

Financial Planning: Applications to Business Startups "Jamu Partnership" in Indonesia

Noer Rachman Chakim¹, Rhian Indradewa², Tantri Yanuar Rahmat Syah³,
Diana Fajarwati⁴

^{1,2,3,4}Department Management, Faculty Economic and Business, Esa Unggul University, Jakarta – Indonesia

Corresponding Author: Noer Rachman Chakim

ABSTRACT

Background – PT OAM is a startup company in the field of jamu partnerships in Indonesia. Jamu itself is a traditional health drink product originating from Indonesia. As a startup company in running the jamu partnership business, of course PT OAM really needs to carry out financial analysis by calculating and analyzing existing parameters. The data obtained from this analysis will be able to assist company management in making strategic decisions both now and in the future. One of the analyzes is an investment feasibility analysis. In addition, a method to assess the feasibility of an investment is also needed in identifying the prospect of an investment plan. The prospect of an investment plan can be used as a basis for making a decision to accept or reject an unprofitable investment. Financial planning is one of the important aspects for the sustainability of PT OAM jamu partnership business.

Method – Using financial plan framework

Result – This financial analysis can help companies in financial decisions.

Keywords: Financial Plan, Startups, Jamu Partnership, Business Opportunity, Indonesia.

1. INTRODUCTION

PT OAM is a startup company in the field of jamu partnerships in Indonesia. Jamu itself is a traditional health drink product originating from Indonesia. The jamu partnership business system was chosen by PT OAM because it saw the desire for entrepreneurship which continues to increase every year in Indonesia, so the

potential for this B2B market is very large. In addition, jamu products were chosen because 73% of people in Indonesia make health as the most important issue. As a business startup, PT OAM is in direct need of capital. Management capital directly affects the profitability and liquidity position of the company also confirms important role of capital (Kusuma et al., 2021). In addition to capital, financial analysis is also needed to ensure that capital can be used properly and appropriately. PT OAM's financial analysis is carried out by calculating and analyzing existing parameters (Kwarti et al., 2019). The data obtained from this analysis will be able to assist company management in making strategic decisions both now and in the future. This is because financial analysis can help answer important questions such as (1) Should the property be purchased, (2) How should it be financed, (3) How long should it be held, and How risky is the investment (Oprea, 2010). Investment decisions themselves are generally based on investor considerations of the expected returns and the risks that will be faced. The results of the financial analysis will be taken into consideration for investors in making decisions about their investment plans (Gansel, 2005). In addition, a method to assess the feasibility of an investment is also needed in identifying the prospect of an investment plan. The prospect of an investment plan can be used as a basis for making a decision to accept or reject an

unprofitable investment (David, 2012). Financial planning is one of the important aspects for the sustainability of PT OAM jamu partnership business.

2. MATERIALS AND METHODS

As a startup company, PT OAM has challenges in creating superior value for its customers and improving financial performance (Dror, S., & Barad, 2006). So that the company's financial objective are prepared to answer these two things and are prepared in the short-term, mid-term and long-term objectives as shown in Table 2.1 below.

Table 2.1 Financial Objectives.

Category		Financial Objectives
Short Term	1	Get the initial capital for the establishment of the company
Y.0 to < Y.1	2	Funding for employee costs, marketing costs and initial operational costs
Medium Term	1	Revenue Optimization
Y.1 to < Y.2	2	Ensure the availability of funds for company operations
Long Term	1	Maximum Asset Management and Utilization
Y > 2	2	Increase the trust of parties with an interest in financial-related companies

Source: Author, 2021.

On the other hand, PT OAM investment feasibility analysis also follows a financial planning framework consisting of five elements of financial planning regarding sales, related costs, investments, capital requirements, and financing, resulting in three components: income statement planning, balance sheet, and cash flow statement (Gansel, 2005). In PT OAM uses pre-prepared calculation parameters to the measure investment feasibility (Prihambodo et al., 2020). PT OAM financial analysis includes (1) financial element planning (ARR, ROI, NPV, Payback Period and Internal Rate of Return) (2) financial projection (3) financial feasibility analysis, and (4) financial performance analysis, which will be explained in the next discussion section. PT OAM financial plan framework is shown in Figure 2.1 below.

