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BUSINESS FEASIBILITY STUDY OF GAPURA RESTAURANTIN NUSA DUA – BALI

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ABSTRACT

Restaurant as one of the culinary businesses can be categorized as an industry with a promising profit. Gapura restaurant which is planned to open in 2021 at Nusa Dua – Bali, represents the concept to serve the real exquisite food taste from Bali. The objective of this study is to analyze the business feasibility of the Gapura restaurant in the scope of marketing and finance. To analyze the scope of marketing and finance, the researcher uses qualitative and quantitative analysis. For marketing scope, the researcher using Porter's Five Forces analysis and SWOT analysis. For financial aspects, the researcher uses Net Present Value (NPV), Payback Period (PP), and profitability ratio analysis (for 5 years). For the result in marketing, it is founded that the price offered for the menu in this restaurant is relatively cheaper than its competitor and committed to support less plastic movement through its packaging system. The result of the financial analysis: payback period approximately within 3 years 4 month and Net Present Value at Rp1,407,994,472. After the marketing analysis and calculations were made, it can be concluded that the business of the Gapura restaurant is feasible to run.

Keywords: *Feasibility study, SWOT Analysis, Payback Period, Net Present Value, Profitability Ratio*

Introduction

Background

Over several decades ago, tourism has been one of the sectors that always faces diversification and expanded to be one of the biggest developing economic sectors in the world. Tourism has become the major sector that contributes towards Indonesia's GDP amounted to 15% in 2019 (Tourism Industry Indonesia, 2019). As for Bali as one of the biggest tourism sectors in Indonesia, the number of foreign tourists that directly arrived in Bali has been increased by 10.61 %. Supported by the article from Tempo.com, the percentage of foreign tourist coming from China is still the largest traveler in Bali which amounted as 23.47 %. In addition, China and Australia always become the largest number of visitors who came to Bali. Whether Australia or Chinese, both of them mostly spend their money to buy some local food there (Aryo, 2018).

Restaurant as one of the types of culinary business can be categorized as an industry with promising profit. According to statistical data from Bali Central Bureau of Statistic in 2018, Bali province already has around 2.518 restaurants which located separately in 9 regencies, which are Jembrana, Tabanan, Badung, Gianyar, Klungkung, Bangli, Karangasem, Buleleng, and Denpasar. In specific, Badung regency is already having 823 restaurants in Bali (Bali Province Tourism Department, 2019). This number shows that Badung regency has the highest number of restaurants which is 32.68 % of total restaurants in Bali.

The study about Acceptance of Foreign Tourist towards Balinese Traditional Food revealed that more than half of the foreign tourist respondents in Denpasar loves to eat Balinese local food because of the good taste, unique aroma, attractive food color, and quality of its nutrient. The study also revealed that 66.7 % foreign tourist which coming from Asia and Australia love the taste of Balinese culinary (Velyniawati, Dewantari, &Suarjana, 2015).

By looking at those considerations regarding the current restaurant industry in Bali also tourist perception towards it, the researcher wants to develop a business feasibility study which focuses on marketing and financial aspects that would bring clear explanation as a consideration before establishing the restaurant business, which in this case is Gapura restaurant that will be opened on 2021. Feasibility study is a research or study that is purposed to find out whether a project can be carried out successfully.

Identification of Problem

Based on the background above, the problems in this study are as follows.

1. How feasible is the business of Gapura restaurant in terms of marketing?
2. How feasible is the business of Gapura restaurant in terms of finance?

Objective of The Study

Based on the identification of problem above, the objectives of this study are as follows.

To analyze the business feasibility of Gapura restaurant in terms of marketing.
To analyze the business feasibility of Gapura restaurant in terms of finance.

Literature Review

Restaurant Business

Restaurant business referred to (i) a business which is open to the general public and sells perishable prepared food to consume, i.e. fast food restaurants, family style restaurants, fine dining restaurants, kiosks, and coffee shops (Martha Stewart Living Omni Media Inc., 2008), (ii) restaurant table dining and bar services that sells food and beer brewed under the Restaurant Secret Recipes which rendered in casual dining atmosphere and even in an upscale; catering business services type (Gordon Biersch Brewery Restaurant Group Inc, 2006).

