

DRIVING SUSTAINABLE BUSINESS GROWTH IN FINANCIAL STRATEGIES

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Abstract

The rice industry is a critical sector in Indonesia, facing challenges due to fluctuations in supply and demand that affect prices and availability. In 2023, the price of rice in Indonesia skyrocketed to Rp18,000 per kilogram. Many rice companies in Indonesia fail to provide their products in both modern and traditional markets due to supply limitations, resulting in decreased sales and profits. UD Agus Jaya is a prominent player in the rice industry. It was established in 1970 and is headquartered in Klaten, Central Java. The company endeavours to address the issue by expanding its operations. This study conducts a financial feasibility analysis of UD Agus Jaya to establish a new warehouse in West Java. This study utilizes internal company data and industry benchmarks to calculate the payback time, Net Present Value (NPV), and Internal Rate of Return (IRR). Analysis reveals that the proposed expansion is financially viable, with a payback period of 2 years, an NPV of IDR 2,260,642,028, and an IRR of 43%, which is much higher than the Weighted Average Cost of Capital (WACC) of 7.12%. This finding demonstrates that the strategic decision to build a new warehouse in West Java will enhance market reach, operational efficiency, and profitability for UD Agus Jaya. This study concludes that the strategy to build a new warehouse is not only feasible but also crucial for sustainable business growth, confirming that this investment is financially viable and beneficial for the long-term success of UD Agus Jaya.

Keyword : Financial Feasibility, Rice Industry, UD Agus Jaya, Warehouse Expansion

Abstrak

Industri beras adalah sektor krusial di Indonesia yang menghadapi tantangan akibat fluktuasi pasokan dan permintaan yang mempengaruhi harga dan ketersediaan. Pada tahun 2023, harga beras di Indonesia melambung tinggi hingga Rp18.000 per kilogram. Banyak perusahaan beras di Indonesia gagal menyediakan produknya di pasar modern dan tradisional karena keterbatasan pasokan, yang mengakibatkan penurunan penjualan dan keuntungan. UD Agus Jaya, didirikan pada tahun 1970 dan berpusat di Klaten, Jawa Tengah, adalah salah satu pemain terkemuka dalam industri beras. Perusahaan ini berusaha mengatasi masalah tersebut dengan memperluas operasinya. Studi ini melakukan analisis kelayakan finansial UD Agus Jaya untuk mendirikan gudang baru di Jawa Barat. Penelitian ini menggunakan data internal perusahaan dan tolok ukur industri untuk menghitung waktu pengembalian, Nilai Bersih Sekarang (NPV), dan Tingkat Pengembalian Internal (IRR). Analisis menunjukkan bahwa ekspansi yang diusulkan layak secara finansial, dengan periode pengembalian 2 tahun, NPV sebesar IDR 2.260.642.028, dan IRR sebesar 43%, yang jauh lebih tinggi dari Biaya Modal Tertimbang (WACC) sebesar 7,12%. Temuan ini menunjukkan bahwa keputusan strategis untuk membangun gudang baru di Jawa Barat akan meningkatkan jangkauan pasar, efisiensi operasional, dan profitabilitas UD Agus Jaya. Studi ini menyimpulkan bahwa strategi untuk membangun gudang baru tidak hanya layak tetapi juga penting untuk pertumbuhan bisnis yang berkelanjutan, mengonfirmasi bahwa investasi ini layak secara finansial dan bermanfaat untuk kesuksesan jangka panjang UD Agus Jaya.

Kata Kunci : Kelayakan Finansial, Industri Beras, UD Agus Jaya, Ekspansi Gudang,

Introduction

A family business is one that is owned by one or more members of the family (Parada et al., 2019). Family companies have aided in the expansion of economies in both developed

and emerging nations, according to data. Given the small percentage of family businesses that continue to operate for generations, study on the succession planning process has gained traction in recent decades. The bulk of

enterprises in industrialized nations, such as 90% of companies in Asia and North America, 85% in South America, 70% in Europe and Africa, and 65% in Australia, are family businesses, according to data. According to this data, family enterprises have a major economic impact on a nation (Bernard, 2013). Generational changes and transitions are intimately associated with the expansion of family businesses. Strong leadership, fidelity to family values, organizational evolution, efficient succession planning, creating a supportive culture, and the capacity to draw and keep talent are essential components to promote longevity and development throughout generations (CEO Stars, 2016). Building and fostering family enterprises is motivated by strong family ties ingrained in Indonesian society (Ramadani et al., 2017). Sorenson (2013) highlights that the character and ethos of family firms are frequently defined by these deeply ingrained family beliefs. Prosperous family-owned enterprises adeptly integrate their cultural values into every shift, guaranteeing their alignment with relevant parties.

