American International Journal of Business Management (AIJBM)
ISSN- 2379-106X, www.aijbm.com Volume 5, Issue 06 (June-2022), PP 118-123

IMPLEMENTATION OF SKY GARDENBUSINESS PLAN FINANCIAL STRATEGY

HongkiaDoniSilalahi [1], Tantri YanuarRahmatSyah[2], Semerdanta Pusaka3, Rhian Indradewa4·
Faculty of Business Economics EsaUnggul University Indonesia

Abstraction: Intoday's increasingly tight and very fast business competition, companies need to createand plan financial strategies, especially investment strategies. This is to face funding needs and financialneeds in order to compete in the funeral home serviceecosystem. To capture this financial strategy, thecompany must have added value in sky gardenindonesia financial investment planning as a company thatowns Arena Corner brand products. A good financial strategy to be able to compete with competitors inthe market. So that to be able to survive this company must focus on business activities and processes byconcentrating on product development and financial efficiency to maintain the sustainability of thecompany. Therefore, our initial business Financial Strategy Method focuses on how to calculate the valueof an investment by calculating the IRR, NPV and payback period of this business plan. To determine thefeasibility of this business, so that the financial strategy is needed the appropriate and quality investmentfeasibility and always keep up with the times. Final conclusion that "Sky Garden" is plan and executedprofitable and worthy to get the right investors with NPV and IRR values and Payback period and ROIabovestandard.

Keyword: *Financial Modelling, Strategic Financial, Business Plan, Sky Garden*

I. INTRODUCTION

Jakarta is the capital of Indonesia. The capital is a city designed as the center of government of a country, physically the capital of the country is generally functioned as an office center and gathering place for government leaders. With the status as an office center, it causes the increase in population in Jakarta is getting bigger both from local people and urbanization areas. Based on data from the Central Statistics Agency (BPS), the population of DKI Jakarta in 2018 amounted to 10,467,629 people and in 2019 amounted to 10,557,810 people. This number is predicted to continue to increase every year until it reaches 10,887,800 people by 2023. The increase in the number of residents in DKI Jakarta was unfortunately not followed by an increase in life expectancy. Based on data from the Central Statistics Agency (BPS) in 2020 (BPS, 2020),the life expectancy of DKI Jakarta Province is relatively low when compared to other provinces in JavaIsland.

From the data can be seen the life expectancy of DKI Jakarta Province (71.7) where the life expectancy is lower than West Java Province (71.3), Central Java Province (72.51), and DI Yogyakarta Province (73.22). The low life expectancy in DKI Jakarta can be caused by the lifestyle of urban people who more often consume fast food and drinks with excess sugar content that has an impact on the decline in public health. This can be seen from the increasing percentage of the male and female population in DKI Jakarta who have health complaints in 2017-2019.

Death is an inseparable part of life, something that must happen and will be experienced by every living being. Death is the end of man's life on earth as well as the transition to a new life that remains in the hereafter. Death is not always considered a frightening event, sometimes death is also considered a joy for some people because it can give up worldly life and can live a new life for those who believe it will be born again. Therefore, some religions in Indonesia such as Christianity, Catholicism, Buddhism, andConfucianism need grievous ministry as a place to pay their last respects to the dead. The increase in the number of deaths for all five religious groups was unfortunately not followed by an increase in the number of grief services. Based on the data we obtained from various sources, there are only about 15 grief services in DKI Jakarta.With the availability of funeral rooms in DKI Jakarta which reaches 92 rooms, when juxtaposed with the number of deaths from the five religious groups that reach 109 people per four days assuming the use of funeral rooms for 3 to 4 days with occupancy of 75 percent, it can be said that the need for funeral homes in DKI Jakarta is still lacking.

From the data is currently still few who get accessto the service of grief so this becomes an opportunity for *Sky Garden* To try to make a pioneer *Star up service Grief*.There is currently no secondservice thatcomprehensivelycollaborates aspects of its services in one channel where this is a very

promisingopportunity forSky Garden.In this case Sky Garden tries to enter this segment to bridge the needsof Funeral HomeServices thatare integrated in meeting the needsof GriefServices in DKI Jakarta.The progress of thisbusiness is strongly supported by working capital needs whereworking capital management directly affects profitability and the company's liquidity position also confirms the important role of working capital (Sutjiadi et al., 2020).

