


## Feasibility Study For Business Development On Cheap Accessories Rides Surabaya

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Article Info	ABSTRACT
<p><b>Keywords:</b> feasibility study business development</p>	<p>The reason of this investigate is to decide the possibility of commerce improvement carried out by Cheap Extras Vehicles. The inquire about strategy utilized is an examination based on the viewpoints of commerce achievability considers, specifically viewpoints of Back, Showcase and Promoting, Administration and Human Assets, Lawful, Specialized and Operational angles, AMDAL, and Financial and Social angles. The comes about of the examination of each angle appear positive comes about which state that the Trade Improvement carried out by Cheap Accessories Rides is feasible to run. The conclusion of this study is that the business development carried out by Wahana Accessories Cheap is feasible to be carried out, one of the ways of business development that can be chosen is to extend the number and assortment of items dispersed by the company.</p>
<p>This is an open access article under the <a href="#">CC BY-NC</a> license</p> 	<p><b>Corresponding Author:</b> Mohammad Afrizal Miradji Accounting Study Program, Faculty of Economics, PGRI Adi Buana University Surabaya <a href="mailto:afrizal@unipasby.ac.id">afrizal@unipasby.ac.id</a></p>

### INTRODUCTION

The accessories product distribution industry in Indonesia is currently one of the industries that has its own attraction. This industry continues to grow every year, BPS data states that in 2022 there will be an increase in *import-export* in the creative industry by 30.7% from the previous year and accessory products are included in this increase. Cheap Accessories Rides is one of the actors in the accessories distribution business. The accessory products distributed by Cheap Accessories Wahana are accessory products that follow the trend and are cheap, this brand makes several types of products, including *slings bags, hats, belts, bracelets and necklaces*.

Sales of accessory products distributed by Cheap Accessories Rides every year have experienced a significant increase. In 2021, there was an increase in sales of 8.6% from the previous year. Based on some of these things, the management of Cheap Accessories Rides wants to develop the distribution business of this accessory product. The effectiveness and efficiency of company management is also one of the company's considerations in developing the distribution business of this accessory product.

This research was conducted to get answers to the question (a) How is the feasibility analysis of the business of distributing accessories products by Wahana Aksesoris Cheap reviewed from the aspects of market and marketing, management and human resources, specialized and mechanical viewpoints, natural angles, legitimate viewpoints, financial and social viewpoints? (b) Based on the money related viewpoint, what almost the achievability of commerce improvement, when viewed from the Payback Period (PP), Net Present Value (NPV), Internal Rate of Return (IRR), and Profitability Index (PI)? (c) How is the analysis of the sensitivity of the business of distributing accessories products carried out by Wahana Aksesoris Murah?

The purpose of this study is to find out the feasibility of the business of distributing accessories products reviewed from the aspects of the business feasibility study, and to find out how to calculate PP, NPV, IRR, and PI in this business. In addition, the purpose of this study is also to find out how to analyze the sensitivity of this distribution business. The benefit of this research is to find out how the feasibility of the business of distributing accessory products on Cheap Accessories Rides is based on the aspects of business feasibility studies.

## **Literature Review**

### **Feasibility Study**

Concurring to Kasmir and Jakfar (2012), a commerce achievability consider is an movement that ponders in profundity almost an action or commerce that will be carried out, to decide whether or not a commerce is attainable. Concurring to Umar (2005), a commerce achievability think about may be a ponder of a trade arrange that not as it were analyzes whether it is doable or not attainable for a trade to be built, but too when it is worked routinely in arrange to attain greatest benefits for an unspecified time, for illustration, a arrange to dispatch a modern item. Suliyanto (2010) expressed a few contrasts between trade possibility ponders and trade plans based on inquire about information sources, inquire about compilers, targets of possibility ponders and trade plans, inquire about time, and costs required by each.

### **Market Aspects and Marketing Aspects**

In a trade possibility consider, the advertise and showcasing viewpoints are one of the foremost vital perspectives, since the advertise and showcasing viewpoints decide whether a company lives or not within the industry. According to Thamrin and Tantri (2012) promoting may be a add up to framework of trade exercises planned to arrange, decide costs, advance and disperse products that can fulfill the wants and administrations of both current and potential customers.

### **Management and Human Resources Aspects**

In analyzing business feasibility studies, management and human resources aspects are important to analyze because in running an organization, management has a work relationship with each other. An organization is always likened to a body, if it is going to make a change but part of the organs of the body is not ready to accept the change, then the planned change will not be able to be carried out.