According to McKelvie and Wiklund (2010), firm expansion is a crucial aspect of every successful entrepreneurial venture, since it necessitates suitable expenditures in order to boost survival rates. Growth is significant for family businesses (FF) as well since it is the outcome of strategies created by FF to improve their capacity to seize market possibilities, provide new employment for the next generation, or simply raise dividends that may be paid out (Le Breton- Miller and Miller, 2008). Habershon and associates (2003). Growth therefore signifies the family's general well-being as well as the company's long-term success (Olson et al., 2003). Nevertheless, studies consider increases in FF to be a sign of achievement (Casillas et al., 2010; Eddleston et al., 2013). Regarding the main reasons for this growth, there is dispute (Le Breton-Miller & Miller, 2008). In popular debates of firm growth, a company's ownership structure and other features are considered to be extremely significant antecedents of firm expansion (Shleifer and Vishny, 1997; Thomsen and Pedersen, 2000).

Food is a basic human need that must be satisfied as it is universal. As a result, this good is strategic and vital, and its provision

calls for cooperation between the community and the government (Sari NA, 2016). As one of the most significant food crops in the world, rice (*Oryza sativa* L.) is still the primary staple meal for the majority of people, particularly in Asian nations. When it comes to development and production, rice is the most popular agricultural product in Indonesia (Purnaningsih R, 2016). For most of Indonesia's population, rice is a staple diet and the country's principal food item. As a result, the government views rice as a good that needs to be continuously supplied. According to Kusno K et al. (2018), the significance of rice extends beyond its function for farmers, consumers, and governmental organizations and has wider social and environmental effects. At the moment, rice is the primary dietary source for about 90% of Indonesians (Basyari MM, 2017).

In the meantime, Mr. Agus Harsono, the current leader of the family business UD Agus Jaya, produces rice to satisfy the demand for the grain in contemporary stores across Java. At the moment, UD Agus Jaya is going through a phase of little sales growth and stagnation. Due to the ongoing Covid-19 epidemic in 2020, the company's sales significantly declined, which is why this problem persists. UD Agus Jaya's market reach has decreased to just include Central Java and Yogyakarta from its initial distribution of rice products across West Java, East Java, Yogyakarta, and Central Java.

UD Agus Jaya is a privately held company run by Mr. Agus Harsono and his spouse, Mrs. Sri Hastuti, who is the business's owner. The father of Mrs. Sri Hastuti, H. Yoso Soekarno, started this business in the past. H. Yoso Soekarno started this company in 1970 by serving as a supplier to the Central Java Logistics Affairs Agency (BULOG). As time passed, H. Yoso Soekarno started creating his own line of branded goods in the 1980s, which he then sold in markets and supermarkets around Central Java. Because of this initiative, the business he formed at the time became one of the most successful rice entrepreneurs in the Klaten area of Central Java. Unfortunately, in 1998, the firm that H. Yoso Soekarno formed started to lose money and perform poorly. This was also the year when H. Yoso Soekarno's health started to deteriorate. Thus, in 2000, his daughter Sri Hastuti—the eighth of 10 children—inherited the firm. Agus Harsono and

Sri Hastuti were married in the same year. In 2002, H. Yoso Soekarno passed away at the age of 74. After renaming the firm UD Agus Jaya, Sri Hastuti and her husband Agus Harsono set out to restore and sustain the rice company that H. Yoso Soekarno had founded—a legacy that is still being built today. In particular, 2019 was a turning point for UD Agus Jaya, as its products were now supplied not just in Central Java but also in West Java, Yogyakarta, and East Java.

Description of Unit Analysis

This study will focus on the business strategy and feasibility analysis to be undertaken by UD Agus Jaya. By opening a warehouse in the West Java region, UD Agus Jaya hopes to boost sales and restore its previous grandeur. The purpose of this study is to assess and ascertain whether using this tactic will be lucrative and efficient. UD Agus Jaya is doing this study in an effort to learn more about the best approaches for growing its company operations. Numerous elements will be examined in the research, such as market demand, logistical issues, cost-benefit analysis, and possible dangers related to the suggested development. UD Agus Jaya seeks to make decisions that will promote the expansion and sustainability of its business by carefully weighing and analysing these factors. In the end, this research will serve as a guide to help UD Agus Jaya efficiently direct its course towards accomplishing its objectives and growing its commercial footprint.

Business Issue

UD Agus Jaya operates as a business-to-business (B2B) entity, collaborating with prominent supermarkets such as Carrefour, Transmart, Lottemart, Indogrosir, Mirota, Pamella, and others to market its products to consumers. UD Agus Jaya is planning to diversify its revenue streams and invest in the construction of a new warehouse in the West Java area. The company aims to expand its operations for several reasons.