Restaurants can be classified as casual dining restaurant, family-style restaurant, fine dining restaurant, fast-casual restaurant, and fast food or quick-serve restaurant. Mostly the difference between them comes from the menu or the way they serve the menu and the price of the menu. Casual dining mostly has moderate price, and it stands between fast-casual and fine dining, whereas fine dining is more expensive and more attentive than any other type of restaurants since it prioritized more to the quality of food and services. Family-style restaurant is not so differed from casual dining, they sell menu with bigger portion and it has a rotating plate to move the dishes around. Lastly, fast food is the most familiar one and it focused on the speed, convenience, and cheap price (Samygina, 2017).

Marketing Aspect

Two variables that will be used as consideration for marketing aspect in this study are Porter's Five Forces analysis and SWOT analysis.

Porter's Five Forces model is a tool used to analyze how 5 competitive forces could affect the business (Hill, 2007). These Five forces consisted of threat of new entrants, buyer power, supplier power, threat of substitutes, and rivalry among competitors. The intensity of these forces highly determines the average expected level of profitability in an industry which is beneficial in deciding what industries to enter and in assessing the improvement of a business to make it stand in competitive position (Christopher Masinde Indiatsy, 2014).

Threat of new entrants refers to the possibility that the business profits in the industry may be taken by new competitors. The level of the threat depends on existing barriers to entry and the combined reactions from existing competitors. Buyers may threaten anindustry by lower down the prices, bargain for higher quality or better services, and competitor's role against each other, which consequently reduces profitability. Suppliers can pressurize an industry through price increments or quality reduction of the purchased product (Hill, 2007).

Meanwhile, threat of identifying substitutes is seeking products or services that can give equal purpose as the existing products in the industry. Factors that may influence the threat of substitute products and services are (i) switching costs between substitute products or services and industry products, or (ii) buyer's addiction to buy substitutes. Competitive rivalry will depend on the competition intensity, and how the industry is affected by industry growth, production costs, the number of competitors, differentiation, and switching cost between competitors (Bruijl, 2018).

Besides Porter's Five Forces, this study will also use SWOT analysis as an effective tool used to find the organizational strategy and competitive strategy. It is a simple but powerful tool to find the internal and external factors that may affect the running business of the company (Thompson, 2005). In SWOT analysis, strengths and weaknesses are determined by examining the elements inside the company while opportunities and threats can be identified by examining the elements outside the company. Strengths and opportunities are beneficial to achieve organizational goal, or in other words means it is favorable for the company. Weaknesses and threats are harmful factors in achieving the organizational goals which means unfavorable for the company (EmetGÜREL, 2017).

Financial Aspect

Financial statement is a structured report that contains financial position and financial performance of an entity. Specifically, this study will provide financial statements in the form of income statement, balance sheet, and cash flow statement. Income statement is a summary of the profitability of the firm over a period of time, such as a year. The balance sheet is a list of the firm's assets and liabilities at that moment. Meanwhile, the statement of cash flows is a financial statement showing a firm's cash receipts and cash payments during a specified period (Bodie, 2014).

According to Husein Umar, financial aspects include all factors that relate to the financial condition of business both from the initial investment of the business and the profits derived from the sale. Thus, the financial aspect can be used as a tool to analyze the amount of funds needed to run a business, which incorporates several methods, as detailed below (Umar, 2009).

Payback Period (PP)

Payback period is a technique for evaluating the investment period of a project or business. Below is the formula that is used to calculate the payback period if it has different amount of cash flow for each year (Umar, 2009):

Payback Period: $n + (a-b) / (c-b) \times 1$ *year*

Where:

n = year where total cumulative cash flow not yet covered the initial investment

a = amount of initial investment

b = cumulative cash flow for year n

c = cumulative cash flow for year n+1

Net Present Value (NPV)

Net Present Value is a technique to calculate the difference between the present value of net cash flow and the present value of an investment. The criteria that can show that the business is profitable is when its NPV value is higher than zero (Umar, 2009).