The start-up of the Sky Garden developmentrequires working capital needs and funds from investors as part of the continued development that will be implemented by *Sky Garden*, so it is necessary for *Sky Garden* to conduct an Investment Analysis for investors so that the business gets additional working capital. There are four methods that will be used in this study, the first using the Payback Period Method (PP), the second using Net Present Value (NPV), the third is Return on Investment (ROI) and the last is Internal Rate Return (IRR) which is used to calculate income interest rates (Gammanpila et al., 2012; Solomon, 2013; Winantara et al., 2014).For investors it is very important to know and review the potential of the startup (Prihambodo et al., 2020).

Furthermore, the purpose of this feasibility analysis is comprehensivelyenough to use Net Present Value (NPV), Internal Rate Return (IRR), Return on Investment (ROI) and Payback Period (PP) (Marsiwi et al., 2019). Using these four methods can demonstrate financial viability or financially unfeasible (Kim et al, 2013; Kangotra, 2013). So that from the existing development, researchers try to conduct research on these aspects with the theme **"Implementation of SKY Garden Business Plan Financial Strategy"** so that it is expected that this analysis can be a guide for investors to assess the feasibility of investing in *Sky Garden*.

II. LIBRARY REVIEW

Investment Feasibility

Investment feasibility analysis can be understood as an action taken to determine the prospects of an investment project that underlies the decision-making accepted or rejected investment. Before making an investment decision, it is important to conduct a feasibility analysis in order to avoid investing in unprofitable projects or activities.While the meaning of investment according to Cashmere (2016) is an investment in an activity that has a relatively long period in various business fields. The investment is in the form of certain projects that are physical or non-physical. For example the construction and development of buildings, research projects, roads, bridges or factories. Investment according to experts this time from Downes and Goodman. They argue that investment is a financial investment in which an investor invests his capital in the form of a business in a certain period of each person who wants to earn a profit(Abernathy et al., 2020). According to Gitman & Zutter (2012)they mention that investment is a means by which funds can be placed in the hope that it will generate positive profits and maintain or increase their value.Furthermore, the calculation of investment analysis consists of ROI, NPV, PP and IRR(Wafiq et al., 2021).

Payback period is the method most often used by business people to measure the length of investment funds reinvested as before. Therefore the results of the calculation are expressed in units of time i.e. years or months. The faster the period of return on investment, the smaller the investment risk, and the investment project is worth running. Conversely, the longer the return, the greater the investment risk, and the investment project is less feasible / not worth running (Harmono, 2016).

Net Present Value (NPV) is a net financial assessment that exists in the company after deducting other costs so that the value of the company's existing added or lack of money can be used as a reference to assess the viable financial statements of the company (Kusuma et al., 2021).

IRR or Internal Rate of Return, is an evaluation instrument used to decide whether a capital owner wants to make an investment or not, where the IRR > the level of profit hinted, the project is accepted, but if the IRR < the required level of profit, the project is rejected (Kusuma et al., 2021).

Return on Investment (ROI) is a ratio measuring a company's success in generating shareholders' profit and loss. Therefore, ROI is considered a representation of a shareholder's wealth or the value of a company. If we look at the existing ROI trends then it can be seen that the company in generating profits for shareholders experienced an increase that was seen in the increase in the value of the ROI ratio (Kusuma et al., 2021).

III. METHOD

In conducting an analysis of the feasibility of *sky garden* business investmentusing several methods of calculating feasibility. The assessment conducted for *Net Present Value* (NPV) is a net financial cash flow. Understanding *Net Present Value* (NPV) in the form of *Net Present Value* (NPV) calculation activities in a company needs to be done by the company's financial personnel who are

competent in it. This is because the miscalculation of existing value can affect the large level of small profit income in the company. *Net Present Value* (NPV) can be associated with company funds that experience addition when existing funds are no longer mixed with investment funds. This can be attributed to the total net capital obtained by the company with added net income (Shamsuddin, 2011). For this reason, *Net Present Value* (NPV) is interpreted as a financial analysis used to determine whether or not the efforts made by the company are seen through the present value of the net cash flow to be received by the company concerned compared to the present value of investment capital issued by the company. This is the company's financial analysis that is reviewed according to investment expenditures made by the company (Pinson, 2008) (Harmono 2016). The *Net Present Value* (NPV) method is used to see the difference in the value of receipts with the value of an investment.

