analysis is used to answer the question whether the business is technically feasible or not (Suliyanto, 2010). Things that need to be analyzed in technical aspect in this research are: (1) selection of business development location, (2) determination of business place layout, (3) visual merchandising concept.

Aspects of Management and Human Resources

Human resource aspect is an important aspect and needs to be analyzed as well as development materials from a business / business. The role of human resources is no longer as a technical exercise, but as a partner in the company to be actively involved in the effort to realize competitive advantage (Kodrat, 2009). Discussion in the aspect of human resources includes: organizational structure, procurement of labor, and compensation and benefits.

Financial aspect

Financial aspect is a very important aspect in preparing or running a business. In preparing a business, the financial aspect becomes the main reference to the business either to be created or that has been made to assess whether the business is feasible to run or not. A profit-oriented business will decide to run a business idea if the business is financially profitable, while a non-profit business requires a financial feasibility study to answer the question of whether the business idea will continue to run in an effort to carry out its social mission with revenue Which he received (Suliyanto, 2010).

The financial aspect includes information and data from all other aspects to be incorporated in the financial statements. The financial statements will be analyzed by means of investment valuation criteria, namely: Net Present Value, Internal Rate of Return, Payback Period, and Profitability Index (Muslich, 2009).

RESEARCH METHODS

This research is an applied research, that is research which concerns the application of a theory to solve a certain problem (Kuncoro, 2009). Applied research is conducted with the aim of applying, testing and evaluating the ability of a theory applied in solving practical problems (Neolaka, 2014).

The place of study is determined based on the location of Kedai Ketan N that is Sidoarjo regency and begun in September - November 2016.

The sampling method uses Saturation Sampling because the population is small. Where Saturation Sampling method is a method with sampling by involving all members of the population as sample (respondent) research. This method aims to obtain data effectively and

accurately in accordance with the needs required by researchers, so the data obtained is really accurate. Interview was conducted to the regular customers from Kedai Ketan N in Sidoarjo, food enthusiast in Sidoarjo, owner of Kedai Ketan and Chairman of Apkrindo (Association of Indonesian Cafe and Restaurant Entrepreneurs) East Java.

The unit of analysis that is used in this study is the individual (informant). Individual analysis units are selected to explore individual knowledge and opinions as supporting data in the analysis. The informants used are permanent customers of Kedai Ketan N in Sidoarjo, food enthusiast (owner of culinary instagram account) in Sidoarjo, owner of Kedai Ketan B in Probolinggo as the supplier and Chairman of Apkrindo (Association of Indonesian Cafe and Restaurant Entrepreneurs) East Java.

Data collection methods in this study using data primary and secondary. Primary data is data obtained by self through interview, observation and questionnaire (survey). Secondary data, is data obtained from second source through document / literature study.

Data analysis from this research is done by analyzing every aspect that is studied, that is environmental aspect and industrial structure, market and marketing aspect, legal aspect, technical aspect, human resource aspect, and financial aspect.

The data can be declared valid if there is no difference between the reported by the researcher with what actually happened to the object under study. According to Yin (2009), there are four kinds of testing to validate data through construct validity, internal validity, external validity, and reliability.

RESULTS AND DISCUSSION

Environmental Aspects and Industrial Structure

PEST (Politic, Economy, Social, Technology)

1. Politic

The political situation in Indonesia which tend to be stable for culinary business makes the cafe and its like business popping up including Kedai Ketan N. Currently in Surabaya there are about 500-600 upper middle class restaurants. While overall good cafe, restaurant, and depot in the lower middle segment there are 2,000 culinary business in Surabaya. According to the Chairman of the Association of Indonesian Cafe and Restaurant Entrepreneurs (Apkrindo) Jatim Tjahjono Haryono, with a population of about 4.5 million people, that number shows that culinary business is very prospective in East Java.

2. Economy

LM-FEUI research bureau publishes macroeconomic projections for 2011-2015 which also shows the restaurant business prospects. The LM-FEUI projection data shows that the growth of market size of the economic sector in restaurant business in 2011 is 13.90% projected to increase to 15.00% in 2014. This increase is expected to continue to grow to 15.50% by 2015 (LM-FEUI, 2011).

3. Social

Phenomenon Hanging out support the business of Kedai Ketan N as one of choice of hangout in Sidoarjo region. The more often people who do hanging out activities, the greater the opportunity to develop Kedai Ketan N by following what consumers want.

4. Technology

Nowadays Internet technology is growing very rapidly. Entrepreneurs can make sales online so as to provide convenience for customers. One currently used is to make social media an interactive communication tool between entrepreneurs and customers. So did the Sticky N Store by using social media such as instagram for promotion and direct communication with customers.