Net Present Value: $CFt / (1+i)^t - I_0$

Where:

CFt = total amount of cash flow at year t

i = discount rate

t = year

I_0 = initial investment amount

Return on Assets (ROA)

ROA is one of the techniques to measure the profitability ratio of a business. It shows the company's ability to use all assets owned to generate profits after tax. The higher ROA, means the more efficient a company manages its assets. The formula that is used to calculate ROA is (Sudana, 2011):

ROA: Net Income / Total Assets

Return on Sales (ROS)

Return on Sales is one of the financial ratios to evaluates company’s operational efficiency. The calculation formula of ROS is (Sudana, 2011):

ROS: Net Income / Total Sales.

Research Method

Type and Source of Data

This study is using descriptive model research, which contains information about business feasibility in marketing and financial aspects. The researchers used descriptive model to provide accurate and simple form of data, and technical that is easy to understand. Types of data are divided into two, which are primary and secondary data. Primary data sources were obtained through direct observation and analysis. While secondary data sources were obtained from literature study.

Data Collection Method

The techniques used by the researcher in collecting the data are through literature study and field study (observation). Literature study is a process which involves identifying supporting data and evaluating work related to research problems. While field study is a data collection technique by conducting observation directly to the object of the research, the environment, or the daily business situation (Sekaran, 2013).

Data Analysis Method

To gain information about business restaurant feasibility to support the analysis, the data were analyzed using qualitative and quantitative approaches. Qualitative approach is used to analyze the marketing aspect, such as Porter's Five Forces and SWOT analysis. While the quantitative approach is used to calculate the financial items, such as Payback Period (PP), Net Present Value (NPV, Return on Assets (ROA), and Return on Sales (ROS).

Research Design

Below are the procedures taken to complete the research:

1. Determine the research topic, identify the research problem, and determine the objectives.
2. Find all theories related to this research topic and use it as a basic guideline before doing the analysis.
3. Collect the primary and secondary data that could support the research analysis.
4. Perform data analysis.
5. Create a conclusion based on the study result.

Results and Discussion

Marketing Aspects

This section will elaborate the feasibility results in terms of Marketing aspects using Porter's Five Forces Analysis and SWOT Analysis.

Porter's Five Forces Analysis

One of the tools used to analyze industry environmental analysis is called Porter's Five Forces. Porter's Five Forces analysis will provide the situation of business environment competitiveness by identifying the factor that may affect the business performance.

Rivalry among Existing Competitors

In running the culinary business, especially restaurant, it is very common to see that there is a rivalry among existing competitors. If looked around the location of Gapura restaurant, it can be seen that there are some restaurants that become Gapura's direct or indirect competitor. Bearing in mind that seafood and duck are common food commodities for restaurant business in Badung area which will make the competition is hard between one another. Therefore, it is highly needed for the business to win against competitors by selling food with competitive

price and better services.
Intensity: High

Bargaining Power of Buyer

The bargaining power of buyer for this industry can be considered as high considering the availability of substitute products in the market. The customers may find the best deal and become sensitive to the price. If there are more restaurants alike Gapura enter the market, it will make the power of buyer also increased. When the trend of rivalry high, it means that actually customer has many choices of restaurants besides the Gapura restaurant.
Intensity: High

Bargaining Power of Supplier

The production of seafood and duck is keep increasing and especially in Bali, there are a lot of suppliers which offers various price. When the price either quality of the raw materials is not good enough, the restaurant might switch or change the partnership with another supplier anytime. Thus, it will be easier for the new player to enter this seafood and duck industry that leads to an increase in bargaining power of supplier.
Intensity: High

Threat of New Entrants

Looking at the number of restaurants which keeps increasing year by year and become the main contributor for gross regional domestic product, therefore it is undoubtedly that there will be more and more culinary business opened. New entrant potentiality will be there once they have enough budget as the capital, and because there is no really strict government regulation to comply, it will make businessmen easier to sell seafood and duck meat. The capital will give an influence to the restaurant’s model and concept. So, it is important for a business to branding their products and service and make the concept is compatible and unique.
Intensity: Medium to High
Threat of Substitute Products

Threat of substitute products can be considered as medium within restaurant industry in Bali, especially Badung regency. The cause of this condition is due to number of restaurants throughout industry that compete one another directly or indirectly. The trend could be decrease if the restaurant can accommodate its customer with good promotion, high-quality taste, and good services. Therefore, it can increase the demand for the restaurant itself and could make the customer feel satisfied and loyal to Gapura.
Intensity: Medium

SWOT Analysis

Strength

1. Gapura offers a glocalization concept of the menu (seafood and duck meat as the basic menu combined with Balinese traditional culinary sauce) which has different concepts from other casual dining restaurants in Bali, especially around Nusa Dua area.
2. The prices of the menu offered at Gapura restaurant are relatively lower and can be considered as cheaper compared to their direct competitor nearby the restaurant.