### **Technical and Operational Aspects**

The following step in deciding the possibility of a commerce arrange is to analyze the specialized and innovative viewpoints. This specialized viewpoint assessment considers the

specialized needs of the commerce, such as the assurance of generation capacity, the sort of innovation utilized, the utilize of gear and apparatus, the area of the commerce and the area of the foremost productive company. At that point from the conclusion, a arrange can be made for the sum of the taken a toll of obtainment of settled resources.

### **Aspects of AMDAL (Environmental Impact Analysis)**

The growth and development of the company has an effect on the surrounding environment, whether it has a negative or positive impact on the surrounding community, or vice versa, whether the surrounding community has a positive or negative impact on the company. The analysis carried out on this aspect is useful to identify the feasibility of the business being run in accordance with existing environmental standards. One of the media from this aspect is the EIA (Environmental Impact Analysis) which is being developed in several developed countries under the name *Environmental Impact Analysis* or *Environmental Impact Assessment* (EIA).

### **Legal Aspects**

Based on the opinion of Husnan and Suwarsono (2007), the legal aspects in the feasibility study analyze about: (1) The form of the business entity to be used. (2) Guarantees that can be provided if they are going to use a source of funds in the form of loans. Various deeds, certificates, necessary permits and so on

### **Economic and Social Aspects**

Kasmir and Jafar (2012) mentioned several impacts that will affect these various parties, both positive and negative as follows: (1) For the community, the positive impact obtained from a business from an economic perspective is an opportunity to increase income. Meanwhile, for the government, the positive impact obtained is to provide income in the form of income. In addition, another positive impact is the regulation and management of natural resources that have not been touched. (2) The negative impact of a business from an economic perspective is excessive exploration of natural resources, the entry of workers from outside the region so as to reduce opportunities for the surrounding community. (3) The positive affect of a trade is surveyed from the social viewpoint of the community in common is the accessibility of the fundamental offices and foundation such as the development of streets, bridges, power, and other offices. (4) The negative affect of a commerce is looked into from the social angle of the government's audit, specifically statistic changes in a locale, social changes, and open wellbeing. Irham Fahmi (2011) stated that social responsibility is the obligation of management to make choices and take actions that play a role in realizing welfare and society.

### **Financial Aspects**

Kismono (2011) stated that there are three important decisions in the financial management of a company, namely: (1) Obtaining funds (funding decisions). (2) Use of funds (investment decisions). (3) Profit distribution (dividend policy). Kasmir and Jafar (2012) stated that overall the assessment of financial aspects includes: (1) Sources of reserves to be gotten. (2) Venture taken a toll needs. (3) Gauges of speculation salary and costs over a few periods, counting the sorts and sums of costs caused amid the life of the venture. (4) Adjust sheet

projections and profit/loss articulations for the another few periods. (5) Venture appraisal criteria. (6) Monetary proportions utilized to survey the company's capabilities.

## METHOD

The research was conducted at Cheap Accessories Rides by conducting interviews, observations and processing company sales data. Table 1 is the optimization criteria used in this study.

**Table 1** Optimization Criteria for Business Feasibility Study

Aspects of the Feasibility Study	Criterion
Financial Aspects	The criteria used in this aspect are: <ul style="list-style-type: none"> <li>- PP Calculation</li> <li>- NPV Calculation</li> <li>- IRR Calculation</li> <li>- PI Calculation</li> </ul>
Market and Marketing Aspects	Criteria that cover this aspect of the market and marketing include: <ul style="list-style-type: none"> <li>- Market demand data</li> <li>- Number of offers</li> <li>- Sales projections</li> <li>- Competitor analysis</li> <li>- Marketing mix</li> </ul>
Management and HR Aspects	The main criteria in this aspect are <ul style="list-style-type: none"> <li>- Organizational Structure</li> <li>- HR in the company</li> </ul>
Legal Aspects	In relation to the legal existence where the company is established, which includes the applicable legal provisions including licensing: <ul style="list-style-type: none"> <li>- Location permissions</li> <li>- Business license</li> <li>- Distributor license</li> </ul>
EIA	This aspect is an analysis of the impact on the environment (nature), where the company is one of the contributors to products that can pollute the environment or not.
Technical and Operational Aspects	This aspect examines the technicalities or methods carried out by the company in distributing <i>Accessory Products</i> and how the operational system for distributing these products by Cheap Accessories Vehicles.
Economic and Social Aspects	In this aspect, the criteria are explained which include: <ul style="list-style-type: none"> <li>- Economic impact</li> <li>- Social impact</li> </ul>

Source: Data processing

## RESULTS AND DISCUSSION

After the data and interview results are obtained and then analyzed based on the optimization criteria of the business feasibility study, the following results are obtained:

**Table 2** Results of Optimization Criteria Analysis

No.	Aspects of the Feasibility Study	Result
1	Market and Marketing Aspects	The analysis carried out in the market and marketing aspects of Cheap Accessories Rides shows that the sales of Instant Accessories products every year experience an increase in demand, with an estimated average increase in demand of 7-8% per year, so according to this aspect business development is feasible for Cheap Accessories Rides to be carried out.
2	Management and Human Resources Aspects	The analysis carried out in this aspect results in an explanation of the type of job, job description, and organizational structure for employees that are in accordance with what Cheap Accessories Wahana Needs in running their company. In this aspect, the company has also established appropriate management and human resources that can assist the company in carrying out business development, so business development is feasible.
3	Technical and Operational Aspects	The analysis carried out on this aspect results in an elaboration of how the work process in the company, how the process of distributing merchandise is. By adding the type of Cheap Accessories Accessories can develop the sales agency of this product even bigger, then the business development that will be carried out by the company is feasible.
4	AMDAL Aspects	The results of the analysis of this AMDAL aspect show that the company's products do not damage the environment, so development is feasible.
5	Legal Aspects	All legal provisions that must be implemented by Cheap Accessories Rides have been carried out, all requirements and company files have been completed. Then business development is worth doing.
6	Economic and Financial Aspects	In analyzing this aspect, Cheap Accessories Rides run the company solely not only to seek great profits, in its implementation the company has social responsibility to the company's employees and to the environment around the company. With the running of the company, Cheap Accessories Rides also went down to help provide income to 56 employees and workers in the company.
7	Financial Aspects	The three scenarios used in the calculation of the financial aspect show that the business development that will be carried out by the company is feasible. It can be found that by adding Accessories products, the company's profit continues to increase and every year it increases.

Source: data processing

The analysis of the company's financial aspects is made into three scenarios, namely moderate, optimistic, and pessimistic scenarios. The discussion of each of these scenarios is discussed as follows.

#### **Moderate Scenario**

In this scenario, it is assumed that the company's market growth in the sales of accessories products is 25%. Thus, the calculation of the company's PP, NPV, IRR, and PI is as follows:

**Payback Period**  $n+(a-b)/(c-b) \times 1 \text{ tahun}$   
 $2+(3,112,060,000-1,062,026,421) \times 1 \text{ year}$   
 $(1.767.211.72-1.062.026.421)$   
 $= 4 \text{ years}$

The conclusion obtained from this calculation is that the business capital will return in four years. Because *the payback period* is smaller than the economic life of the company's assets, the investment is declared feasible to run.

**Table 3** Net Present Value of Moderate Scenario (in rupiah)

NPV			
period	Factor Diskonto	OCF (10%)	Cash Flow
0		1	3.112.060.000
1	0.906600269		576.731.763
2	0.821924048		780.914.321
3	0.745156564		884.266.503
4	0.675559141		1.079.504.978
5	0.6124621		1.184.105.853
			6.390.183.833
			3.278.123.833
NVP			

Source: data processing

$$\frac{\sum Rt}{1+i} = \frac{576.731.763}{(1+0.10\%)^1} + \frac{780.914.321}{(1+0.10\%)^2} + \frac{884.266.503}{1+0.10\%)^3} + \frac{1.079.504.978}{(1+0.10\%)^4}$$

$$+ \frac{1.184.105.853}{(1+0.10\%)^5} = 3.278.123.833$$

The conclusion obtained from this calculation is that the NPV is IDR 3,278,123,833 which shows a positive result. This means that the investment in business development by adding the type of Accessory product is declared feasible to be run by Cheap Accessories Rides.

**Table 4** Internal Rate of Return Moderate Scenario (IRR) (in rupiah)

IRR	
Investment	(3.112.060.000)
OCF 2013	576.731.763
OCF 2014	780.914.321
OCF 2015	884.266.503
OCF 2016	1.079.504.978
OCF 2017	1.184.105.853
IRR	12%

Source: data processing

The conclusion obtained from this calculation is that the IRR result is greater than the COC, so the investment is declared feasible.

Profitability Index (PI)  
 NPV/Investment

3.278.123.833

3.112.060.000

= 1.06

The conclusion obtained from this calculation is that the PI result is greater than 0, then the investment for business development through the addition of the type of instant accessories product Accessories is declared feasible.

### Skenario Optimis

In this scenario, it is assumed that the company's market growth in the sales of accessories products is 40%. Thus, the calculation of the company's PP, NPV, IRR, and PI is as follows:

**Payback Period**  $n+(a-b)/(c-b) \times 1 \text{ tahun}$

$2 + \frac{(3.112.060.000 - 1.836.498.878)}{(2.989.387.175 - 1.836.498.878)} \times 1 \text{ year}$

$(2.989.387.175 - 1.836.498.878)$

= 3.1 years

The conclusion obtained from this calculation is that the business capital will return in 3 years, 1 month and 2 days. Because *the payback period* is smaller than the economic life of the company's assets, the investment is declared feasible.