The government raised the rice import quota by 1.6 million tonnes to 3.6 million tonnes in 2024 in response to the record-high prices for the grain in Indonesia; nonetheless, this measure did not reduce price volatility (Ahmad Arif, 2024). Reynaldi Sarijowan,

Secretary General of the Indonesian Market Traders Association (IKAPPI), claims that the cost of rice has risen to an all-time high of Rp18,000 per kilogramme in 2024. Compared to the former price of Rp13,000, this is a huge rise for premium rice. The insufficient supply of rice in Indonesia is the reason for the significant rise in rice prices. Zulkifli Hasan, the Indonesian Minister of Trade, claims that one of the reasons behind the scarcity of supply is India's determination to stop rice exports as of July 20, 2023, making it the world's biggest importer of the grain. Given that 40% of the world's rice exports come from India, it is anticipated that this action will lead to an increase in food prices worldwide, or inflation. India is not the only country in the globe seeing a drop in food production. According to the Department of Agriculture and Food Security, El Nino is a natural phenomenon that has affected rainfall, air temperatures, and global weather patterns globally by rising sea temperatures in the Pacific Ocean. Since 2023, this has also led to a decline in Indonesia's rice output.

The capacity of owners of rice companies to acquire paddy supplies is impacted by Indonesia's drop in rice supply. In addition, rice millers are afraid of losing money if they sell to supermarkets because of the high rates that farmers are willing to pay. As a result, retailers are running far less rice—some are even running out of the grain. But in Central Java, UD Agus Jaya has been able to keep a decent number of paddy suppliers. This makes it possible for UD Agus Jaya to keep obtaining paddy for distribution to stores and processing. Indeed, UD Agus Jaya has managed to increase the price of their rice to par with the rates seen in supermarkets. Because consumers are driven to buy Sari Padi rice goods, UD Agus Jaya has profit margins that are rather significant, which has resulted in bountiful earnings for the company. Even when UD Agus Jaya reduced its pricing and alternative rice products started to appear on the market, this profitability lasted until 2024. Due to the somewhat reduced costs compared to other rice goods, customers who bought Sari Padi rice products in 2023 still do so. Through this incident, UD Agus Jaya ultimately succeeds in keeping customers.

UD Agus Jaya has realized it's time to grow the business as a result of this incident. In

an effort to recapture its former grandeur in 2019 before the Covid-19 epidemic, UD Agus Jaya intends to relaunch its goods in West Java and maybe even expand to Jakarta.

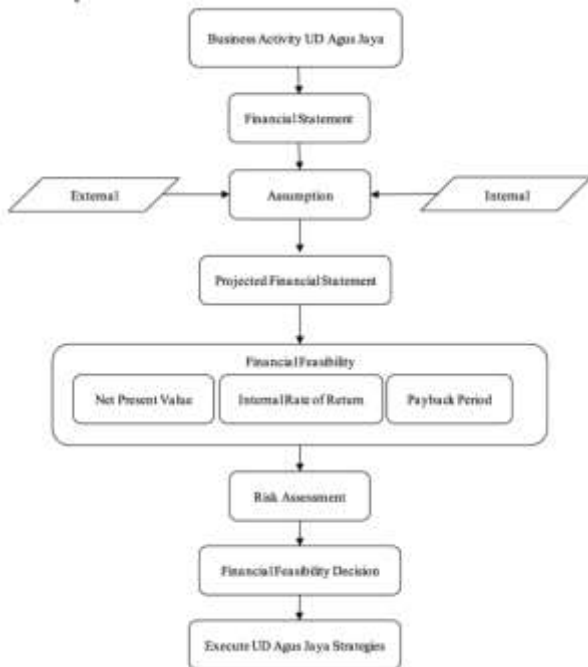


Figure 1. Conceptual Framework

The research begins with an in-depth exploration of the development history and current status of UD Agus Jaya. This fundamental knowledge provides a clear picture of the company's financial performance and health and lays the groundwork for a thorough examination of the financial statements. We then lay forth a number of presumptions based on the current internal and external circumstances that UD Agus Jaya is dealing with. The foundation of our financial analysis is a projected financial statement, which is built using these key assumptions.

We do a detailed financial feasibility study after creating the expected financial statement. This involves figuring out important financial parameters including the Internal Rate of Return (IRR), Net Present Value (NPV), and Payback Period. The feasibility of UD Agus Jaya's suggested growth plans is determined by comparing these measures to acceptance rates and industry standards.

Apart from the financial analysis, a thorough risk assessment is carried out. This entails locating possible dangers from both internal and external settings and evaluating

how they could affect UD Agus Jaya. We create a scenario analysis that examines many future situations and their consequences for the business in order to mitigate these risks.

Following a thorough assessment of all possible outcomes and financial studies, we make an educated determination about whether or not to move forward with UD Agus Jaya's growth. This choice is backed by a thorough study that strikes a balance between related risks and possible rewards, guaranteeing that the company's strategic path is both wise and promising.