3. Our management is consistently ensured to serve our customers a tasty food with local authentic taste of its meals, offering quality service at the table or providing decoration to a memorable experience for the customer at the restaurant.
4. The restaurant interior is a combination of fresh, cozy, and relaxing environment to bring a modern nuance with enough lighting. It is intended to make the customer feel comfortable while enjoying the restaurant with plant and wood concept.
5. Strategic location of Gapura restaurant which is located at JalanSiligita, 101 as one of the gateway to ITDC Nusa Dua, that has a lot of entertainment spots and shopping area. Besides that, the parking area for customers is also provided.
6. Gapura provides excellent facilities, such as fast internet connection and live performances. The customer can have a high speed of Wi-Fi connection and also can enjoy live performance of Balinese music/instrumental during selected times.
7. Gapura restaurant are committed to support less plastic movement through the packaging system. All food and beverages are wrapped in *besek* (made from woven bamboo) and paper cup which placed inside the paper bag. This is in line with the mission by Balinese regional government regulation to reduce the use of plastic in their daily activities to save the environment.

Weakness

1. Gapura restaurant is a new player in culinary industry, new brands that enter the market, especially for glocalization concept into their menu. Therefore, it cannot be denied that with the high competition among all restaurant businesses will be a challenge for Gapura while entering the market and to get customer loyalty.
2. The author is a newbie in the restaurant business as a young entrepreneur which means that she might lack of knowledge in terms of situation in Nusa Dua, Badung. However, the author should have to learn slowly to be well adaptable with the situation.
3. Gapura restaurant did not provide delivery services since the customer can only enjoy their meals by dine in or take away.

Opportunity

1. Customer tends to enjoy their meals in the restaurant who has good qualities not only in terms of the menu served but also in terms of the facilities provided. Therefore, it could be a good opportunity for Gapura restaurant since it provides fresh, cozy, and relaxing environment with plant and wood concept.
2. According to Presidential Decree No. 21 Year 2016, China and Australia are the countries that got free visa on arrival. This regulation enables Chinese and Australian tourists to get free visa entry while traveling to Indonesia, especially Bali (Prodjo, 2016)

3. As the number of foreign and domestic tourist arrivals to Bali keeps increasing, this will result in increasing number of international and local restaurants in Bali, especially Badung regency. This is because foreign and domestic tourists are constantly looking for authentic local and unique dining experience in restaurants with good quality of taste.
4. According to a research report by World Tourism Cities Federation and Ipsos, it is stated that 52.83 % of Chinese tourists are finding information about places to eat before they traveling abroad. Above 50 % of Chinese tourist are using social media channels to find related information to plan their traveling experiences

(World Tourism Cities Federation and Ipsos, 2018). The author can take this advantage by promoting their business through social media channel as digitalization is an unstoppable trend.

Threat

1. Any potential rise in certain raw materials prices from the suppliers will make the restaurant have to find a new alternative supplier that can offer the same product with cheaper price. For instance, if the price of seafood and duck meat is increasing, it will challenge the restaurant to choose the strategy of whether to increase the prices or finding new suppliers.
2. Any fluctuation in the price of ingredients will affect the profit got by the restaurant. If the price of ingredients is significantly increasing, then cost of the menu will also increase which may lower the profit of the restaurant.
3. Remembering that Nusa Dua is a famous tourism spot which will be the location of Gapura restaurant, means that the author should aware about the tight competition among the restaurant since there is a lot of restaurant around the establishment location.