Five Forces Analysis

The description of the five forces in the business can be seen in Figure 1 below.

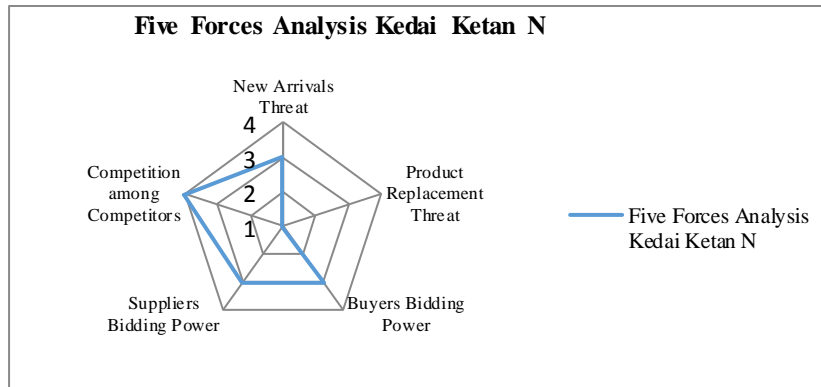


Figure 1. Five Forces Analysis of Kedai Ketan N

In Figure 1 above describes the condition of the five forces in business. The buyer is an important aspect in business because a buyer who will use the products offered by a company and the company will earn income also from the buyer. Currently there are quite a lot of glutinous rice stalls in the market, especially in Sidoarjo. Therefore, the company must be able to provide products that can meet customer desires and can satisfy customers more over the loyal customers, with the company's products. Kedai Ketan N has had several regular customers during the walk approximately 2 this month. But consumers still have the freedom to choose other glutinous rice stalls in accordance with the wishes of each. This condition shows the bargaining power of consumers enough to affect the business run.

The existence of a supplier is very important for a business that is run so that its production can be done continuously. Products from suppliers are raw materials to make sticky rice, both from the main raw material and topping used. The number of Kedai Ketan N suppliers for now is quite a lot, so the companies are free to choose the suppliers they want. Especially for soy powder is only supplied from Kedai Ketan B in Probolinggo. This condition indicates that the bargaining power of suppliers is quite influential on the business run.

The level of competition in the business also needs to get the attention of the company. Currently the number of competitors in the business is quite a lot of sticky rice in Sidoarjo, but the good growth makes the glutinous rice market get their respective. But the attractiveness offered from each competitor greatly affects the consumer. These conditions indicate that the level of competition is very influential on the business undertaken.

The threat of new entrants in business is always there. The glutinous rice stall continues to experience a good development, seen from the emergence of some sticky rice stalls in Sidoarjo so that the possibility of new arrivals in quite threatening. Anticipating the threat of newcomers, the business should be run should have its own characteristics or uniqueness that will cause consumers loyal to the products that have been offered. This condition indicates that the threat of newcomer enough to affect the business undertaken.

Substitution product threats show results that have no effect on the business undertaken. It is seen that there is no similar product with the glutinous flavor and texture. However, if based on the function of the sticky rice itself is a filling snack, then there are some snacks replacement offered in the market.

SWOT analysis

The next step is to do SWOT analysis to know the internal and external conditions of the company. Identification of S (Strength), W (Weakness), O (Opportunity), and T (Threat) based on interview result are as follows:

- a. Strengths:
 - 1) Presence of delivery service for Sidoarjo city area
 - 2) Variations of topping a lot
 - 3) The place is comfortable, clean and available Wi-Fi
- b. Weaknesses:
 - 1) The offered price is almost the same as the other sticky rice stalls
 - 2) Consumer confidence is still low, because the business is still new
 - 3) The place is small and less visible from the highway
- c. Opportunities:
 - 1) The market share is very wide
 - 2) The product is not seasonal so it can be run at any time
 - 3) The glutinous business continues to grow
- d. Threats:
 - 1) The product is easy to be imitated, although it has advantages that highlighted
 - 2) Excellence of competitors
 - 3) The existence of replacement products

Market and Marketing Aspects

STP (Segmenting, Targetting, Positioning)

Segmenting

Kedai Ketan N is segmenting its customers based on psychographic conditions where Kedai Ketan N is in a society whose hobbies hang out and then look for a place that offers an atmosphere or an instagram-able product.

Table 1. Segmentation of Kedai Ketan N product

	Premium Topping	Original Topping
Hangout way	1	3
Instagram-able	2	4

Source: Processed Data (2017)

Targeting

Based on the interview results, the target of Kedai Ketan N is at number 1 and 2 (Table 1) where buyers are hobbyist people hanging out looking sticky rice with premium toppings and the product is interesting to be photographed (instagram-able).