Methodology

This study gathered data through two approaches: primary data collection and secondary data collection. Both methods will be utilized to meet the necessary prerequisites before data analysis. Researchers will gather data from historical records held by UD Agus Jaya from the preceding year, and they will also utilize data from other companies operating in similar industries. Information gathered especially for the study issue utilizing problem-relevant techniques is referred to as primary data (Hox & Boeije, 2005).

The researcher can employ relevant books, literature reviews, journals, and papers to collect and substantiate the provided information. Secondary data includes information on observed events whose traits have been converted into variables with a range of values (Hox & Boeije, 2005).

After the required data is gathered, data analysis is carried out in four steps: (1) creating pro forma financial statements, (2) figuring out the cost of capital using WACC, (3) doing a feasibility study, and (4) assessing risk. Subsequently, the outcomes are employed to assess responses and reach essential conclusions.

Pro forma financial statements are first created using assumptions that match the expectations of UD Agus Jaya. These presumptions are based on secondary sources including books, journals, and articles as well as primary data from UD Agus Jaya. In keeping with the company's mission, pro forma income statements, balance sheets, and cash flow statements are prepared for the next five years with a payback time of fewer than five years in mind.

Second, because UD Agus Jaya has no debt, the cost of capital is calculated using WACC, concentrating only on the cost of equity and equity weight. Risk-free rates are based on government bonds, market return rates are sourced from Indonesian investments, and assumptions for beta are drawn from comparable firms.

Thirdly, to ascertain the profitability of the investment project, a feasibility study is carried out utilizing capital budgeting methodologies including Payback Period, NPV, and IRR. In order to determine the degree of uncertainty around the assumptions established during the analysis process, a risk assessment is finally conducted

Result and Discussion

The researcher will offer thorough remedies to deal with the many issues that UD Agus Jaya is facing. These solutions will be painstakingly created using data from UD Agus Jaya that has been carefully analysed and benchmarked against data from other businesses in the rice sector that are comparable. The researcher hopes to find creative solutions and best practices by using this comparison study, which can then be adjusted to fit the unique requirements and conditions of UD Agus Jaya. A pro forma financial statement will be created by methodically processing the gathered data. An income statement, balance sheet, cash flow statement, and a set of specific assumptions will all be included in this extensive financial document. In order to present a comprehensive picture of the company's financial situation and future prospects, each of these elements is essential.

Since they serve as the basis for all of the many variables and predictions included in each financial document, the assumptions constitute the core of the pro forma financial statement. These presumptions will be carefully constructed by considering past financial data, pertinent information from firms in the same industry as UD Agus Jaya, and the company's current financial performance. This methodology guarantees that the underlying assumptions are pragmatic, based on factual performance indicators, and indicative of industry standards and patterns.

The pro forma financial statement will be

utilized to determine UD Agus Jaya's cost of capital once it is finished. The Weighted Average Cost of Capital (WACC) approach will be used to do this. Since UD Agus Jaya intends to use equity financing only, the WACC calculation will only consider the cost of equity and will not account for any expenses related to borrowing. This targeted method offers a precise and transparent evaluation of the cost of capital for the business, adapted to its unique financing plan.

The financial information obtained from the pro forma statement will then be utilized to carry out an extensive evaluation of UD Agus Jaya's business viability. Several important financial evaluation methods will be used in this, such as the payback time, Net Present Value (NPV), and Internal Rate of Return (IRR). These instruments provide insightful information on several facets of the business's financial sustainability and possible return on investment.

A thorough scenario analysis will be carried out to increase the analysis's resilience and reduce any possible dangers. As part of this, a range of possible outcomes based on various assumptions and conditions will be evaluated, including worst-case, base-case, and best-case scenarios. By using a scenario analysis, it is ensured that the suggested solutions are flexible and robust enough to endure a range of market situations and operational difficulties.

The researcher will be able to make well-informed recommendations on whether to move forward with UD Agus Jaya's expansion plans by carefully weighing all potential outcomes. This will ensure that the company's strategic decisions are supported by thorough risk assessment and rigorous financial analysis.

This section will go over the situations and analysis that were done. The pro forma financial statements will be prepared using quarterly computations for a period of five years, and they will include assumptions, an income statement, a balance sheet, and a cash flow statement. The WACC approach will be used to determine the cost of capital following the construction of the pro forma financial statements.

After that, the payback time, NPV, and IRR will be used to assess UD Agus Jaya's viability. Three scenarios—a pessimistic,

realistic, and optimistic scenario—will be examined in the scenario analysis. The realistic scenario will first be used as the standard by which the other situations are measured.