Financial Aspects

1. Since Gapura Restaurant is a newly planned established business, several parameters that will be implemented for the first year using several items of assumption approach. After that, in the continuing years, the researcher used first year tangible results. Below are the financial assumptions of this research:
2. Annual sales are forecasted based on estimated sales per product.
3. Projection of sales is increasing 15% per year.
4. Amount of Cost of Goods Sold (COGS) is 30% from sales.
5. Amount of inventory and utilities expenses is projected to be increased by 10 % per year.
6. Depreciation rate of assets account is as much as 10% per year for equipment & furniture, and 5 % for the building.

7. Marketing expenses are created based on the annual marketing budget which increased 15 % per year.

8. Employee salary will be increased by 10% per year.

9. Amount of tax imposed in Year 1 until Year 4 based on Article 2 Paragraph 2 PeraturanPemerintah No. 23 Year 2018 stated that the company with gross sales below Rp4,800,000,000 per year has to pay tax as much as 0.05% from gross sales (Directorate General of Taxation, 2019). Considering this regulation, the author should obtain an amendment letter from Indonesian Young Entrepreneurs Association in the area where restaurant is established.

10. Amount of tax imposed in Year 5 is based on Peraturan Menteri Keuangan (PMK) No. 15/PMK.03/2018 stated that the company with gross sales above Rp4,800,000,000 will be subjected to PPh rates stated in Article 17 UUPPh (Directorate General of Taxation, 2019).

11. Balance Sheet and Cash Flow are forecasted yearly.

This section also elaborates the feasibility results in terms of Financial aspects using Payback Period, Net Present Value, ROA, and ROS) and providing financial statements projection for 5 years.

Projection of Financial Statement

Table 1. Source and Fund Statement

Source and Fund Statement	
Sources	**Amount**
Owner Investment	Rp1.850.000.000
Total	Rp1.850.000.000
Cost	**Amount**
Equipment	Rp178.077.750
Furniture	Rp189.907.000
Marketing and Promotion	Rp124.000.000
Salaries	Rp735.280.000
Inventories	Rp363.429.500
Building Renovation	Rp184.872.320
Cash (Working Capital)	Rp74.433.430
Grand Total	Rp1.850.000.000

Source: Self-Developed, 2019

Table 2. Income Statement

Income Statement					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	Rp2.865.061.500	Rp3.294.820.725	Rp3.789.043.834	Rp4.357.400.409	Rp5.011.010.470,13
COGS (30 %)	Rp859.518.450	Rp988.446.218	Rp1.136.713.150	Rp1.307.220.123	Rp1.503.303.141
Gross Profit	**Rp2.005.543.050**	**Rp2.306.374.508**	**Rp2.652.330.684**	**Rp3.050.180.286**	**Rp3.507.707.329**
Expenses					
Marketing & Promotion	Rp124.000.000	Rp142.600.000	Rp163.990.000	Rp188.588.500	Rp216.876.775
Salaries Expenses	Rp735.280.000	Rp808.808.000	Rp889.688.800	Rp978.657.680	Rp1.076.523.448
Utilities Expenses					
Water and Electricity	Rp36.000.000	Rp39.600.000	Rp43.560.000	Rp47.916.000	Rp52.707.600
Telephone	Rp15.000.000	Rp16.500.000	Rp18.150.000	Rp19.965.000	Rp21.961.500
Internet	Rp12.000.000	Rp13.200.000	Rp14.520.000	Rp15.972.000	Rp17.569.200
Equipment	Rp178.077.750				
Furniture	Rp189.907.000				
Bulding Renovation	Rp184.872.320				
Total Expenses	**Rp1.475.137.070**	**Rp1.020.708.000**	**Rp1.129.908.800**	**Rp1.251.099.180**	**Rp1.385.638.523**
Net Income before Tax	**Rp530.405.980**	**Rp1.285.666.508**	**Rp1.522.421.884**	**Rp1.799.081.106**	**Rp2.122.068.806**
Tax	Rp2.652.030	Rp6.428.333	Rp7.612.109	Rp8.995.406	Rp231.748.987
Net Income	**Rp527.753.950**	**Rp1.279.238.175**	**Rp1.514.809.774**	**Rp1.790.085.701**	**Rp1.890.319.819**
Average Monthly Net Income	Rp43.979.496	Rp106.603.181	Rp126.234.148	Rp149.173.808	Rp157.526.652