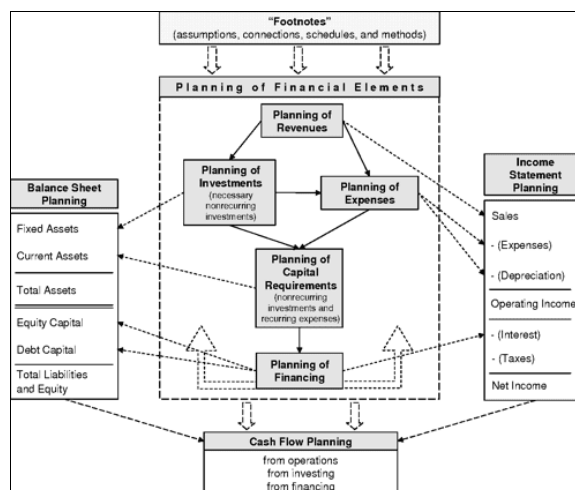


Figure 2.1 Financial Plan Framework.

Source: Gansel, 2003.

3. DISCUSSION

Based on the description of the financial analysis plan above, the following are the results of the discussion of PT OAM financial analysis.

3.1 Financial Element Planning

PT OAM's Financial Element Planning takes into account 3 (three) main functions, namely the Marketing Function, Operational Function and Human Resources Function. Revenue planning is calculated according to the annual target where the revenue estimate is based on 2 (two) sources, namely the sales target of the jamu partnership package and product sales. Marketing costs consist of advertising costs, sales commissions, costs for marketing activities such as workshops, webinars, competition prizes, product samples and website subscriptions. Pre-operational costs consist of building renovation costs, licensing fees, cafe sample fees, and consultant fees. Capital Expenditure (CAPEX) consists of the cost of purchasing operational vehicles, the cost of purchasing assets such as office equipment, training equipment, and Information Technology equipment. Operational Costs (OPEX) consist of electricity, water, communication costs, office supplies, research and development, office and warehouse rental costs, and other operational costs. Human Resources Management costs consist of salaries and benefits, health and employment insurance costs, recruitment

costs for prospective employees, training costs and employee development costs.

The decision to invest in the jamu partnership business and the sale of jamu products is of course taking into account the public's interest in this business and the rate of return on the funds invested.

As a startup, PT OAM has carefully calculated the development of this business going forward because of course this business has risks as a result of the lack of investor interest in investing and the lack of public awareness in capturing this business opportunity. However, considering the current conditions where people are starting to like a healthy lifestyle, of course, PT OAM's biggest hope is that this business can be accepted by the community and develop quickly.

The authorized capital of PT OAM is Rp. 5,800,000,000.00 (five billion eight hundred million rupiah) which consists of the capital participation of 4 (four) founders of 40% (sixty) percent. Part of capital will be sought from other investors who are interested in investing their shares. It is expected that there will be an incoming investment from Angel Investors amounting to 60% (forty) percent.

3.2 Financial Projection

Financial Projections consist of Projected Income Statement, Balance Sheet and Cash Flow Statement.

Table 3.1 Income Statement (Rp. 000)

Keterangan	Year 1	Year 2	Year 3	Year 3	Year 4
Revenue	2,261,460	10,660,651	22,662,583	47,188,838	77,643,378
Cost of Goods sold	1,130,730	5,870,925	12,538,787	26,023,240	42,949,230
Gross Profit	1,130,730	4,789,726	10,123,796	21,165,598	34,694,148
Expenses :					
Employees expenses	1,095,775	1,668,677	1,967,069	2,125,016	2,284,898
Marketing Expenses	211,729	1,100,041	2,306,584	4,845,654	8,069,906
Operation Expenses	475,252	932,468	1,214,442	1,757,530	2,427,162
Depreciation Expense	106,368	188,147	188,303	188,658	194,911
Total Expenses	1,889,124	3,889,333	5,676,398	8,916,857	12,976,877
Earning before tax	(758,394)	900,393	4,447,398	12,248,741	21,717,271
Tax	0	0	0	907,120	2,468,270
Tax rate	22%	22%	20%	20%	20%
Earning after tax	(758,394)	900,393	4,447,398	11,341,621	19,249,000
Dividend 50%	0	0	900,393	4,447,398	11,341,621
Retain Earning	(758,394)	900,393	3,547,005	6,894,224	7,907,379

Source: Author, 2021.