Positioning

Kedai Ketan N is positioned as one of the preferred places to hang out to enjoy its product is ketan with premium topping which the product is interesting to be photographed (instagram-able). The products made have the advantage in terms of taste and the type of toppings offered. The typical taste of soy powder in Kedai Ketan N is specially formulated so it has a different taste from other sticky rice stalls. In addition, premium topping options offered until now there are 13 and can be mixed and match by consumers themselves.

Marketing Mix

Product

The main product offered Kedai Ketan N is glutinous with 13 choices of premium topping. In addition there are several snacks and drinks are also offered by Kedai Ketan N as a complement. The logo and brand of Kedai Ketan N is taken from the nickname of the 2nd daughter of the owner. The name is expected to be a brand that attracts attention and is easy to remember by the customer.

Products are served on small plates equipped with small spoons and label flags over the sticky rice when eaten in place. When the product is brought home by the customer, the product is placed on a plastic mica packaging equipped with a plastic spoon, oil paper and sticker. Stickers serve as labels that describe brands, addresses, instasses and numbers that can be contacted by customers.

Price

Pricing on the Kedai Ketan N based on competition (Competition Based Pricing) is pricing by considering the price set by the competitor. Glutinous price offered by Kedai Ketan N around Rp 5,000 - Rp 8.000, while for the new menu is sticky rice durian sold at Rp 12,000.

Place

Location Kedai Ketan N is located in Gading Fajar 2 Block D 03 No 7 Sidoarjo. This location is located in the western ring area of Sidoarjo, where the residential highway is a location used by street vendors to sell every day, so ascertained this area crowded throughout the day. But the condition of the place is still too small.

Promotion

Some promotions that have been done by Kedai Ketan N is promo BOGO (Buy One Get One) Free original sticky rice in the first month. In the second month followed by promo Buy 2 Get 1 Free sticky original for 1 full month. Also inserted the distribution of free glutinous meal vouchers distributed to certain groups as a strategy to enliven the shop. The promotions are advertised on instagram, banner and brochure.

The next promotion that will be done is to use instagram-able itself. Where everyone who comes and eats at Kedai Ketan N then photographs and uploads on their instagram, it will get a free sticky rice on the spot. In addition to those who can not come to the shop, there is a race with a repost one of the photos on the instagram and then tagged 5 friends with an interesting comment, will get a free meal voucher at Kedai Ketan N. Instagram utilization as a media campaign or a means closer To the customer is one of the most influential factors.

Technical Aspects

Business Location

Location Kedai Ketan N is located in Gading Fajar 2 Block D 03 No 7 Sidoarjo. This location is located in the western ring area of Sidoarjo, where the residential highway is a location used by street vendors to sell every day, so ascertained this area crowded throughout the day. The location is classified into a strategic location to open a business so the selection of Kedai Ketan N location is appropriate.

Business Layout

Kedai Ketan N store is located in Gading Fajar 2 Block Blok D 03 No 7 currently has a building with an area of 77 m2 (11 m long and 7 m wide). This condition is small for the size of a store whose market share is wide.

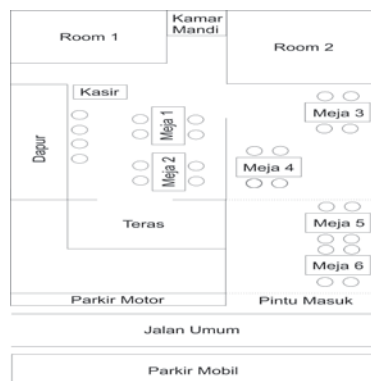


Figure 2. Kedai Ketan N Layout Visual Merchandising Concepts

The visual concept that exists in Kedai Ketan N is very simple as seen in these pictures below.

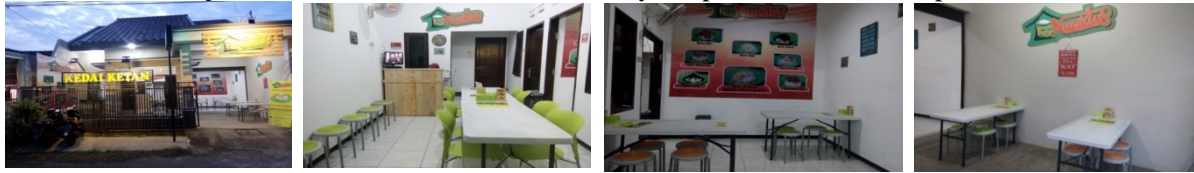


Figure 3. Kedai Ketan N Visual Merchandising Concept

Aspects of Management and Human Resources

Kedai Ketan N has an organizational structure, but it is still simple. This organizational structure is the relationship between superiors and subordinates who are still directly with one line of authority. This structure is used because the number of existing employees is still small. Permanent Personnel Workforce of Kedai Ketan N currently amounts to five people ranging from person in charge, operational, financial and 2 person service.