Measurement

An IRR is more an indicator of the efficiency of an investment, as opposed to npv, which indicates the value or amount of money. IRR is an effective compounded annual return rate that can be generated from an investment or the yield of an investment. A project / investment can be done if the rate of return is greater than the return received if we invest elsewhere (banks, bonds, etc.). So the IRR should be compared to other investment alternatives. IRR has disadvantages where IRR is commonly used for decision making for single projects instead of mutually exclussive projects (projects that eliminate each other). For *mutually exclusive projects*, the NPV criteria is more dominantly used where projects with larger NPVs will be selected even if they have a smaller IRR. From the graph, a project will probably have several discount rates that make the value OF NPV = 0 (there is negative net income in between positive net income years), so the IRR value can be more than one or we are faced with several choices of IRR values. In terms of reinvestment, IRR also has weaknesses so that MIRR (*Modified Rate of Return*) is used.Although academically NPV is more dominantly chosen, surveys indicate that executives prefer IRR over NPV. This is because managers or owners of capital are easier to compare investments / projects that are different in magnitude in the form of % *rate of return* (IRR) compared to the amount of money (NPV) (Harmono, 2016).

The *Payback Period* methodis used to look at the payback period of capital that has been issued. *Payback Period* methodis a period needed to recoup investment expenses (initial cash investment) by using cash flow, in other words *Payback Period* is the ratio between *initial cash investment* and *cash flow*which results in a unit of time. This method has a disadvantage that ignores the time value of money (*time value of money*). To overcome one of the disadvantages ofthe *Payback Period* method, which is not paying attention to the time value of money, it is tried to improve the method by changing cash inflows into the present value of the investment plan and then calculated *payback period*. Thus the cash flow used is cash flow that has been discounted on the basis *of interest rate / required rate of return* or *opportunity cost* (Karaini, 2000).

Return on Investment (ROI) at *Arena Corner* is a ratio measuring the success of Arena Corner in generating profit and loss in a 5-year period. Thus, Arena Corner ROI is a form of representation of arena corner wealth and the value of arena corner company. If we look at the existing ROI trends then it can be seen that the company in generating profits for shareholders experienced an increase that appeared in the rising value of the ROI ratio. (Harmono 2016)

IV. RESULTS AND DISCUSSIONS

Investment Feasibility Analysis

Investment feasibility analysis can be understood as an action taken to determine the prospects of an investment project that underlies the decision-making accepted or rejected investment. Before making an investment decision, it is important to conduct a feasibility analysis in order to avoid investing in unprofitable projects or activities. To assess the feasibility of an investment, there are at least four methods carried out by Sky Garden, namely ROI, NPV, PP and IRR.

***Return on Investment* (ROI)**

ROI is used in companies as a measure of management efficiency. This ratio is measured by percentage. If the ROI is negative, the investor can reconsider the investment he is making because the investment is worth a loss. If roi is positive, that means it gives you a profit. Based on the results of Sky Garden ROI calculations from year 1 showing a figure below 1%, this is because Sky Garden is a newly established company so it still needs improvement, while in year 2 to year 5 shows a positive number above 1% this means the company has made a profit.

Table 8. 1 *Return on Investment (ROI).*

RUMUS ROI= EAT/TOTAL ASSETS*100%					
TAHUN	Y1	Y2	Y3	Y4	Y5
EAT	4,406,602,927	6,533,760,355	9,246,979,788	14,004,955,701	20,287,918,248
TOTAL ASSETS	19,887,083,107	21,632,496,078	24,167,850,638	27,958,594,645	33,529,446,396
ROI	**22.16%**	**30.20%**	**38.26%**	**50.09%**	**60.51%**

***Net Present Value* (NPV)**

Sky Garden conducts an investment feasibility assessment with an NPV approach that is calculated from the difference in the present value of the investment with the expected net cash flow of the project or investment in the future or in a certain period.