Table 3.2 Balance Sheet (Rp. 000)

Category	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Current Assets	5,585,084	6,773,489	11,558,410	20,577,836	31,895,502
Fised Assets	508,703	849,440	667,414	485,525	325,454
Total Assets	6,093,786	7,622,929	12,225,824	21,063,361	32,220,956
LIABILITIES					
Sub total Current Liabilities	1,052,180	1,680,930	2,736,820	4,680,133	7,930,349
EQUITY					
Equity	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000
Retain Earning	(758,394)	141,999	3,689,004	10,583,228	18,490,607
Sub total Equity	5,041,606	5,941,999	9,489,004	16,383,228	24,290,607
Total Liabilities and Equity	6,093,786	7,622,929	12,225,824	21,063,361	32,220,956

Source: Author, 2021.

Table 3.3 Cash Flow Statement (Rp. 000)

Description	Year 1	Year 2	Year 3	Year 4	Year 5
OPERATING ACTIVITIES					
Receipt from Customers	(293,292)	(229,254)	(204,948)	(346,947)	(265,707)
Other Current Assets	0	0	0	0	0
Payment to Supplier	53,470	375,260	1,072,345	2,103,820	3,433,935
Other short term debt	0	0	0	0	0
Other income	0	0	0	0	0
Operational expenses	12,825	143,713	325,738	507,764	689,790
Net cash from operating activities	(226,997)	289,719	1,193,135	2,264,637	3,858,018
INVESTMENT ACTIVITIES					
Asset Acquisition/Sales	0	0	0	0	0
Other investment activities	0	0	0	0	0
Net cash from investing activities	0	0	0	0	0
FUNDING ACTIVITIES					
Loan payments/receipts	0	0	0	0	0
Equity/Capital	127,289	159,024	390,981	702,983	791,440
Net cash from Funding Activities	127,289	159,024	390,981	702,983	791,440
Increase/(Decrease) Cash	(99,708)	448,743	1,584,116	2,967,620	4,649,457
Initial Cash Balance	3,555,952	2,337,610	2,521,756	2,067,567	1,911,861
Final Cash Balance	3,456,244	2,786,352	4,105,872	5,035,188	6,561,318

Source: Author, 2021.

3.3 Financial Feasibility Analysis

In business planning PT OAM seriously considers whether the investment to be made will generate profits. For this reason, it is necessary to analyze the feasibility of investments with several methods, namely Average of Return (ARR), Return on Investment (ROI), Net Present Value (NPV), Break Even Point (BEP), Payback Period (PP), and Internal Rate Of Return. (IRR).

Following are the results of the measurement of PT OAM's investment feasibility analysis:

Table 3.4 Investment feasibility analysis (Rp. 000)

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Average Rate of Return (ARR)	-13.08%	7.76%	25.56%	52.80%	74.89%
Return On Investment (ROI)	-61.01%	83.80%	290.73%	713.60%	1238.68%
Net Present Value (NPV)1 = 10 %	(689,449)	744,126	3,341,396	7,746,480	11,952,115
Net Present Value (NPV)2 = 45 %	(489,286)	744,126	1,194,293	1,964,936	2,151,541
Payback Period (PP)	-8.90	5.33	1.25	0.50	0.30
Internal Rate of Return (IRR)			34.16%		

Source: Author, 2021.

From the measurement results with all these methods, it shows that the business that will be run by PT OAM is feasible to be done.

3.4 Financial Performance Analysis

Financial Performance is a description of the company's financial condition in a certain period, both regarding aspects of receiving funds and using funds which are usually measured by indicators of capital adequacy, liquidity and profitability. This analysis is also to find out whether the company has used the financial implementation rules properly and correctly.