Source: Self-Developed, 2019

Table 3. Balance Sheet Statement

Balance Sheet					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current-Assets					
Cash	Rp2.016.976.480	Rp2.571.684.263	Rp3.356.288.804	Rp4.403.384.363	Rp5.751.921.243
Inventory	Rp363.429.500	Rp381.600.975	Rp400.681.024	Rp420.715.075	Rp441.750.829
Total Current Assets	Rp2.380.405.980	Rp2.953.285.238	Rp3.756.969.827	Rp4.824.099.437	Rp6.193.672.072
Non Current-Assets					
Equipment	Rp178.077.750	Rp160.269.975	Rp144.242.978	Rp129.818.680	Rp116.836.812
Depreciation	Rp17.807.775	Rp16.026.998	Rp14.424.298	Rp12.981.868	Rp11.683.681
Furniture	Rp189.907.000	Rp170.916.300	Rp153.824.670	Rp138.442.203	Rp124.597.983
Depreciation	Rp18.990.700	Rp17.091.630	Rp15.382.467	Rp13.844.220	Rp12.459.798
Building	Rp3.500.000.000	Rp3.325.000.000	Rp3.158.750.000	Rp3.000.812.500	Rp2.850.771.875
Depreciation	Rp175.000.000	Rp166.250.000	Rp157.937.500	Rp150.040.625	Rp142.538.594
Total Non Current-Assets	Rp3.656.186.275	Rp3.456.817.648	Rp3.269.073.383	Rp3.092.206.669	Rp2.925.524.596
Total Asset	**Rp6.036.592.255**	**Rp6.410.102.885**	**Rp7.026.043.210**	**Rp7.916.306.107**	**Rp9.119.196.668**
Liabilities and Equity					
Owners Equity	Rp2.016.976.480	Rp2.571.684.263	Rp3.356.288.804	Rp4.403.384.363	Rp5.751.921.243
Paid in Capital	Rp3.491.861.825	Rp2.559.180.448	Rp2.154.944.632	Rp1.722.836.044	Rp1.476.955.606
Retained Earning	Rp527.753.950	Rp1.279.238.175	Rp1.514.809.774	Rp1.790.085.701	Rp1.890.319.819
Total Liabilities and Equity	**Rp6.036.592.255**	**Rp6.410.102.885**	**Rp7.026.043.210**	**Rp7.916.306.107**	**Rp9.119.196.668**

Source: Self-Developed, 2019

Table 4. Pro Forma Cash Flow

Pro Forma Cash Flow					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Beginning Balance	Rp1.850.000.000	Rp2.016.976.480	Rp2.571.684.263	Rp3.356.288.804	Rp4.403.384.363
Cash Inflow					
Sales Revenue	Rp2.865.061.500	Rp3.294.820.725	Rp3.789.043.834	Rp4.357.400.409	Rp5.011.010.470
Total Cash Inflows	**Rp2.865.061.500**	**Rp3.294.820.725**	**Rp3.789.043.834**	**Rp4.357.400.409**	**Rp5.011.010.470**
Cash Outflow					
Sales Disburstment					
COGS (30 %)	Rp859.518.450	Rp988.446.218	Rp1.136.713.150	Rp1.307.220.123	Rp1.503.303.141
Marketing Expenditures					
Marketing and Promotion	Rp124.000.000	Rp142.600.000	Rp163.990.000	Rp188.588.500	Rp216.876.775
Administrative Expenditures					
Salaries	Rp735.280.000	Rp808.808.000	Rp889.688.800	Rp978.657.680	Rp1.076.523.448
Utilities Expenditures					
Inventories	Rp363.429.500	Rp399.772.450	Rp439.749.695	Rp483.724.665	Rp532.097.131
Water and Electricity	Rp36.000.000	Rp39.600.000	Rp43.560.000	Rp47.916.000	Rp52.707.600
Telephone	Rp15.000.000	Rp16.500.000	Rp18.150.000	Rp19.965.000	Rp21.961.500
Internet	Rp12.000.000	Rp13.200.000	Rp14.520.000	Rp15.972.000	Rp17.569.200
Capital Expenditure					
Building Renovation	Rp184.872.320				
Purchased Equipment	Rp178.077.750	Rp160.269.975	Rp144.242.978	Rp129.818.680	Rp116.836.812
Purchased Furniture	Rp189.907.000	Rp170.916.300	Rp153.824.670	Rp138.442.203	Rp124.597.983
Total Cash Outflows	**Rp2.698.085.020**	**Rp2.740.112.943**	**Rp3.004.439.293**	**Rp3.310.304.850**	**Rp3.662.473.589**
Cash Flow	**Rp166.976.480**	**Rp554.707.783**	**Rp784.604.541**	**Rp1.047.095.559**	**Rp1.348.536.881**
Ending Balance	**Rp2.016.976.480**	**Rp2.571.684.263**	**Rp3.356.288.804**	**Rp4.403.384.363**	**Rp5.751.921.243**