INITIAL INVESTMENT		
Item	Amount (IDR)	Description
Land Acquisition	550,000,000	Purchase of land for the new warehouse and office
Building Construction	700,000,000	Construction of warehouse and office facilities
Machinery and Equipment	200,000,000	Purchase of rice processing and packaging machinery
Transportation Vehicles	200,000,000	Purchase of trucks and delivery vehicles
Office Equipment	40,000,000	Desks, chairs, computers, and other office essentials
Inventory (Initial Stock)	250,000,000	Initial stock of rice varieties for distribution
Licenses and Permits	20,000,000	Legal fees, licenses, and permits required for operation
Miscellaneous	40,000,000	Other miscellaneous expenses
Total Investment	2,000,000,000	

Figure 2. Initial Investment of UD Agus Jaya

The first investment breakdown for UD Agus Jaya is shown in the table, which includes information on the precise allocations and the associated sums in Indonesian Rupiah (IDR). The IDR 2,000,000,000 initial investment covers a number of crucial areas necessary for the construction and start-up of operations of the new office and warehousing facilities. The majority, or IDR 550,000,000, goes toward purchasing land to guarantee a suitable site for the new infrastructure. The IDR 700,000,000 allotted for building construction comes next, covering the expenses of constructing the required office and warehouse space. A total of IDR 200,000,000 is spent on rice processing and packaging equipment to assist the manufacturing operations. Furthermore, an additional IDR 200,000,000 has been set aside for the purchase of transportation vehicles, which are essential for logistics and distribution activities. Office supplies, such as computers, desks, chairs, and other necessities, are budgeted for with IDR 40,000,000.

Additionally, distribution requires an initial stock inventory of several types of rice, totalling IDR 250,000,000. For operational compliance, licenses, permits, and legal costs, an investment of IDR 20,000,000 is needed. Finally, a budget of IDR 40,000,000 is set aside for miscellaneous expenses, which may include paying for auxiliary or unplanned charges. This thorough allocation guarantees that every important facet of UD Agus Jaya's founding and operational preparedness is carefully planned and funded, providing a solid basis for the business's future development and expansion.

Pro Forma Financial Statement

The pro forma financial report functions as a crucial foundation for UD Agus Jaya's cash flow estimates, offering a methodical and organized approach to financial planning. A number of suitable assumptions are carefully combined for every account on the income statement and balance sheet to construct this extensive report. This guarantees that every facet of a business's financial well-being is thoroughly investigated and precisely forecasted. Every year, these assumptions are developed on a quarterly basis, providing a dynamic and comprehensive picture of the company's financial trend.

The foundation of these assumptions, primary data, comes straight from UD Agus Jaya's ongoing financial operations, guaranteeing that the estimates are grounded in past firm data as well as present performance. With the use of this method, businesses may more accurately project future financial situations, which improves strategic planning and decision-making. Pro forma financial statements, for instance, incorporate assumptions about market trends, capital expenditures, cost variations, and sales growth to give a realistic picture of possible financial outcomes.

By using this methodical procedure, UD Agus Jaya will be able to analyze its cash flow requirements, recognize any financial obstacles, and investigate development options. In addition to aiding in forecasting, pro forma financial reports are crucial for UD Agus Jaya's overall financial sustainability and management as they enable the firm to match its strategic goals with its financial resources and the state of the market.

Capital Asset Pricing Model	
Beta	0.0983
Risk-Free Rate	7.1%
Market Return	7.264%
Cost of Equity	7.12%

Figure 3. Capital Asset Pricing Model for UD

Agus Jaya

The table presented illustrates the Use of the Capital Asset Pricing Model (CAPM) to calculate the Cost of Equity for UD Agus Jaya. A financial model called the Capital Asset Pricing Model (CAPM) links the risk of investing in a certain stock to its projected return on equity. The market return, beta, and risk-free rate are the three main variables in this model.

Derived from the unlevered beta of PT Indofood Makmur Sejahtera Tbk, the utilized beta value is 0.0983. After adjusting for the capital structure of the business, this unlevered beta shows the volatility or systematic risk of Indofood's stock in relation to the market as a whole. When considered in this perspective, a comparatively low beta suggests a lower risk profile for UD Agus Jaya by indicating that the company's stock is less volatile than the market.

Derived from the yield on ten-year Indonesian government bonds, the Risk-Free Rate is fixed at 7.1%. Because the government backs them and provides a consistent baseline for the risk-free rate, government bonds are regarded as risk-free investments. The predicted 7.264% Market Return is the average return that may be anticipated from the market portfolio over the last ten years, primarily based on the Jakarta Stock Exchange Composite Index (IHSG). We get a cost of equity of 7.12% by using these inputs into the CAPM calculation, which is as follows: $\text{Cost of Equity} = \text{Risk-Free Rate} + \text{Beta} * (\text{Market Return} - \text{Risk-Free Rate})$. This number represents the expected return that investors require in exchange for taking on the equity risk of UD Agus Jaya. Because they aid in determining the cost of borrowing and the possible return on investments, these computations are essential to the company's financial planning and decision-making processes.