Table 3.5 Financial Performance Analysis (Rp. 000)

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Rasio Likuiditas					
Current Ratio	530.81%	402.96%	422.33%	439.68%	402.20%
Quick Ratio	451.75%	294.92%	297.14%	286.28%	251.96%
Cash Ratio	328.48%	165.76%	150.02%	107.59%	82.74%
Rasio Solvabilitas/Leverage					
Debt to Asset Ratio	17.27%	22.05%	22.39%	22.22%	24.61%
Debt to Equity Ratio	20.87%	28.29%	28.84%	28.57%	32.65%
Rasio Profitabilitas					
Profit Margin on Sales	-33.54%	8.45%	19.62%	24.03%	24.79%

Source: Author, 2021.

From the calculation results of the liquidity ratio, it is known that the analysis of Current Ratio, Quick Ratio and Cash Ratio from year 1 to year 5 shows PT OAM has the ability to pay off its short-term debt. The result of the solvency ratio using the Debt to Asset Ratio and Debt to Equity Ratio methods, it is known that the company has the ability to pay off short-term and long-term debt from year 1 to year 5 with very good results, with a ratio of 17,27% - 32,65%. According to the results of the profitability analysis, it is known that the company's Profit Margin on Sales continues to show improvement from (3,54%) in the first year to 24,79% in the 5th year.

4. CONCLUSION

The jamu partnership business model in Indonesia is still very small. Starting from the desire for entrepreneurship, the stigma of jamu being bitter and less innovative, the difficulty of entrepreneurship using its own brand, and

the lack of good service in the partnership business, the idea arose to establish a jamu partnership business under the name PT OAM. In accordance with long-term financial goals, showing an increase in company assets from the first year to the fifth year. The income statement shows that the company is able to increase profits from year to year. Meanwhile, cash flow shows that income can cover all costs from operating, investing and financing activities. After calculating the investment feasibility analysis shows that PT OAM is feasible to be realized because of the faster rate of return on investment. Calculation of liquidity, solvency and profitability analysis shows that the company is able to pay short-term and long-term debt and has the ability to increase profits from year to year.

Acknowledgement: None

Conflict of Interest: None

Source of Funding: None

REFERENCES

1. Dror, S., & Barad, M. (2006). House of Strategy (HOS): from strategic objectives to competitive priorities. *International Journal of Production Research*, 44(18-19), 3879-3895.
2. Fred R. David. (2012). *Strategic Management and Business Policy Globalization, Innovation and Sustainability Fifteenth Edition*. In *Foreign Affairs* (Vol. 91). <https://doi.org/10.1017/CBO9781107415324.004>.
3. Gansel, B. B. (2005). *Toward a Framework of Financial Planning in The New Venture Creation*. Magdeburg, Germany.
4. Kusuma, A., Syah, T. Y., Indradewa, R., & Fajarwati, D. (2021). Implementation of Financial Strategy Business Plan Arena Corner. 4(07), 86–89.
5. Kwarti, C., Marsiwi, K., Yanuar, T., Syah, R., Pusaka, S., & Indradewa, R. (2019). Investment Feasibility Analysis in Financial Aspects of Startup Business In Lifestyle Combining Barbershop And Coffee shop Over PT. Jeeva Work Corporation. *Journal*

of Multidisciplinary Academic, 3(4), 97–100. Retrieved from <http://www.kemalapublisher.com/index.php/JoMA/article/view/398>.

6. Oprea, A. (2010). The importance of investment feasibility analysis, *Journal of Property Investment & Finance*, Vol. 28 No. 1, pp. 58-61. <https://doi.org/10.1108/14635781011020038.pdf>.
7. Prihambodo, F. P., Yanuar, T., Syah, R., Indradewa, R., & Fajarwati, D. (2020). Investment Feasibility Analysis in Financial

Aspects of Noor Halal Minimarket Business Development Over Islamic Schools. *Journal of Multidisciplinary Academic*, 04(03), 190–193.