**Table 5** Net Present Value (NPV) Optimistic Scenario (in rupiah)

periode	NPV		
	Factor Diskonto OFC (10%)	Cash Flow	PV
1	0.907850126	806.448.206	3.047.760.000
2	0.824191852	1.030.050.672	848.969.370
3	0.748242677	1.152.888.298	862.640.226
4	0.679292208	1.079.504.978	733.299.320
5	0.616695517	1.184.105.853	732.134.106
			730.232.771
			6.955.025.793
	NVP	3.907.265.793	0.616695517

Source: data processing

$\sum Rt$

$$\frac{t}{(1+i)} = \frac{806.448.206}{(1+0.10\%)^1} + \frac{1.030.050.672}{(1+0.10\%)^2} + \frac{1.152.888.298}{(1+0.10\%)^3} + \frac{1.079.504.978}{(1+0.10\%)^4}$$

$$+ \frac{1.184.105.853}{(1+0.10\%)^5} = 3.907.265.793$$

The conclusion obtained from this calculation is that the NPV is IDR 3,907,265,793 which shows a positive result. This means that this investment is declared feasible for the company to run.

**Table 6** Internal Rate of Return Optimistic Scenario (IRR) (in rupiah)

IRR	
Investment	(3.112.060.000)
2013	806.448.206
2014	1.030.050.672

2015	1.152.888.298
2016	1.079.504.978
2017	1.184.105.853
IRR	20%

Source: data processing

The conclusion obtained from this calculation is that the IRR result is greater than the COC, so the investment is declared feasible to run.

### Profitability Index (PI)

$$\frac{\text{NPV/Investment}}{3.112.060.000} = \frac{3.907.265.793}{3.112.060.000} = 1.25$$

The conclusion obtained from this calculation is that the PI result is greater than 0, then the business development investment in Cheap Accessories Rides is declared feasible to run.

### Pessimistic Scenario

In this scenario, it is assumed that the company's market growth in the sales of accessories products is 15%. Thus, the calculation of the company's PP, NPV, IRR, and PI is as follows:

$$\text{Payback Period } n + \frac{a-b}{c-b} \times 1 \text{ tahun} \\
 2 + \frac{(3.112.060.000 - 1.162.026.421)}{(1.767.211.727 - 1.162.026.421)} \times 1 \text{ year} \\
 = 4.9$$

The conclusion from this calculation is that the business capital will return in 4 years and 10 months. Because *the payback period* is smaller than the economic life of the company's assets, the investment is declared feasible.

**Table 7** Net Present Value (NPV) Pessimistic Scenario (in rupiah)

NPV			
period	Factor Diskonto	OCF (10%)	Cash Flow
0	1		3.047.760.000
1	0.907850126		447.203.000
2	0.824191852		614.823.421
3	0.748242677		705.185.306
4	0.679292208		1.079.504.978
5	0.616695517		1.184.105.853
			5.951.667.586
			2.903.907.586
			NVP

Source: data processing

$$\frac{\sum Rt}{(1+i)^t} = \frac{447.203.000}{(1+0.10\%)^1} + \frac{614.823.421}{(1+0.10\%)^2} + \frac{705.185.306}{(1+0.10\%)^3} + \frac{1.079.504.978}{(1+0.10\%)^4} + \frac{1.184.105.853}{(1+0.10\%)^5} = 2.903.907.586$$



The conclusion obtained from this calculation is that the NPV is IDR 2,903,907,586 which shows a positive result. This means that investment in business development through the addition of the number of products is declared feasible to be run by the company.

**Table 8** *Internal Rate of Return (IRR) Pessimistic Scenario* (in rupiah)

IRR	
Investment	(3.112.060.000)
OCF 2013	447.203.000
OCF 2014	614.823.421
OCF 2015	705.185.306
OCF 2016	1.079.504.978
OCF 2017	1.184.105.853
IRR	9%

Source: data processing

The conclusion obtained from the previous calculation is that the IRR result is greater than the COC, then the investment is declared feasible to run.

Profitability Index (PI) NPV/Investasi

$$= \frac{2.903.907.586}{3.112.060.000}$$

$$= 0.95$$

$$= 0.95$$

The conclusion obtained from this calculation is that the result of PI with rounding equal to 1, then the project is feasible to run.

## CONCLUSION

From the results of the analysis of all aspects of the business feasibility study, the results were obtained that the business development carried out by Cheap Accessories Rides is feasible to be carried out. Business development is carried out in one way, namely increasing the number of products and increasing the type of accessory products.

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