Feasibility Analysis

In this project, the expansion project for UD Agus Jaya is assessed for feasibility using the Weighted Average Cost of Capital (WACC) as the discount rate. The project's calculated payback duration is 2 years, which is well within the acceptability requirement of less than 3.5 years and shows that the initial investment was quickly recovered. The project also has a positive Net Present Value (NPV) of IDR

2,260,642,028, which supports the expansion's financial feasibility and profitability even further. In addition, the project's Internal Rate of Return (IRR) is a remarkable 43 percent, far surpassing the Weighted Average Cost of Capital (WACC) of 7.12%, and so fulfilling the requirements for a feasible investment. The project's ability to provide returns much beyond the company's cost of capital is demonstrated by the very high IRR when compared to the WACC. All of these findings point to the expansion project of UD Agus Jaya being both financially viable and practicable, with a quick payback period and a significant return on investment. This thorough financial study offers compelling evidence for moving forward with the expansion, guaranteeing UD Agus Jaya's sustained development and increased profitability in the cutthroat industry. It is based on solid measures including net present value (NPV), internal rate of return (IRR), and payback duration.

Table 1
Feasibility Analysis of UD Agus Jaya

Aspect	Value	Acceptance Criteria	Result
Payback Period	2 years	<3.5 years	Accept
NPV	Rp2,260,642,028	Positive	Accept
IRR	43%	>WACC (7.12%)	Accept

Table 2
Scenario Analysis of UD Agus Jaya

Aspect	Scenarios		
	Pessimist Scenario	Realistic Scenario	Optimist Scenario
NPV	Rp303,042,857	Rp2,260,642,028	Rp6,184,642,480
Payback Period	3.45 years	2 years	1 years
IRR	13%	43%	99%
Result	Accept	Accept	Accept

The risk assessment will use scenario analysis by making several assumptions that might occur. The scenarios include worst case, base case, and best case to estimate various aspects from the company's external and internal analysis. The worst-case scenario assumes the worst outcome for all threats and opportunities, while the best-case scenario assumes the best outcome. In the realistic scenario, UD Agus Jaya is expected to achieve a 2% quarterly rise in sales, with quarterly sales reaching 300 tons. This estimate is supported by UD Agus Jaya's historical sales data, a thorough market study, and engagement rates obtained from several marketing initiatives. Considering the consistent rise in market demand and the company's capacity to hold onto its clientele while progressively broadening its market reach, the 2% growth rate is a realistic estimate. This scenario exhibits a well-rounded perspective by fusing optimism with a practical knowledge of the state of the market.

On the other hand, the pessimistic scenario postulates that UD Agus Jaya would not develop throughout the estimated period and will only reach quarterly sales of 210 tons. This scenario accounts for potential obstacles that might prevent the firm from growing, such as low market penetration and strong competition. It represents a scenario in which the company's marketing initiatives might not produce the desired effects and where development might be hampered by outside variables like fierce competition or economic downturns.

Conversely, the optimistic scenario states that UD Agus Jaya would record quarterly sales of 390 tons, demonstrating a strong growth rate of 3%. This scenario is predicated on marketing initiatives that are a huge success and greatly increase consumer involvement and market demand. It also takes into account the potential for quick market share growth as a result of growing customer demand for UD Agus Jaya's products and brand awareness. The optimistic scenario depicts a very advantageous market situation in which every strategic activity is ideally aligned to generate significant development.

Strategic planning and risk management are made possible by these scenarios, which provide UD Agus Jaya a thorough

understanding of the possible outcomes. Through a thorough examination of these diverse options, the organization may enhance its readiness for forthcoming obstacles and prospects, guaranteeing steady expansion and steadiness in its functions.

In conclusion, A comprehensive financial projection for the firm has been developed by creating pro forma financial statements, which include income statements, balance sheets, and cash flow statements based on extensive assumptions. By utilizing historical data and industry standards, this prediction provides a precise estimation of UD Agus Jaya's financial path under several situations. The utilization of the Weighted Average Cost of Capital (WACC) and the Capital Asset Pricing Model (CAPM) has yielded a precise assessment of the company's equity cost, guaranteeing a reliable evaluation of investment viability. The feasibility study, including methods such as Payback Period, Net Present Value (NPV), and Internal Rate of Return (IRR), indicates that the planned expansion project is financially viable, as all metrics surpass the acceptance requirements. The project's potential for significant returns is confirmed by its positive Net Present Value (NPV) of IDR 4,168,308,152 and remarkable Internal Rate of Return (IRR) of 64%, highlighting its feasibility.

Moreover, scenario analysis has been utilized to evaluate prospective hazards and results, taking into account the most unfavourable, practical, and optimal situations. By conducting a comprehensive analysis, UD Agus Jaya may effectively anticipate and adapt to different market situations and obstacles, thereby improving the quality of strategic decision-making. The realistic scenario, which forecasts a 2% increase in sales each quarter, serves as a well-balanced and practical baseline. On the other hand, the gloomy and optimistic scenarios offer useful insights into prospective challenges and possibilities. The projected expansion, including the creation of a new warehouse in West Java, is seen as a crucial and necessary move. This expansion will utilize UD Agus Jaya's advantages in market penetration and product variety to target new market groups and stimulate growth. The results emphasize the practicality and strategic significance of the expansion project, establishing a strong basis for UD Agus Jaya's

continuous growth and competitive position in the rice sector.