How to cite this article: Chakim NR, Indradewa R, Syah TYR et.al. Financial planning: applications to business startups "jamu partnership" in Indonesia. *International Journal of Research and Review*. 2021; 8(8): 483-487. DOI: <https://doi.org/10.52403/ijrr.20210865>

ATTACHMENTS

Attachment 3.1 Revenue Plan (Rp.000)

Sales Target	Year 1	Year 2	Year 3	Year 4	Year 5
	Amount	Amount	Amount	Amount	Amount
Partnership package					
- Package C OAM 1	833,000	2,091,000	3,281,000	6,562,000	9,843,000
- Package C OAM 2	754,000	1,664,000	3,484,000	6,968,000	10,452,000
- Package C OAM 3	300,000	2,750,000	3,500,000	7,000,000	10,500,000
- Package C OAM 4/Custom	200,000	1,500,000	5,000,000	10,000,000	15,000,000
	2,087,000	8,005,000	15,265,000	30,530,000	45,795,000
Sales Product					
- Sales Product	174,460	3,006,080	8,188,640	18,339,040	34,729,740
	2,261,460	11,011,080	23,453,640	48,869,040	80,524,740
Sales Discount	0	(350,429)	(791,057)	(1,680,202)	(2,881,362)
Total Revenue	2,261,460	10,660,651	22,662,583	47,188,838	77,643,378

Attachment 3.2 Capital Expenditure (Rp.000)

No	Assets	Year 1	Year 2	Year 3	Year 4	Year 5
1	Vehicles		380,000			
2	Office Equipment	92,450				97,073
3	Training Equipment	10,200				10,710
4	IT Equipment	321,200				337,260
	Total	423,850	380,000	0	0	445,043

Attachment 3.3 Operation Expenditure (Rp.000)

No	Description	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
1	Building Renovation	150,000					
2	Licensing	12,000					
3	Cafe Display	25,000					
4	Consultant Fee	50,000					
5	Electricity Expense		36,000	75,600	79,380	83,349	87,516
6	Water Expense		15,000	18,900	19,845	20,837	21,879
7	Office Telephone Expense		24,000	25,200	26,460	27,783	29,172
8	Internet Expense		6,000	6,300	6,615	6,946	7,293
9	Cell Phone Pulse Expense		2,000	3,150	3,308	3,473	3,647
10	Office supplies Expense		12,000	12,600	13,230	13,892	14,586
11	Office Household Expenses		6,000	6,300	6,615	6,946	7,293
12	Unlimited Zoom		2,000	2,100	2,205	2,315	2,431
13	R&D Expense		20,000	42,000	44,100	46,305	48,620
14	IT Expense		60,000	63,000	66,150	69,458	72,930
15	Shipping Expense		45,229	220,222	469,073	977,381	1,610,495
16	Vehicle maintenance costs		12,000	12,600	13,230	13,892	14,586
17	Vehicle Insurance Expense		0	2,380	2,380	2,380	2,380
18	Vehicle Costs (gasoline, tolls)		0	63,000	66,150	69,458	72,930
19	Official travel Expenses		18,000	18,900	19,845	20,837	21,879
20	Security Expense		60,000	126,000	132,300	138,915	145,861
21	Office Rent Expense		80,000	80,000	88,200	92,610	97,241
22	Warehouse Rent Expense		0	80,000	84,000	88,200	92,610
	Total	237,000	398,229	858,252	1,143,085	1,684,975	2,353,350

Attachment 3.4 Capital Plan (Rp.000)

Shareholders	Unit	%	Stock		Description
			Value/Unit	Total	
Mrs. ES	600	10.34%	1,000	600,000	Founder
Mr. NC	600	10.34%	1,000	600,000	Founder
Mr. AS	600	10.34%	1,000	600,000	Founder
Mr. SY	600	10.34%	1,000	600,000	Founder
Sub total	2,400	41.38%		2,400,000	
Other investors	3,400	58.62%	1,000	3,400,000	Angel Investor
Total	5,800	100.00%		5,800,000	