1. If: NPV value > 0, means the investment to be executed, projected to bring benefits to the company, then the Project is recommended to run.
2. If: NPV value = 0, means that the investment to be carried out, is projected to bring no profit or loss for the company, then it is necessary to discuss further about other benefits that will be obtained if the investment continues.
3. If: Npv value < 0, means the investment to be executed, is projected to bring losses for the company, then it is not an investment so the project is recommended to be canceled.

Table 8. 2 Net Present Value (NPV)

NPV = (C1/1+r) + (C2/(1+r)2) + (C3/(1+r)3) + … + (Ct/(1+r)t) – C0
NPV = Net Present Value (dalam Rupiah)
Ct = Arus Kas per Tahun pada Periode t
C0 = Nilai Investasi awal pada tahun ke 0 (dalam Rupiah)
r = Suku Bunga atau discount Rate (dalam %)

Tahun	Ct	Diskon Faktor 0,15	NPV
0	- 15,000,000,000	15%	
1	6,507,540,256	0.870	7,483,671,295
2	2,988,709,555	0.756	3,952,568,386
3	248,437,950	0.658	377,843,067
4	5,357,608,762	0.572	9,370,491,209
5	6,852,080,054	0.497	13,781,980,467
Total nilai tunai arus kas masuk bersih			34,966,554,424
Total investasi awal periode			- 15,000,000,000
Nilai tunai bersih (Net Present Value)			**19,966,554,424**

From the results of calculations, NPV Sky Garden for 5 years is Rp19,966,554,424 NPV results > 0 this means that the investment made provides benefits for the company then the project can be run.

***Payback Period* (PP)**

Payback Period measures the speed of return on investment. Units of measure produced in the form of time.

Table 8. 3 Payback Period (PP)

PAY BACK PERIOD
Jika arus kas per tahun sama jumlahnya PBP = (investasi awal/arus kas) x 1 tahun
Jika arus kas per tahun berbeda jumlahnya
PBP = n + (a – b/c – b) x 1 tahun
Dimana:
n = tahun terakhir di mana jumlah arus kas belum bisa menutup investasi awal
a = jumlah investasi awal
b = jumlah kumulatif arus kas pada tahun ke-n
c = jumlah kumulatif arus kas pada tahun ke-n+1

Tahun	EBITDA (Rp)	Akumulasi (Rp)		
1	9,465,978,407	9,465,978,407		
2	13,975,540,461	23,441,518,868		
3	19,750,503,066	43,192,021,934		
4	29,719,870,937	72,911,892,872		
5	42,883,183,429	115,795,076,301		
Total investasi awal periode		**15,000,000,000**		
Payback Period		**1.65**	**1 Tahun 6 Bulan 5 Hari**	

Based on calculations carried out by Sky Garden *payback period* or payback period of 1 Year 6 Months 5 Days.

***Internal Rate of Return* (IRR)**

The calculation of the IRR can be the basis of whether an investment is worth it or not. If the calculation of the IRR is greater than the interest rate, then the investment plan can be continued. From the results of the calculation of IRR Sky Garden the value of the IRR is higher than the interest rate set, then the investment that will be made will be assessed will return capital.

Table 8. 4 *Internal Rate of Return (IRR).*

Selisih Bunga	Selisih PV (Rp)	Selisih PV dengan Investasi Awal (Rp)
15%	34,966,554,424.44	34,966,554,424
5%	25,672,957,908.44	15,000,000,000
10%	9,293,596,515.99	19,966,554,424
IRR		**36%**

From the results of the IRR calculation conducted by Sky Garden resulting in an IRR value of 36% means that the Value of the IIR is greater than the set interest rate, so that this investment can be continued.

V. CONCLUSION

Final conclusion that *the Sky Garden* Businessis plan and executed using Net Present Value (NPV) is still in the positive category and worth running, In the analysis of the Internal Rate Return (IRR) method also shows a positive value, Return on Investment (ROI) also shows a positive value with an average above 20% while payback period (PP) of this business also shows a positive value with payback of 1 year 6 months. Overall, this analysis provides good information to investors to be able to provide their investments to Sky Garden. In addition, for further research, it is necessary to examine other fundamental factors that have an impact on investor interest in investing in Sky Garden.

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