Implementation Plan

In this section, the researcher will outline the strategies for UD Agus Jaya, formulated after a thorough analysis of the business obstacles and the findings of the feasibility study. The implementation strategy is organized to encompass several departments, such as finance, marketing, operations, human resources, and sales. The table below provides a comprehensive overview of the methods and activities of each division, including particular duties and their frequency. The plan is intended to be executed over a span of three years, namely from 2023 to 2025, in order to comprehensively answer the company's requirements and promote its expansion.

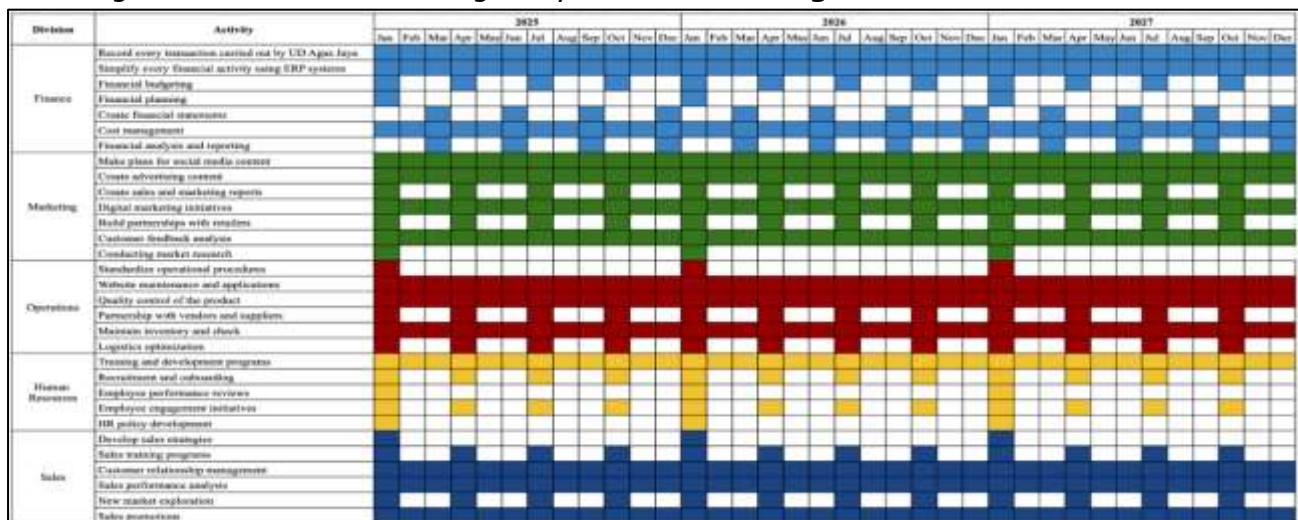
The researcher will use a Gantt chart to better display the schedule of the previously mentioned implementation strategies. This Gantt chart will cover the period from 2024 to 2026, serving as a reference to help the company plan schedules and monitor activities effectively. The Gantt chart will outline each activity's start and end dates, ensuring that all tasks are coordinated and completed on time.

technological, human, and operational resources. Every category has a vital role in guaranteeing the long-term viability and expandability of UD Agus Jaya's commercial activities.

Financial Resources

Financial resources are essential for supporting the strategic activities described in the execution plan. At present, UD Agus Jaya possesses sufficient financial reserves to facilitate the initial stage of the company expansion, which encompasses the construction of the new warehouse in West Java. This encompasses obtaining financing for the acquisition of land, establishment of infrastructure, acquisition of machinery, and initial inventory of goods. Nevertheless, it is crucial to consistently monitor the inflow and outflow of funds in order to sustain financial well-being. In order to ensure long-term development and operational stability, it is advisable to prioritize future financial planning by seeking extra cash through equity financing. Securing a consistent stream of funds will be crucial, especially throughout the period of growth, in order to entice new investors and maintain continuous operations.

Figure 4. Gantt Chart of UD Agus Jaya



Technological Resources

Resource Requirements

In this section, the researcher will delineate the resources essential for the implementation and smooth operation of UD Agus Jaya's strategic plan. Efficiently implementing the company plan relies heavily on the acquisition and management of these resources. The necessary resources are classified into financial,

Technological resources are essential for improving the productivity, efficiency, and scalability of activities at UD Agus Jaya. Implementing an ERP system is a crucial technical enhancement that will optimize financial processes, inventory control, and operational procedures. This system aims to include many business processes, enabling the analysis of data in real-time and enhancing

decision-making abilities. Furthermore, allocating resources towards state-of-the-art rice processing and packaging gear would improve both the efficiency of production and the quality of the final product. Regularly maintaining and updating these technical systems will be crucial to prevent interruptions and maximize performance.