Source: Self-Developed, 2019

Payback Period and Net Present Value

The payback period analysis formed using calculation from Umar (2009). Therefore, below is the formula that is used to calculate the payback period since it has different amount of cash flow for each year (Umar, 2009):

Payback Period: n + (a-b) / (c-b) x 1 year

Where:

n = year where total cumulative cash flow not yet covered the initial investment

a = amount of initial investment

b = cumulative cash flow for year n

c = cumulative cash flow for year n+1

Table 5. Cumulative Cash Flow

Payback period	Initial Investment	1	2	3	4	5
Initial Investment	Rp1.850.000.000					
Cash flow		Rp166.976.480	Rp554.707.783	Rp784.604.541	Rp1.047.095.559	Rp1.348.536.881
Cumulative cash flow		**Rp166.976.480**	**Rp721.684.263**	**Rp1.506.288.804**	**Rp2.553.384.363**	**Rp3.901.921.243**

Source: Self-Developed, 2019

Payback Period =	n+(a-b)/(c-b)*1 year		
3 +	(1,850,000,000-1,471,678,666) / (2,503,687,004-1,471,678,666)	x 1	
	3,33 years		
n	3	**year before cash flow uncovered**	
a	Rp1.850.000.000	**initial investment**	
b	Rp1.506.288.804	**cumulative cash flow at year n**	
c	Rp2.553.384.363	**cumulative cash flow at after year n**	

Figure 1. Payback Period Calculation

(Source: Self-Developed, 2019)

In order to reach the break-even point, Gapura restaurant should have approximately 3 years 4 months to get the payback period.

Table 6. Net Present Value

Net Present Value			
Year	Cash Flow	DF 5 %	PV
0	-Rp1.850.000.000	1	-Rp1.850.000.000
1	Rp166.976.480	0,952381	Rp159.025.219
2	Rp554.707.783	0,907029	Rp503.136.311
3	Rp784.604.541	0,863838	Rp677.770.903
4	Rp1.047.095.559	0,822702	Rp861.448.108
5	Rp1.348.536.881	0,783526	Rp1.056.613.932
Total NPV			Rp1.407.994.472

Source: Self-Developed, 2019

Since the NPV> 0, thus the investments made benefit the company, which means that the project is profitable.

Profitability Analysis

Table 7. Profitability Ratio

Profitability Ratio							
No.	Year	1	2	3	4	5	Description
1	ROA = Net Income / Total Asset	9%	20%	22%	23%	21%	In terms of profitability ratio this company
							expected to have an ability to generate
							the asset from its income up to 23 percent on 5 years.
2	ROS = Net Income / Net Sales	18%	55%	40%	41%	38%	in terms of profitability ratio this company expected
							to have an ability to generate sales from its income
							up to 55 percent on 5 years.

Source: Self-Developed, 2019

Conclusion and Implications

Based on the results and discussion in chapter 4, it can be concluded that:In terms of marketing aspects: Porter’s Five Forces Analysis and SWOT Analysis, it is founded that developing a restaurant business has a good opportunity.In terms of financial aspects: Payback Period, Net Present Value, ROA, and ROS, the results show thatGapura restaurant is financially feasible, therefore it can be seen that running this business would be profitable.

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