The advantages of this organizational structure are easy to implement coordination, faster decision-making processes, and more effective oversight. The disadvantage is that the organization is too dependent on the leadership, the lack of skilled staff, and the employee's opportunities to develop are rather limited.

The salary given by Kedai Ketan N has not been able to reach the Regional Minimum Wage of Sidoarjo Regency because the business is still relatively small. The amount of Regional Minimum Wage for Sidoarjo Regency is Rp 3,040,000 (Jatimprov, 2016.). The basic salary for the service is Rp 1,000,000 / month, plus a meal allowance of Rp 10,000 / day.

Financial aspect

The financial aspect is the last aspect used to assess the business development undertaken at Kedai Ketan N worth doing or not. Financial aspect analysis is divided into three categories, namely normal conditions, optimistic conditions and pessimistic conditions. Normal conditions are the most likely conditions to occur. Optimistic conditions are the best conditions that can be achieved, while pessimistic conditions are the worst conditions that may befall the company.

Table 2. Feasibility of Financial Aspects

Provision	Provision	Normal Condition	Pessimistic Condition	Optimistic Condition
PP	PP < 4 Years	6 Months	1 Year 3 Months	3 Months
PI	PI 4 Years > 1	Rp 6,9	Rp 3,1	Rp 17,3
NPV	NPV 4 Years > Rp 0	Rp 104.739.172	Rp 47.094.503	Rp 264.817.174
IRR		130%	48%	343%
		In normal conditions the four provisions of eligibility are met	In pessimistic condition the four provisions eligibility are met	In optimistic condition the four provisions eligibility are met

Source: Processed Data, 2017

CONCLUSION

Environmental Aspects and Industrial Structure

Based on the results of environmental analysis and industrial structure can be seen that the political situation in Indonesia tends to be stable for business in the field of culinary, economic conditions will also be projected to increase from year to year, while from the social side that is

the phenomenon of hanging out that has become the culture of Indonesian society including in Sidoarjo, While the influence of technology is very important for promotional purposes. Based on the PEST that has been analyzed can be concluded that the existence of Kedai Ketan N can enliven the culinary business that began to bloom in Sidoarjo.

Based on the Five Force Analysis analysis of glutinous rice can be seen that of the five forces in the industry, the three forces are the threat of newcomers, bargaining power of buyers, bargaining power of suppliers enough to affect the business run, while competition among competitors is very influential Against the business being run, while the threat of replacement products has no effect.

Market and Marketing Aspects

Currently culinary glutinous business began to rage, including the people of Sidoarjo. Evidenced by the inclusion of one of the competitors from Kedai Ketan N which already has a strong branding that is stalled street vendors to Sidoarjo. In addition, some competitors who also began to appear illustrates that the glutinous rice has a large market size, although divided by many players.

The research conducted on Ketan N Stores through STP analysis and marketing mix shows that Kedai Ketan N is feasible to be developed because the market is still wide open. Although the number of competitors is quite a lot, but will still gain its own market. Kedan Ketan N is positioned as one of the preferred places to hang out to enjoy its product is ketan with premium topping which the product is interesting to be photographed (instagram-able). The offer of topping that can be mixed and match is also a special attraction that is occupied with an affordable price. An interesting promotion is also done by companies like buy 1 get 1 free for, buy 2 get 1 free and free meal vouchers to attract new customers.

Technical Aspects

Kedai Ketan N has determined the location of business development that is in Gading 2 Housing located in the western circumference of Sidoarjo. Selection of this location with consideration of this crowded area throughout the day. The existing visual concept applied in Kedai Ketan N is very simple. Installation of neon box and plaque aims to look attractive when viewed from the outside. Elements used to fill the room is also minimalist with shades of green and yellow so that the shop always looks fresh every day.

Aspects of Management and HR (Human Resources)

Simple organizational structures have been formed by the Sticky N Store accompanied by the terms and expertise of the employees. The recruitment process runs smoothly with 2 employees who are in accordance with the existing specifications. The salary given for the service is still below the Regional Minimum Wage considering the condition of the shop which is still relatively small and will be updated as the company grows.

Financial aspect

The projected financial reports projected income statement and cash flow statement from 2016-2019. The method used is PP (Payback Period), PI (Profitability Index), NPV (Net Present Value) and IRR (Internal Rate of Return). All of these investment rating criteria show a positive response in both normal, pessimistic and optimistic conditions. Based on the results of feasibility analysis that has been made, it can be seen that the business feasibility criteria of the financial aspects have been met.

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