Human Resources

The successful implementation of UD Agus Jaya's strategic plan relies heavily on the crucial involvement of human resources. The corporation must acquire, educate, and maintain a proficient workforce capable of overseeing growing operations and implementing new technology systems. This includes the recruitment of financial specialists who are skilled in ERP systems, marketing experts who can effectively execute digital marketing campaigns, and operational workers who have received training in the use of sophisticated gear. Human resource management should prioritize ongoing skill enhancement, performance assessments, and employee engagement initiatives to cultivate a motivated and proficient staff. In addition, creating a thorough SOP (Standard Operating Procedure) would guarantee uniformity and effectiveness in day-to-day activities.

Operational Resources

Operational resources refer to both physical and non-physical assets that are necessary for carrying out regular company operations. This includes the procurement of land for the new warehouse, the acquisition of construction materials for facility construction, and the purchase of transportation vehicles for logistics and distribution purposes. Securing a consistent flow of primary resources and keeping an ideal stock level are vital for meeting market requirements and preventing production setbacks. Developing robust partnerships with dependable suppliers and vendors will provide a steady and uninterrupted supply chain. Moreover, the implementation of quality control methods and frequent equipment maintenance will ensure the continued efficiency of operations and adherence to product standards.

Conclusion

This paper presents a thorough financial analysis and strategy plan for UD Agus Jaya.

The goal is to tackle obstacles and take advantage of opportunities in order to achieve sustainable growth and expand the market. The main objective has been to investigate the financial viability of setting up a new warehouse in West Java, utilizing carefully produced pro forma financial statements, cost of capital evaluations, and scenario studies.

The initial capital needed for this expansion totals IDR 2,000,000,000, which will be distributed among essential aspects including land procurement, construction of buildings, acquisition of machinery and equipment, transportation vehicles, office supplies, initial inventory, licenses, permits, and miscellaneous costs. This deliberate allocation guarantees that all essential components of the business are adequately financed, establishing a strong basis for future expansion.

A comprehensive financial study was carried out, utilizing the Weighted Average Cost of Capital (WACC) approach to ascertain the cost of capital, which has been computed at 7.12%. The calculation of this figure is based on the Capital Asset Pricing Model (CAPM), which takes into account various inputs. These inputs include a beta of 0.0983, which has been adjusted to account for the capital structure of PT Indofood Makmur Sejahtera Tbk. The risk-free rate used in the calculation is 7.1%, which is based on the yield of ten-year Indonesian government bonds. The market return used is 7.264%, which is derived from the performance of the Jakarta Stock Exchange Composite Index over the past decade. The cost of equity is 7.12%, which represents the estimated return demanded by investors.

Afterwards, the financial feasibility of the expansion was evaluated using important indicators such as Payback Period, Net Present Value (NPV), and Internal Rate of Return (IRR). The outcomes are encouraging, with a payback period of 1.32 years, a net present value (NPV) of IDR 4,168,308,152, and an internal rate of return (IRR) of 64%. These numbers greatly above the standards for approval, showing a financially stable investment with a quick return and large profitability. In order to provide further validation for the financial estimates, a scenario analysis was performed, which included pessimistic, realistic, and optimistic scenarios. Based on the realistic projection, UD Agus Jaya is expected to see a quarterly sales

rise of 2%, resulting in a total of 300 tons every quarter. This scenario is based on previous sales data, market analysis, and marketing engagement rates, which gives a well-rounded view of future success.

The Pessimistic scenario, on the assumption of little market penetration and increased rivalry, predicts zero growth with quarterly sales staying constant at 210 tons. Although there are limitations, the financial indicators are still within acceptable boundaries, highlighting the durability of the company concept. In contrast, the optimistic forecast predicts a strong quarterly increase in sales of 3%, reaching a total of 390 tons every quarter. This situation is propelled by effective marketing efforts and growing market demand, showcasing the possibility for substantial growth and income development. The scenario analysis highlights the strength and effectiveness of the suggested expansion strategy, guaranteeing that UD Agus Jaya is well-equipped to handle different market situations and operational difficulties. An exhaustive assessment of possible results improves the process of making strategic decisions, promoting a robust and flexible corporate structure.

To summarize, the financial and strategic research carried out in this study presents strong evidence supporting the viability and profitability of UD Agus Jaya's development into West Java. The careful and detailed creation of pro forma financial statements, thorough evaluation of the cost of capital, and rigorous study of different scenarios all contribute to a solid and strategic approach to business expansion. This expansion offers not just significant financial gains but also prepares UD Agus Jaya for long-term success and greater market influence in the competitive rice business.

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